

**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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**LNG: Polye hits back at critics**

The National, 31st of December, 2012

MINISTER for Treasury Don Polye has slammed criticisms by an Australian organisation that the liquefied natural gas (LNG) project would be negative for the country's economic prosperity. Polye made the remarks last Friday in Port Moresby, saying the negative response by the non-government organisation Australia Jubilee was pessimistic and lacked broader and proper understanding of PNG. He said such comments were not supportive of the economic growth of the country. "This is outright hogwash from people with vested interests without positive perspective of the country," Polye said. "And I challenge them to declare their interest. While I do acknowledge their discussions on some of the downsides of the PNG LNG project, I dismiss them as not genuine NGOs. Only time will reveal what their real motive is." Australia Jubilee executive director Carmel Ann Polce said on Radio Australia that the LNG project was a pipe dream for local people who would lose out to multinational corporations and Papua New Guinean elites.

Polye said the government was mindful of some downfalls but most were unavoidable under the circumstances and with best of modern management practices, the government had minimised negative social impacts and would continue to maximise social benefits to the people. He said the government had vowed to do its best for PNG and its people and “will deliver the objectives”. Polye said the national government was meeting its obligations through the budgetary and other processes to minimise negative impacts. It has put money in the 2013 budget to continue social mapping and other social challenges mitigating strategies for the project and through the Hela, Gulf, Southern Highlands and Central provincial governments and their MPs are addressing matters of importance through mutual discussions and respect.

## **Basil suggests mines start police programs**

Post-Courier 31.12.2012

By *BUSTIN ANZU*

MINING project sites should build police programs before setting up their operations so that the current manpower cannot be drawn for mining duties, leaving normal policing duties with lack of manpower, says Bulolo MP and Opposition deputy leader Sam Basil. Mr Basil said there was a tendency for mining companies to lure policemen when there were issues within the mining sites, leaving normal policing work to fewer officers who did not have the resources to do their job effectively. When appreciating Morobe Mining Joint Venture’s effort in training new police reservists for its company, he urged mining companies to make sure they had their security operation in place before they begun operations. “When a mining company wants to set up a project, it must first set up a police establishment. This establishment will then help that mining project in law and order operations,” Mr Basil said.

“At present, when there is a disturbance at a mining site, police personnel are drawn from normal policing and as a result, there is a lack of general policing and that is why we have continuous law and order breakdown.” Mr Basil made those comments during the passing out of 26 police reservists of MMJV at Bulolo on Friday. He said currently, police numbers were down and when these mining sites requested for regular police in their respective sites, there was not enough manpower for general policing duties. He thanked MMJV for taking the initiative in supporting law and order by training the reservists to boost the number of regular police manpower in the district. Mr Basil said according to the United Nations, a single police officer was supposed to serve at least 450 people, but currently, the ratio of PNG’s population of seven million to the police manpower is one to 5000 and urged the Government to do something about it.

The Deputy Opposition leader also told members of the police hierarchy who were there in Bulolo to witness the ceremony that he would beef his own reserves with another additional 70 next year. He said since he established his police reserves in Bulolo, the crime rate had drastically dropped and he would like to continue to assist police with manpower. Mr Basil said on top of increasing police manpower, he would buy an additional seven vehicles in 2013 so that each Local Level Government would have two vehicles. However, he said the previous police reserves must be reviewed first before the approval was given for the enlistment of the second lot of 70 reserve constables for training and deployment. Although, the current reserves’ presence in their respective LLGs had shown high police visibility, a review needed to be done to evaluate the amount of work the reserves were performing and whether there would be a need to recruit additional reservists, Mr Basil said.

## **26 newly trained police reservists pass out to serve Bulolo**

Post-Courier 31.12.2012

By *BUSTIN ANZU*

THE people of Bulolo in Morobe Province have witnessed the passing out of 26 reserve police personnel in Bulolo on Friday. The passing out of the reservists has boosted the police manpower in Bulolo District to combat crime in the electorate and help regular policemen and women to conduct policing duties in the township and communities throughout the district. During the passing out parade at St Peters Primary School in Bulolo, Morobe Mining Joint Venture's Sustainable and Development manager David Wissink said the parade marked a significant occasion for the company and the Royal Papua New Guinea Constabulary to work in partnership for the benefit of everyone. This is one of the biggest issues that we have to address and that is for us to work in partnership between the company and the Constabulary so that we provide the much needed services for our communities here," Mr Wissink said.

"It was in our planning and during our regular meetings we have highlighted to have this reserve training on board. And we are proud to have it on board now," he said. While paying tribute to former APD (Asset Protection Department) Superintendent Tony Doherty, who was very vocal about setting up the reserves, Mr Wissink said the reservists would serve both the company and the communities in the area. "These reserves when once they don the blue uniforms will perform the task of the Royal Papua New Guinea Constabulary and must not be seen as company police," he said. "Whoever is spreading rumours of them being 'company police' is not true. I don't know who is spreading these rumours but those reserves are subject to the national police. "I want to clear any doubt in the community about their engagement. They will perform the roles of national police and not as company police." Mr Wissink said their local MP and Deputy Opposition Leader Sam Basil had taken the lead in assisting the local police and they were supporting this program in combating crime.

"People can make good use of those reserves, whether companies in Bulolo or the general public. They are there for their service. We want to see a peaceful Bulolo," he said. Hidden Valley APD Operations Superintendent Danny John Mark shared the same sentiments, saying although the training was funded by Morobe Mining Joint Venture, RPNGC will now taken ownership of this. He said administratively, the company was responsible but operationally, the reservists were under the command and control of the RPNGC. "The training was funded by MMJV but once they pass out, they report directly to the Police Station Commander of Bulolo and the general public can seek assistance from them," Mr Mark said. "Their operation is quite unique as we will not only confine them to the company precincts. They will be at the disposal of the local police officers and people of Bulolo district." Mr Mark said such training was rare and only occurred in Bomana Police College and they were grateful that Bulolo had witnessed such a pass-out for the first time.

## **Ok Tedi villagers approve of mine's extension**

The National, 31st of December, 2012

THE 156 villages of the nine community mine continuation agreement (CMCA) regions of the Ok Tedi mine to in South Fly, Western, have given their approval to extend the life of the mine from 2015-25. The consultation process, which started in mid-2009, ended on Friday, Dec 21, with the village leaders signing their extension agreement. The other eight regions signed agreements with Ok Tedi Mining Ltd (OTML) over the previous four weeks. The consultation process was facilitated by Tanorama, a Papua New Guinea-based consultancy and included two independent observers, who ensured that the principles agreed to for the process were adhered to during the meetings. Stakeholders from the state, Fly River provincial government, and PNG Sustainable Development

Program Ltd took part in the process, which involved more than 500 meetings at the delegates, regional and village levels.

The goal of the mine life extension consultation process was to provide communities with detailed technical information, along with the environmental impact study, and outline of the socio-economic benefits so they could make an informed decision on either to agree to close the mine in 2015 or continue operating until 2025. OTML general manager government and external relations, Musje Werror, said: “It is an incredible process that we have gone through. “In every meeting, the leaders put OTML to the test with their intelligent questions, especially on the environmental effects and OTML had to be prepared to respond to these questions. “I am extremely impressed with the women leaders. They were the difference since they raised real issues that affect their livelihoods and were able to convince the men to allocate between 10-20% of the compensation package for women and children. “This is unprecedented. I am very proud of the CMCA leaders.” Werror said the trust shown by the CMCA communities for OTML to extend the life of the mine would not be in vain and OTML would continue to support the Ok Tedi Development Foundation and work closely with the other stakeholders to ensure tangible benefits were realised in all 156 villages.

### **Local leaders call for unity in Mt Kare project**

The National, 28th of December, 2012

By GABRIEL LAHOC

FORMER Mt Kare Nogo Gris Holding managing director Max Awaisa and his successor Thomas Tapuko Tagima have called for unity and commitment by their Tagali people who are landowners of EL-1093 of the Mt Kare gold and silver project area in Tari, Hela. The two leaders, who support developer Indochine Mining Ltd and its subsidiary Summit Development Ltd (SDL) because of the company’s positive and transparent progress in the different stages of the project, said critics must wait until after the project’s first gold production in 2015 to judge and criticise. “On behalf of the Tagali people of Tari and the legitimate landowners of EL 1093, Mt Kare gold and silver project, we, the landowners at home, would like to make ourselves clear that we will support Indochine Mining Ltd and Summit Development Ltd,” Awaisa said yesterday from Tari. He said they supported SDL because it had completed pre-feasibility in a year, published its exploration reports, conducted land investigation survey, would conduct bankable feasibility study this year, would do mine development in 2014 and make the first production in 2015.

“Because of these reasons we will support SDL so if any other factions or groups want to interrupt it they should come home and explain to the people first or do it after 2015 when SDL does not produce the first gold bar by end of 2015,” he said. Awaisa and Tagima said some of their own people had been influenced by outsiders and were working in isolation from their people and making their stance against the development. They called on such people to refrain and go back home and lend their support to the majority of their people who were in favour of the project. Tagima praised his predecessor for “uniting the community and restoring peace in Tagalia,” and committed to continue the positive developments under Awaisa. Awaisa said Tagima was his successor because he was an individual leader who had the heart for the people. He called on the people to be loyal and committed to the new managing director and other leaders, including Alima Togayu, Alfred Wale and Oi Kiru.

## **Lihir plant expansion**

The National, 28th of December, 2012

By GYNNIE KERO

NEWCREST is currently undertaking a major expansion of the Lihir process plant to increase production to around 240,000 ounces of gold per annum. Lihir Gold Ltd (LGL) general manager Karl Spaleck said the million ounce plant upgrade (MOPU) project would provide increased flexibility of operation. He said Newcrest invested K2.6 billion in the MOPU project which would also help lower fixed costs per tonne and increase gold production. The MOPU includes installation of a new crushing facility and upgrades to the ore processing plant. Spaleck said the expansion of the process plant would better match processing rates to mining rates and would increase throughput. "Reliability of the Lihir plant is a critical success factor and Newcrest has commenced reliability renew, a project that aims to increase the reliability of plant and equipment to minimise the impact of unplanned downtime," he said. The major upgrade of the Lihir process plant is nearing completion and has involved substantially replicating the existing process stream with the objective of increasing gold production.

Spaleck said gold was the only product produced at Lihir, adding that more than 600,000 ounces of gold were produced at the end of last June. "Most of ore mined at Lihir is refractory and is treated using pressure oxidation before gold is recovered by a conventional leach process," he said. Spaleck said LGL would take the opportunity with the new plant coming on-line and take the older equipment off-line for refurbishment. He said this would enable them to keep operating with little interruption to production and would ultimately bring them back to full capacity with all of the plant up-and-running reliably and in a stable manner. "Newcrest has invested around K2.6 billion upgrading the Lihir gold plant so that it can produce over one million ounces of gold each year," Spaleck said. "The upgrade has included a new ore crushing and conveying system plus an additional oxygen plant and autoclave for extracting the gold."

## **Wobiro presents Fly with two planes and three boats**

Post-Courier 28.12.2012

By *MELANIE VARI*

WESTERN Province Governor Ati Wobiro bestowed another Christmas gift to the people of his province when delivering a second Twin Otter aircraft purchased in Cairns, Australia last week. The third major announcement presented during his Christmas message to the people, apart from the EMTV television and FM100 radio broadcasts in a province-wide network, three new boats, and his province to be an imminent third LNG project site, the Governor was optimistic that his province would do very well in the development sector come 2013. "A lot of things are going to happen in the Western Province and hopefully we are going to get the third LNG project in the province. I just returned from Cairns where I went to pick up the second Twin Otter aircraft for the people living along the Fly River," he said. Mr Wobiro was accompanied by the CEO of Ok Tedi Development Foundation Ian Middleton and six leaders from the Fly River communities to pick up the custombuilt aircraft, which flew all the way from Cairns to Daru and then up to Aiapak, one of the stations on the Fly River, and then down to Tabubil.

The aircraft is now in Tabubil and will be on lease to Ok Tedi, including the aircraft that was bought previously, and Ok Tedi will then make payments to the people through their CMCA entity, the Ok Tedi Development Foundation. "I think this is a very good investment because it guarantees future generations income well beyond the Ok Tedi mine," said Mr Wobiro. He explained that the Fly River Provincial Government did not purchase the aircrafts, but that they were acquired through an arrangement with Ok Tedi whereby every year the mining company is required to pay 12 percent of the dividends to the Mining Department to be kept there on behalf of the people of Western prov-

ince. The 12 per cent is then divided, six percent to communities outside of the river communities or outside of the CMCA region, which the Governor is fully responsible for, and the other six per cent is managed by Ok Tedi Development Foundation on behalf of the people living along the Fly River. It is out of this money that they have purchased the two Twin Otters and three boats.

Of the boats, one is a passenger boat called MV Fly Hope, the other one is MV Fly Explorer, both of which are also on full time lease to Ok Tedi to do their environmental monitoring work along the Fly River. The third vessel is a cargo boat which will arrive on January 5, next year. The Governor called on his people to celebrate Christmas in the true meaning of Christ's sacrifice and avoid disrupting celebrations with alcohol consumption. "We want to wish all of you a very merry and a blessed Christmas and New Year – people in the North Fly, in the Middle Fly and in the South Fly. Our thoughts are with you as you get ready to celebrate this Christmas. Christmas is a very important time for all of us to reflect on the past months of 2012 and see where we can improve on as a province in 2013. And as your governor and leader, I look forward to working with you in the 2013 year, which will be our full year. I'm excited about the opportunities that we have and I know that we will do better. So I wish you all a very merry Christmas and a prosperous 2013. I also want to take this opportunity to encourage our people to celebrate Christmas in the true spirit of Christmas. Christmas is about happiness, about thanking God for His kindness, His love to us and our respect for mankind," said Governor Wobiro.

### **Miner gives trucks to local firms**

The National, 28th of December, 2012

WAFI-Golpu project developer Morobe Mining Joint Venture has given three trucks to help the three principal landowner groups. On a rare occasion, the leaders and members of Wale-Babuaf, Yanta Landowners Association and Hengabu Landowners Association came together to meet MMJV executives at the company's Lae base in Ailunga Estate. They received their trucks, which cost K180,000. MMJV general manager sustainability and external relations David Wissink, Roland Allbrook from the company's community affairs division and Sir Nagora Bogan witnessed the event. Thomas Nen, Gelam Yautu and Paul Yanam, the respective chairmen of Wale-Babuaf Development Company, Yanta Landowners Association and Hengabu Landowners Association, represented the people. The leaders from the three landowner groups thanked the developer. Government permitting and agreement superintendent Fred Tieng said Wafi-Golpu Services, as part of the developer, saw the people's need to have access to safe transportation from their communities into Lae and made a commitment in March. The leaders were urged by company officers to adhere to stricter safety measures to minimise unnecessary loss of lives and injuries.

### **Women shape agreements**

Post-Courier 31.12.2012

*By Martyn Namorong, OTML Media and Public Relations*

When Ok Tedi Mining Limiteds (OTML) General Manager for Government and External Relations, Musje Werror spoke at the signing of the compensation agreements with the mine affected communities on Thursday 6th of December, 2012, he expressed something that resonated with many of us Papua New Guineans, "What if this was your village?" I had a lump in my throat as I tried to maintain composure in the ballroom of the Tabubil Golf Club. For seven weeks I had met and talked with community leaders from the Ok Tedi and Fly Rivers as they met for the final negotiations of their compensation packages under Mine Life Extension from 2015 to 2025. The negotiations were fair, open and transparent in my opinion because Papua New Guineans reached a common understanding that echoes the words of Mr Werror. It was a very Papua New Guinean process led by Papua New Guineans that began in 2009 and culminated with the signing of the Agreements

between November and early December 2012. The Agreements therefore represent an innovative Papua New Guinean solution to conflict resolution and compensation management. But perhaps more significantly, the agreements specifically allocate resources for women and children from the communities affected by the mine.

Known as the Community Mine Continuation Agreement Extension Agreement (CMCAEA), these packages outline the responsibilities of OTML and the communities. It is Ok Tedi's contract with the communities in the Western Province who are affected by the mine's environmental legacy. In the past ten years, OTML has invested over USD 1 billion in managing that environmental legacy. The Company operates a dredge in the Lower Ok Tedi, at Bige to remove sand-sized sediment from the mine and stockpile them in Bige. Annually, the dredge removes 15 million cubic meters of sediment from the Lower Ok Tedi. The stockpiles will be revegetated with fauna that has been identified as being of value to the five communities in the area surrounding Bige. OTML also operates the Mine Waste Tailings Project which removes pyrite concentrate from the mill and stores it subsequently in engineered stockpiles at Bige. Amidst the discussions and debates on compensation were the stories that dominated not just the media but also the negotiation table. These were the stories of women and their struggles and more importantly the need to see real tangible benefits in their communities. It is therefore not by coincidence that the CMCAEA final negotiations had a motherly imprint.

In the news, an image of a woman lying sick in a dinghy and unable to get appropriate medical attention grabbed the headlines. The use of this image by those with little understanding of the issues and challenges faced by the people of Western Province was insensitive, and a violation of mother's right to privacy. The Ok Tedi Development Foundation (OTDF) has taken a more practical approach towards addressing the issue and will be working with its partners towards implementing a K43 million Middle and South Fly Health Plan beginning in early 2013. At the negotiation table, Western Province women leaders made their mark resulting in increases in benefits for women and children's programmes in their communities. There was also another woman observing the process and advising the women leaders. A soft spoken beautiful woman from Morobe, elegantly dressed and spotting a patch of brightly dyed red hair. Mrs Yasap Popoitai was the World Bank's observer at the CMCEA negotiations. Mrs Poipoitai was instrumental in engineering the appropriation of more than 10 percent of the compensation packages to women and children's programmes in her previous capacity as a technical advisor with the Department of National Planning. She also assisted in drawing up the Women and Children's Action Plan for the various Trust Regions.

And leading the team of facilitators was another vocal and articulate woman, Mrs Kori Maraga. As the meeting facilitator, Mrs Maraga kept the company representatives and village leaders on track, assisted by her colleagues from Tanorama. As the CMCEA was being discussed, the legal text was explained by another woman, Miss Sarah Kuman from the legal firm, Allens Arthur Robinson based in Port Moresby. I found Miss Kuman's explanations to be concise and unambiguous. She even performed legal gymnastics translating technical terms to Tok Pisin. And there was Lilian Vevara representing the State Solicitors Office giving the State's opinion on the CMCAEAs. In the background were women from OTML's Community Relations Department namely Merikas Timori and Jane Wiyawa performing administrative tasks, and ensuring that all logistical arrangements ran smoothly like clockwork. I recall sitting at the Tabubil Golf Club on one of those rare sunny lunch hours, chatting with Mrs Poipoitai and Miss Kuman. We discussed gender politics in PNG and the relationships between men and women as defined by the male psyche and the hausman. It was an enlightening experience as they expressed how women in their home provinces fare relative to men. The experiences of womanhood in Papua New Guinea are certainly as diverse as the cultures themselves.

In the Western Province, women were given equal footing at the negotiation table and ultimately shaped the final outcome of the CMCAEA negotiations resulting in up to 20% of the compensation package allocated specifically for development projects that benefit women and children. Relevant amendments will now be made to each of the Trust Deeds of the communities to cater for the specific allocations for women and children. This represents a significant milestone in the economic and political self-determination of women in the mine affected region and is a first not just for PNG but globally. Women in other parts of Papua New Guinea may not necessarily be given this opportunity given local cultural narratives like the dominance of the hausman. Perhaps it is Western Province's more egalitarian society that was conducive for female participation as opposed to other more patriarchal societies. There are many women throughout PNG who do not have what Ok Tedi's women have and may aspire for greater inclusion in the distribution of natural resource wealth. The inclusiveness of the whole negotiation process has no doubt made me very proud to be from the Western Province. The most poignant moment for me throughout the negotiations, was at one of the signing ceremonies when the two women representatives of the Suki Fly-Gogo Trust Region sang, "Please Daddy don't get drunk this Christmas, I don't wanna see my mama cry..." And I reckon all women would not want daddy getting drunk over the festive period and to think of their families. That is what the CMCA women did during the negotiations. Happy holidays everyone.



## **Extension Sought For Oil Exploration License In Palau**

Company looking into oil, gas possibilities in Kayangel State

By Aurea Gerundio-Dizon

KOROR, Palau (Island Times, Dec. 27, 2012) – Kayangel Gov. Jeffrey Titiml yesterday disclosed that negotiation is ongoing between his office and the main office of Palau Pacific Energy Inc. (PPEI) in Texas with regard to the extension of the Kayangel-PPEI license agreement. PPEI has been licensed to conduct oil and gas exploration and development in the waters of Kayangel. But the duration of Kayangel-PPEI license agreement is set to expire again on December 31. Titiml said he is negotiating directly to the main office of PPEI in Texas and that they are already finalizing the terms for the extension. The governor refused to divulge further information about the terms. He said that PPEI has already presented its proposal. Titiml said he will bring the matter to the Legislature, for the latter to be aware of what would be negotiated by his office and PPEI.



In May, Kayangel Government received its first check from PPEI in the amount of \$44,000. The payment was part of the agreed \$100,000 for the ratification of the third amendment to the Kayangel-PPEI license agreement, which was extended from May 15, 2011 to December 31, 2012. Following the first check, PPEI will be paying Kayangel on a monthly basis with \$5,500 until the \$100,000 is reached. Titiml said that PPEI has been paying the state government on a monthly basis since May. Under the license agreement that is set to expire on December 31 if not extended, PPEI must be able to drill exploratory wells within the more than one million concession area located north of Kayangel. A month before the drilling operation starts, Kayangel is to receive "surface usage fee" of \$1,000 a day until such time they receive its first 12.5 percent royalty check (if oil is discovered) or until PPEI ceases operation because no oil can be found in the concession area. To date, drilling has not commenced in Kayangel.

Earlier reports showed that surveys conducted in Kayangel revealed that geological pre-requisites such as reservoir rock, source rock, trap and seal are present in the concession area. Geological pre-requisites reportedly have to occur in certain timely combinations for oil and gas fields to form. If all the pre-requisites are met, a working petroleum system reportedly exists and oil and gas accumulations might be found. In 2008 also, independent report by H.J. Gruy and Associates showed that the Velasco Bank (northern part of Kayangel) holds large world-class giant oil field reserve potential. The report assumed that, in shallower zone, an estimate of 1.044 billion barrels of oil in place with recoverable estimate of 35 percent or 366 million recoverable barrels.

In deeper zone, there is an estimated 1.880 billion barrels of oil in place with recoverable estimate of 35 percent or 658 million recoverable barrels. More than 200 billion cubic feet of gas is estimated to be in place in shallow Pliocene limestone formation. The characteristic of Palau's concession area is said to be similar with the petroliferous regions such as the Palawan Basin in the Philippines and Salawati Basin in New Guinea. If drillings will be successful, oil and gas production in Palau is seen to be potential for the country's economic self-sufficiency, replacing imported fuel with domestic resources and generating export revenue. Estimates for drilling are around \$5 million per well plus mobilization and demobilization costs of \$8 million and \$4 million respectively.

### **Official confirms Australia's support for LNG project**

The National, Monday 27th December, 2012

AUSTRALIA will continue to support Papua New Guinea's liquefied natural gas (LNG) project because failing to do so would be tantamount to negligence, Richard Marles says. Marles, the Australian parliamentary secretary for foreign affairs, was responding to a statement by the Australian non-governmental organisation Jubilee Australia, which said Australia was putting Papua New Guinea at risk by investing in the multi-billion-kina project. Jubilee Australia said violence associated with the project could increase in coming years because of high expectations in local communities. But Marles told Radio New Zealand Australia had to be doing everything it could to see the project succeed. "It's right that Australia should be there helping PNG in relation to what has the potential to be a transformational project for that country," he said. "So, it is easy to criticise these projects. "At the end of the day, it's happening. "It matters greatly that it works well. "And we need to be there, being the best friend that we can be and supporting that project." Marles said Australia was supporting the project in economic terms and to make sure it paid a social dividend too.

## **New Twin Otter for Ok Tedi**

The National, 24th December, 2012

A NEW aircraft belonging to the people associated with the operations of the Ok Tedi mine touched down in Western last Tuesday. Facilitated by Ok Tedi Development Foundation Ltd (OTDF), this brand new series 400 Twin Otter is the second aircraft purchased on behalf of the 156 village beneficiaries of the Ok Tedi Community Mine Continuation Agreement (CMCA) benefits package. The aircraft was bought at a total cost of US\$7.4 million with the funding for purchasing the aircraft coming from the CMCA trust investment funds. Accompanying the aircraft from Cairns, Australia, were Western Governor Ati Wobiro, OTDF chief executive Ian Middleton, CMCA community leaders and other OTDF staff. After clearing Australian customs at Horn Island, the aircraft made its first stop over at Aiambak in the Middle Fly district where it was welcomed by villagers from the Middle Fly communities.

Wobiro told those who gathered at Aiambak that his government was fully committed to working with OTDF and OTML in delivering sustainable impact projects to the people. "Our people in Western are very fortunate that we have money from Ok Tedi and we have very good managers like Mr Middleton and his OTDF team who can turn this money into something tangible," he said. "I know we have the right people now in leadership at the district level, at the village level, ward level and in organisations like OTML, OTDF, PNGSDP and of course at the political level. "I'm excited because we are going to rapidly move forward." Middleton said this new aircraft, including the first one which arrived last October, would be leased to OTML for 15 years. "On behalf of the CMCA communities, OTDF has secured a 15-year master lease agreement with OTML with a guaranteed 8% return per annum for the aircraft with the Ok Tedi mine life extended," he said. "This will generate a valuable income source for the people's future development." Aiambak village elder Fredrick Paulus thanked OTDF and OTML for investing wisely in these long-term benefits which he said would greatly serve the needs of the people. "We are very happy because this is something that we have longed for for so many years," he said.

## **Newcrest Lihir providing world-class training**

Source: The National, Monday 27th December, 2012

By GYNNIE KERO

THE apprentice training programme run by Newcrest Lihir provides locals world-class training, a mine spokesman says. He said training was provided in metal fabrication and welding, auto electrical, electronics, maintenance fitting, heavy equipment fitting, diesel fitting, motor vehicle mechanics, refrigeration mechanics, instrumentation and carpentry. Twenty graduates from Lihir High School have been selected, trained and employed, with the ultimate goal of securing an apprenticeship for them at the mine operations. Asset manager Paul Ford said pre-vocational training involved placing students across the maintenance plants and workshops around the mine site. He said the trainees move onto apprenticeships after satisfactorily completing their work experience and as positions became available.

"Within the pre-vocational and apprentice training programmes, training is undertaken in what is known as 'blocks'. This means that for a period of time or a 'block', students will spend time at the mine operations and will then be required to attend a 'block' of time at the Lihir Technical Training Centre (LTTC). "There are 117 Lihirians in the apprentice training programme and one quarter of these are women. We have 35 pre-vocational students and 20 Lihir High School students, and again the students are 100% Lihirian," Ford said. He said at the LTTC, students experienced practical and theoretical training, as well as improving their literacy and numeracy skills. General manager Karl

Spaleck said Lihir Gold Ltd (LGL) had more than 100 Lihirians in training programmes, including the Lihir High School bridging programme, pre-vocational and apprentice programmes.

### **Newcrest injects K1.2b to economy**

The National, 27th December, 2012, By GYNNIE KERO

A TOTAL of K1.23 million in direct economic benefits was generated for the Papua New Guinea economy by Newcrest's Lihir operation in the 2010-11 financial year, according to general manager Karl Spaleck. He said with the million ounce plant upgrade (Mopu) project almost behind them, they were looking forward to focussing on increasing plant throughput and operating within a stable and reliable processing operation. Spaleck said Newcrest had spent more than it has made in revenue at Lihir since it became involved. "This is a fact of the large capital investment required in the Mopu project," he said. Spaleck said the major upgrade of the Lihir process plant was nearing completion and had involved substantially replicating the existing process stream with the objective of increasing gold production. He said LGL's asset maintenance strategies and focus had also been increased. "Our maintenance strategies will enable us to keep operating with little interruption to production and to maintain full capacity," Spaleck said.

Newcrest's Lihir operation makes a substantial contribution to the broader PNG economy through taxes and royalties to governments, salaries and wages, landowner contracts as well as other direct payments to the community. Spaleck said LGL also looked forward to continue working constructively with its stakeholders to deliver great outcomes for the business and the people of Lihir, New Ireland and PNG. "Newcrest also contributes to the local economy under the agreements with the government and landowners by providing public infrastructure and services, including access to health services, the provision of electrical power and water to villages," he said. "The Lihir agreements review (LAR) continues with the second review underway now. "As 2012 draws to a close, LGL is fully committed to the completion of the agreements review in the New Year. "We are looking forward to being fully commissioned and ramping up production."

### **Feasibility study for Frieda**

The National, 27th December, 2012

XSTRATA Copper has delivered a feasibility study together with the extended 2012 study for the Frieda copper gold project, Papua New Guinea's largest undeveloped open pit copper gold project, joint venture partner Highlands Pacific announced on Christmas Eve. The extended 2012 study outlines a project with an estimated initial capital requirement of US\$5.6 billion, with a 20-year open pit mine life capable of producing on average an estimated 304,000 tpa (tonnes per annum) of copper and 451,000 ozpa (ounces per annum) of gold in its first five years and with an estimated life of mine (LOM) average output of 204,000 tpa of copper and 305,000 ozpa of gold. Potential exists to extend the mine life with deeper drilling. "The estimated project capital expenditure reflects a number of changes since the pre-feasibility study was released in November 2010, most notably the substitution of a proposed hydro electric power supply scheme with gas generated electricity sourced from PNG's Stanley gas field 180km away," Highlands Pacific announced.

"The work done by Xstrata Copper and Highlands during 2012 also identified the potential for additional capital savings in relation to waste disposal which will require further work but could reduce the initial capital spend to an estimated US\$5 billion. "The information presented in this announcement is based on the documents that have been delivered to Highlands by Xstrata Copper. "Xstrata Copper earned 72% in the Frieda project last January and a further 9.82% was contingent on delivery of the feasibility study and the extended 2012 study. "Highlands and its technical consultants,

Behre Dolbear Australia, will now review the documents in more detail for the purposes of the relevant obligations of Xstrata Copper under the Frieda project joint venture agreements which were varied in November 2011.” In Highlands’ view, the steps to be undertaken to make a final investment decision (FID) for the project include:

- n Further discussion between the Frieda River joint venture participants and the PNG government as to the government’s intentions to be involved in the project including any equity;
- n Further work and finalisation of some aspects of the execution model;
- n Renewal of exploration licences due in May and November 2013; and
- n Further discussions with government and other stakeholders on the necessary environmental and regulatory approvals.

Highlands has been free-carried on Xstrata Copper’s US\$300 million investment in the project and continues to be carried in respect of costs incurred through an arrangement whereby Highlands’ share of expenditure from last January to the lodgement of special mining licence (SML) application is to be repaid in the future from project cashflows when Frieda is in production. Xstrata Copper has proposed a work programme and budget of US\$20 million for next year.

### **Frieda River: Partners to hold talks with government**

The National, Monday 27th December, 2012

PARTNERS in the multi-billion dollar Frieda River copper-gold project in East Sepik will hold discussions with all parties, including the Papua New Guinea government, to determine the project’s development path and the desire of the PNG government to take up to a direct 30% equity stake in the venture. Highlands Pacific managing director John Gooding said on Monday that subject to such discussions and future applications and approvals in 2013-14, “we believe Frieda’s development could begin mid-decade with first production later this decade”. “Frieda is a great project and vital to the future of a growing PNG economy, given Ok Tedi mine’s declining production and the delay anticipated with new emerging projects, such as the Wafi-Golpu, that are unlikely to be into full production until later next decade,” he said.

“Frieda’s upfront capital spending is reflective of a greenfield start up and also of the major depreciation in value of the US dollar in the past three to five years, which has seen new projects worldwide increase in US dollar cost terms. “The estimated life of mine C1 (net direct cash cost cash) cost of US\$111 c/lb of copper is on a par with both current world production and also with new greenfield developments. However, in Highland’s view this underplays Frieda’s low cost profile and cash flow in its important early years, particularly given the 356,000 tonnes of copper and 554,000 ounces of gold in the second full year of the proposed mine schedule. “The commodity price assumptions used by Highlands for the Frieda project, of US\$3/lb copper and US\$1,500/oz gold, are comparable with the US\$3.10/lb copper and US\$1,250/oz gold used in the pre-feasibility study for another great emerging PNG project Wafi-Golpu, which has an estimated payback period of 16 years compared to Frieda’s 4.8 years.”

Gooding said the project would produce substantial cashflows at the forecast metal prices for almost 20 years on the current resource, with potential to increase the mine’s life further with additional resources both at depth and along strike given appropriate economic conditions at that time. “Highlands believes the investment case for Frieda is compelling, given that copper remains one of the few global commodities that almost all analysts agree is facing a long term and structural supply deficit and given the flight to gold in the past decade as a safe haven,” he said. “Projects of Frieda’s scale and resource quality are rare due to its low strip ratio, clean concentrate produced and its multi-decade open pit operation which lowers its risk profile. “Rare also because it is in a jurisdiction

with a stable foreign investment climate, clear rules of law and a new supportive and motivated national government that has the best interests for its people by pursuing a pro-mining and investment strategy for the growth of the nation.”

### **Xstrata hikes costs estimate for mine project**

The National, Monday 27th December, 2012

SWISS mining giant Xstrata says it will cost US\$300 million more than previously expected to develop the Frieda River copper and gold mine in Papua New Guinea. The Swiss company had, according to a statement, handed over a feasibility study to its local partner on the project, Highlands Pacific. The study showed that it now expects the total investments to tick in at US\$5.6 billion compared to the US\$5.3 billion estimated two years ago. Xstrata, which owns nearly 82% of the project, said it had delivered a “study programme report” examining the possibility of providing electricity to the mine through a gas-fired transmission line rather than the previously proposed hydro-electric dam. “It also identified the potential for additional capital savings in relation to waste management,” project manager Paul Gow said in the statement, pointing out that the potential savings could reduce investments to US\$5 billion.

In a separate statement, Highlands Pacific said the estimated investment increase was in part due to the depreciation of the US dollar in recent years - something that has significantly raised costs for a number of other new mining projects around the world as well. Last June, Xstrata hinted it might consider selling its participation in the project, as it re-evaluated its global activities. The Frieda River mine is expected to produce 204,000 tonnes of copper and 305,000 ounces of gold over a 20-year mine life, according to Xstrata, which began managing the project in 2007. Highlands Pacific said it and Xstrata were set to hold discussions with the Papua New Guinea government next year to discuss equity ownership, permits and when project development can begin.

### **Newcrest invests K2.6b on Lihir plant**

The National, 24th December, 2012, By GYNNIE KERO

NEWCREST Mining Ltd (NML) has invested K2.6 billion in upgrading the Lihir gold plant to increase production to more than million ounces of gold annually. Lihir Gold Ltd (LGL) general manager Karl Spalek said the upgrade included a new ore crushing and conveying system, an additional oxygen plant and autoclave for extracting the gold. He said Newcrest had drawn heavily on local contractors and business partners to provide goods and services to support the delivery of the million-ounce plant upgrade project. “The scale of the process plant upgrade has meant that all of the revenue the Lihir gold mine has generated recently has been reinvested back into increasing future gold production,” Spalek said. He said immediate project benefits had been delivered to local landowners in the form of project contracts and compensation payments. He said the higher gold production in future would also mean increased landowner benefits, royalty and special support grant payments to the Nimamar local level government and New Ireland.

“For the year ended June 2012, 604,336 ounces of gold were produced,” Spalek said. “More than nine million ounces of gold has been produced at Lihir since production began in 1997. “We have come a long way during 2012 and there have been plenty of challenges we have had to overcome, and plenty of pressure. “We have improved both our mining and processing performance and getting closer to achieving full capacity. “Also, I must point out that no one person can achieve the outcomes we had during 2012. “This is about the efforts of everyone across the board: our employees and our business partners. “Our safety performance has improved, and we have invested in our dewatering infrastructure and are not experiencing the delays we had earlier this year. “We have al-

so invested in projects to upgrade accommodation ... we have upgraded our air charter service with new charter flights to Buka and Misima, and we continue to develop the capacity of our Lihirian workforce at our world-class Lihir Technical Training Centre.”

### **Xstrata ups Papua New Guinea mine cost estimate**

Reuters, Dec 24 2012

MELBOURNE (Reuters) – Xstrata has raised its capital spending estimate for the undeveloped Frieda River copper mine in Papua New Guinea by \$300 million to \$5.6 billion, as costs to develop new mines continue to escalate. Xstrata Copper delivered a feasibility study to minority partner Highlands Pacific on Friday that indicated the \$5.6 billion capital cost estimate, Paul Gow, general manager of the Frieda River project, said in a statement. Rising costs have forced many miners to review the spending required on greenfield copper projects as they battle over a limited pool of skilled workers and equipment, particularly in remote locations like Papua New Guinea (PNG). Antofagasta on Friday halted development at its \$1.7 billion Chilean copper mine Antucoya as it reviews escalating costs, and Xstrata put back a target to start production at the Tampakan copper-gold mine in the Philippines by three years to 2019 earlier this month. Xstrata had estimated the Frieda River project to cost \$5.3 billion when it released an earlier study two years ago. The company, with an 81.8 percent stake in Frieda River, sees the mine yielding 304,000 tonnes of copper at an average cost of 71 U.S. cents per pound over the first five years. Over the entire life of the operation, it sees an average yield of 204,000 tonnes annually at a cost of \$1.11 per pound.

Xstrata is expected to review its pipeline of copper projects after its takeover by Glencore International. The company is following the course of other mega miners, including BHP Billiton and Rio Tinto, in conserving capital amid uncertainty over global growth and falling commodity prices. Earlier this year, Xstrata flagged its willingness to potentially sell all or part of its stake in Frieda River after conducting a review of its operations worldwide. It said on Monday it had not made a decision yet on whether to divest or partially divest the project at this stage. "Xstrata is currently assessing the interest of other investors in the project but declines to comment about potential timetables," a company spokesman said in an email. Highlands Pacific said discussions were planned next year to determine future ownership of the project. "During 2013 we will hold discussions with all parties, including the PNG government to determine the project's development path and the desire of the PNG government to take up a direct 30 percent equity stake in the project," it said.

Via its Petromin investment arm, PNG has invested in 17 projects, including a \$19 billion liquefied natural gas field under construction by Exxon Mobil. It is allowed to take up to 30 percent of mining and 22 percent of oil and gas projects, which it must then help fund. Exxon Mobil in November said it faces a \$3.3 billion spike in costs at its gas project in Papua New Guinea. This year BHP scrapped an \$80 billion spending plan, which included delaying indefinitely the expansion of its Olympic Dam copper mine in Australia, where analysts estimated costs had ballooned three-fold to more than \$30 billion in just two years. Shares in Xstrata were trading 1.1 percent higher at 1,062 pence by 1206 GMT, outperforming a flat FTSE 100 index. (Reporting by James Regan, Victoria Thieberger and Abhishek Takle; Editing by Himani Sarkar and Mark Potter)

### **Economic Growth Expected To Slow In PNG**

World Bank says trend will continue over next two years

WELLINGTON, New Zealand (Radio New Zealand International, Dec. 23, 2012) – The Post Courier says the latest update by the World Bank reports economic growth in Papua New Guinea at eight percent for 2012, down one percent on last year, due to a weaker currency and commodity

prices with low rural and government incomes. The report predicts further marked slowing of growth in 2013 and 2014 with fewer new investments. It says government spending on development commitments is likely to become more intense as it addresses child nutrition, maternal mortality, violence and literacy problems. The World Bank says production from the liquefied natural gas project, which is under construction, will contribute to growth but the non-mineral economy will slow and there will be less money to rural areas from cash crops. It says PNG needs to reduce regulation costs, support the private sector and make sure public funds go into effective delivery of goods and services.

### **Gulf LNG: Antelope landowners want a pre-forum**

Post-Courier 21.12.2012

By *MELISSA MARTIN*

LANDOWNERS of the Antelope/Elk Liquefied Natural Gas (LNG) Project in the Gulf Province are calling on the Gulf Provincial Government to host a Pre-Forum before the major Gulf LNG Forum commences. A caretaker Chairman Andy Roberts Miere of the Hairi Maipi landowner group from the refinery site stressed this on Monday. He stated that an urgent pre-forum is required in early 2013 by all stakeholders to address important issues regarding the Gulf LNG project. "With such a magnitude worth almost K6 Billion LNG project in Gulf, all stake holders must develop a dialogue and common mutual understanding in way of a public forum to express their views and opinions," he said.

Mr Miere stated that there must be no rush in the project to be underway because key elements like genuine landowners identification process must be properly carried out to make sure the developer is and government is dealing with the right people. "The ground work of landowner identifications survey, social mapping and the other important matters with in the segments of the Well Head, the Pipe Line and Refinery sites are almost completed. Mr Miere further stressed that ethnic problems are obviously going to rise in terms of Benefit Sharing, during the operation of the project. "However, so far InterOil has not made known the Environment Impact Statement (EIS), the National content plan and other important compliance matters for the Gulf LNG Project.

"The developer InterOil must be very clear about involving Landowners in the spin off business activities and sub-contract works arrangements," he said. Mr Miere said that since the emergence of the Gulf LNG Project, no proper public or community relations work was conducted. "Even the Nation's media failed to carry out investigative reporting of the project, from the Well Head to the Pipe Line and Refinery sites for the last two years. "Currently the Gulf Provincial Government and Administration has failed to adequately allocate a portion of available state land from InterOil to build an office and accommodation for its staff. Right now InterOil is operating from a Hotel in Kerema for almost a year and half. "Are the Gulf Provincial Government and the people prepared for LNG Project?" he said.

### **Native Control Of Seabed In French Polynesia Discussed**

*President Temaru links seabed ownership to decolonization efforts*

WELLINGTON, New Zealand (Radio New Zealand International, Dec. 20, 2012) – French Polynesian leaders have been in talks with the International Seabed Authority as part of a bid to get seabed deposits recognized as belonging to the territory's indigenous Maohi population. The president Oscar Temaru and Richard Tuheiava, who is a member of the French Senate, say to attain this, it is a necessary step to re-inscribe French Polynesia on the UN list of territories to be decolonized. A statement by the presidency says during his visit in North America, which will end later this week, he will have more talks about the decolonization issue. It also says the French nuclear weapons test

compensation law needs to be reformed to end the long hypocrisy surrounding the issue. France is strongly opposed to French Polynesia's decolonization, but Mr. Temaru's campaign has the backing of the Melanesian Spearhead Group and reportedly of the Non-Aligned Movement. However, Australia and New Zealand have sided with Paris and oppose Mr. Temaru's decolonization plan.

### **LNG may have negative impact**

Post-Courier 20.12.2012

By *ANCILLA WRAKUALE*

AN investigation report on the PNG LNG project by an NGO called Jubilee Australia has revealed that there are serious risks that revenues generated by the largest multi-billion kina gas project will not mitigate the negative economic and social impacts of the project. "In fact it is very likely that the project will exacerbate poverty, increase corruption and lead to more violence in the country," the report says. The PNG LNG project is the biggest-ever resource undertaking in the history of PNG and the Pacific. "The project is expected to generate as much as \$US19 billion in tax, levy and royalty receipts to the PNG government over the 30 years that the gas will flow. "The report is the most complete discussion to date of the potential risks and benefits of the project to the people of PNG," the authors said.

The report highlighted circumstances, events and impacts associated with the multi-billion gas project in PNG. Director of the Institute of the National Affairs (INA) Mr Paul Barker said the construction phase has brought major inflows of jobs and activities to both local and overseas businesses. However, he said as the construction phase winds down, there will be few jobs offered by the project to less than 1000 jobs as the project goes into the production phase in 2014. "Once LNG is in production it will provide few jobs, so the benefits depends on how well national and provincial governments and landowners invest and utilise their funds," Mr Barker said. "If they're wasted through inefficient management, corruption etc, then the opportunity will have been lost, and the whole venture will end up with a negative gain for PNG. If it uses these funds efficiently, there is a good chance there could be solid net gains for the country.

"The trouble is that PNG's track record with money has been poor. In the 1990s the then 'minerals boom' encouraged loose expenditure, boom and bust, with a series of structural adjustment programs to try and put the economy back on a solid footing," Mr Barker said. Meanwhile, there are also concerns that the LNG project is also having an impact on agricultural commodities with the appreciation of the PGK on the global market. Executive director of the PNG Palm Oil Council Mr Ian Orrell said one of the impacts of the country's booming extractive sector, as we have already seen, is an appreciation of the PGK that has affected the export of agricultural products," he said. "This has already had a very significant negative impact on the country's agricultural export crops. "The two most dominant factors affecting the price we get for export crops are the global commodity price and the value of the PGK against the currency the commodity is traded in on the world market. (Link: [Jubilee Australia \(2012\) PIPE DREAMS: The PNG LNG Project and the future hopes of a nation](#))

### **Kalinoe: Tolukuma mine increases resource base**

Post-Courier 20.12.2012

THE Tolukuma Gold Mine (TGM) in the Central Province has discovered additional resources that would extend the mine life beyond five years at its current rate of mining. The exciting development was revealed by the Mine management at a routine briefing with the Chairman of the Board of TGM, Joshua Kalinoe recently. Mr Kalinoe who is also the Managing Director and Chief Executive Officer of Petromin PNG Holdings Limited (Petromin) made a routine visit to the mine on Tuesday



this week. TGM is a wholly owned subsidiary of the national oil, gas and minerals company, Petromin. The mine has been managed and operated by an all indigenous Papua New Guinean work force since June 2012. Mr Kalinoe was extremely impressed at the level of operational competency and professionalism displayed by the indigenous managers, engineers, geologists, metallurgists, tradesmen and the general workforce in all areas of the operations, including safety and environment management. “As a Papua New Guinean, it is very satisfying to see fellow nationals successfully running a difficult mining operation on internationally acceptable standards and practices,”

Mr Kalinoe said. “Under the leadership of the General Manager, Mr David Laulau, the mine has made very significant progress in all areas, including mine planning and development, production, exploration, metallurgy and cost management.” Mr Kalinoe said the resource upgrade means that the mine would need a major re-capitalisation exercise to access and process the resource. “The re-capitalisation programme would include improving the underground mining operation, with mechanised drilling, new exploration drills and new trucks. “In addition, the SAG mill will have to be overhauled,” Mr Kalinoe said. He said Petromin as owner of the mine has commenced the recapitalisation programme by injecting over K10 million since June 2012 is working on a strategy to eventually complete the exercise. “Petromin has engaged a consultant to independently review the internal financial and resource models and to construct a financial model for the recapitalisation program,” Mr Kalinoe said.

### **Landowners to halt government officers from resources**

Post-Courier 19.12.2012

By *PEARON KOLO*

LANDOWNERS from Mt Tundaka in the Enga Province have purported to stop the Government from visiting their resources in fear of missing out in benefits from their mineral resources. The Mt Tundaka landowners said this after hearing that Enga Governor Peter Ipatas and Environment and Conversation Minister and Kompiam MP John Pundari were to visit the area later this month. The Mt Tundaka landowners who are in Mt Hagen with samples of Oil, gas, kerosene and gold to be tested said they will involve the government and do not want the government to go ahead and exploit their minerals which they believe in abundant in their area. Landowner leaders Tom Ango, Kiu Konakam and Jack Toko who are in Mt Hagen with the samples of the petroleum and gold samples said they will ask the govt for assistance after testing the samples. “We are seeing how our neighbor Mt Kare gold is being exploited and now we hear that Kompiam gold is also being mined while the landowners become mere spectators,”

Mr Ango and Mr Konakam jointly said. “We want to benefit as much as possible from our petroleum and mineral resources and do not want to be like other landowners who are always fighting and complaining with the govt and developers for not involving them,” Mr Toko stressed. The landowners said the resources in Mt Tundaka were in a ceremonial ground and it is best for the landowners themselves to get involved. Oil Search limited is believed to have done several visibility studies in the area while the Department of land through its customary land division conducted some studies in the area. The landowners are expected to travel down to Lae with the samples of their minerals. The Mt Tundaka landowners have called on any individuals or companies that would like to assist them to call their contact person on #72017448 digicel.

### **Ok Tedi: O’Neill urges review with BHP**

Post-Courier 19.12.2012

By *ISAAC NICHOLAS*

THE National Government wants a review of the OK Tedi mine arrangements on development, health and environmental issues before any talks of the mine life extension can proceed, according

to Prime Minister Peter O'Neill. "Our position is very clear. Before we talk about the extension of the mine we need to resolve some of the outstanding issues we have on hand," he said. The Prime Minister said some of the issues include the management of the funds in the PNG Sustainable Development Program and the management of some of the environmental issues that have developed over time from the OK Tedi mine project. "This includes some of the health issues arising from Western province, including deformity in kids born along river villages," Mr O'Neill said. The Prime Minister said these issues and development problems that are arising out of Western province are of concern to the government. "I have always stated that as a government, we cannot stand by and allow these things to happen," he said. The PM said that the PNG Sustainable Development Program and particularly BHP, are responsible and he urges them to sit down with the government and review the current arrangements. "Of course there are some who have interpreted that as (the government) trying to access some of the funds that PNG Sustainable has," Mr O'Neill said. "But the government's objective is very clear. Our people demand service in Western province and around the country. We can only do that by reviewing the program that PNG Sustainable is now managing, and for the record, the delivery of the programs that they have been embarking on is quite unacceptable," the PM said.

### **Prime Minister: Ramu NiCo to contribute K29 billion**

Post-Courier 19.12.2012

THE GOVERNMENT of Papua New Guinea has acknowledged that PNG's first nickel mine and the fifth largest among nickel laterite mines in the world, Ramu Nickel has a great deal of economic promise for the people of Papua New Guinea and remains a valuable development partner. "Over the next 20 years Ramu Nickel Mine is forecast to contribute revenue inflows of over K29 billion to our national coffers and pay over K750 million in salaries to Papua New Guinea employees," Prime Minister Peter O'Neill said this during the Ramu Project Construction Completion and Commissioning Success Celebration at Basamuk Refinery in Madang on December 6. Mr O'Neill also highlighted that Ramu NiCo will contribute enormously towards the development of PNG through the payment of general tax, company tax, royalties and equity benefits in the millions of Kina.

"Our government is grateful for this investment by the Metallurgical Company of China jointly with their Australian partners. "In that same way, our government is happy to call Ramu NiCo Management and MCC our valued development partners," Mr O'Neil said. While congratulating Ramu NiCo for the successful completion of the project, the Prime Minister also acknowledged considerable challenges faced by the Company during the construction phase that have been overcome successfully. But despite those, Mr O'Neill appreciated that the only nickel mine adds up to the number of mines being developed in the country over the past ten years and are ready to go into production in the next 12 to 24 years.

He also thanked MCC of being a leading investor among other Chinese companies now investing and participating in PNG's development. "Other Chinese investments and contractual involvement on projects in PNG include redevelopment of the Highlands Highway, the Lae port upgrading, development of the national convention center in Port Moresby and private investments by Chinese nationals in other sectors of the economy," Mr O'Neill said. He said PNG's involvement with Chinese interests goes beyond the time the two countries established their bilateral relationship in 1976 and O'Neill-Dion government welcomes other constructive Chinese investments. "We value our mutually beneficial diplomatic and economic relations with the People's Republic of China," Mr O'Neill said.

## LNG: K12m in BDGs for Angore PDL8 Landowners

Post-Courier 18.12.2012

A TOTAL of K12 million in Business Development Grants (BDGs), will be paid and disbursed to PNG LNG project landowner groups from Angore Petroleum Development Licence eight (PDL8), in January 2013. This announcement was made in a press conference yesterday at Moale Haus, which accommodates the office of the Minister, Department of Commerce and Industry (DCI) and Foreign Affairs and Immigration. Commerce, Trade and Industry Minister Richard Maru would like to inform all landowners from PDL8 and all relevant state agencies that DCI department is keen to pay the BDGs for Angore landowners by January 2013 at the latest. "Angore landowners are entitled to Business Development Grants of the production phase of the PNG LNG project and they are one of the last landowner groups that are yet to receive these grants," Mr Maru said.

"All the others have received payments already and the Angore landowners have not received their grants because there were disputes among the landowners and the state with court cases, infighting among themselves plus no social mapping done, which made it difficult to process the payout," he said. Mr Maru said now that the court case is over, the Ministry is now seeking legal advice from the State Solicitor office, department of Petroleum, and office of Chief Justice on the way to speed up this payment. "My immediate concern is to pay them as soon as possible because the landowners are entitled to their grants for participation in the business spin-off activities in the PNG LNG construction phase, and there is only 12 months left before the production phase," he said.

"So the holdup is the court cases, where they themselves have initiated and now they are done with, we have to proceed with the payments and strictly disburse the money to the right people," Mr Maru said. He said there are various landowner groups in Angore who own the wellheads and access roads to the site and they formed the association made up of various groups. The Minister told the Post-Courier that his Ministry and key departments that are entrusted to carry out this task are coming up with a formula for the payment of the K12 million. "Take for instance the ones at the well head you allocate 40 percent, the ones that are further away you give them around 20 percent, but in this case there was no social mapping done, which is making it very difficult at the moment," Mr Maru said.

## Solomons Official Warns Against Marine Mineral Exploration

*Mining exploration 'threat' to environment, says Maelanga*

By Denver Newter

HONIARA, Solomon Islands (Solomon Star, Dec. 17, 2012) – Deputy Prime Minister Manasseh Maelanga has appealed to resource owners in the Solomon Islands not to support underwater mineral exploration. He was referring to Temotu Province's decision to invite an Australian exploration company, Blue Water Mining Company, to search for potential minerals within its waters. Mr. Maelanga said underwater mineral exploration is a threat to the sea environment. "I urge resource owners not to support this type of development," he told the Solomon Star in an interview yesterday. He said the government finds it hard to deal with exploration companies operating on land. "If under-water exploration is allowed around the country, it would be very difficult for the government to control." He said the nation must protect its waters from potential pollution from underwater exploration. Temotu Premier Fr. Brown Beu said his executive had granted Blue Water a license to search for minerals in waters between Vanikoro island and Vanuatu. He said the company had promised to upgrade Lata airport and the province's hospital as part of the deal.

## **Exxon: Shipment starts 2014**

The National, 17th December, 2012

EXXON Mobil, operator of the US\$19 billion PNG LNG project, said it is confident it will begin shipments in 2014 even after costs surged 21%. Project executive Decie Autin said in Sydney recently that there was still a long road ahead and quite a few challenges. "Exxon is working with the government of Papua New Guinea to resolve infrastructure challenges, especially along the Highlands Highway used to transport materials, and law and order issues, Autin said. She said the company also had brought in special equipment to manage heavy rains, which had hit records in 14 of the past 21 months. Autin said initial results "look positive" from exploration drilling at the P'nyang natural gas resource and Exxon is evaluating options for the gas, including a potential third processing unit for the LNG venture. "The PNG LNG project also will increase production capacity by 5% to 6.9 million metric tonnes annually," Exxon said. Texas-based Exxon and its partners including Oil Search Ltd and Santos Ltd faced higher costs because of a stronger Australian dollar and construction delays, the companies said last month.

## **LNG: Landowners prefer Finance payout**

Post-Courier 17.12.2012

PNG LNG project landowners from Hides, Angore, Juha and Moran have made it clear that development grants must be disbursed at the Department of Finance. Landowner leaders Willie Aiyule, PDL 7 Umbrella company chairman; Andy Hamaka and John Kaloma of Hides PDL7 and Juha PDL9 leaders Haluni Hetawi, Hengebe Haluya and Gibson Minara want the funds to be transferred back to Finance Department to make the payments. Mr Aiyule said the Infrastructure Developments Grants (IDG) and High Impact Projects were National Government's direct funding for projects but landowner companies with capacity could apply and build infrastructure in the project areas. Mr Aiyule said it would be breach of agreement reached during the UBSA and LBBSA between the National Government and project area landowners.

The landowners said they were told to register umbrella landowner companies to partake in spin-off businesses and apply for these funds and develop the project area infrastructure and other funds. "We are asking the National Government to disburse the IDG and High Impact Project funds to recognised umbrella companies with capacity in finance and workforce," Mr Aiyule said. He said these monies for the landowners companies should also be disbursed by the national Finance Department as a National Government responsibility made to the landowners for the security of the projects. "Both host provincial governments and landowners are beneficiaries to these project funds and transferring of these funds to provincial governments will be objected by landowners," they said.

They termed this as highly illegal and in breach of agreement and urged the O'Neill-Dion Government to revisit their decision and leave the responsibility of payment with the national Finance Department. They warned that if the funds were not transferred back to Finance Department then the security of the projects would be at stake. They blamed the Government for fiddling around the landowners' benefits of the major spin-off contracts and other engagements, adding the landowners were capable but were being ignored by the Exxon Mobil and its partners. "We are becoming mere spectators in our own land and what the National Government is doing is further demoralising our landowner umbrella companies in the different PDLs," they said. They also clarified that Hela Provincial Government was also the beneficiary to these funds from the National Government and these earmarked funds should not be transferred to the provincial government.

## **PNG LNG promise of prosperity a 'pipedream'**

ABC Radio Australia, 14 December 2012

The Australian government appears more concerned with the profits of private companies rather than the welfare of people in Papua New Guinea. PNG LNG promise of prosperity a 'pipedream' (Credit: ABC) That's a conclusion reached by Jubilee Australia following a study of the giant PNG LNG project. While there is a lot of hype about the Exxon Mobil project in the Southern Highlands Jubilee Australia says it may turn out to be a pipe dream with people in PNG losing out to multinational corporations and the PNG political elite.

**Presenter:** Geraldine Coutts

**Speaker:** Carmel Ann Polce, Executive Director, Jubilee Australia

**POLCE:** It's an enormous report that's been researched over the last two years and as you've suggested, our findings suggest that Australia, through organisations like ASIC give support to these projects, because it's going to make big profits for Australian businesses through equity and arrangements and contracts, but they add that these projects are going to be the silver bullet for countries like PNG, that it's going to deliver their economies from poverty to prosperity and what we've discovered through our research and our scrutiny of the assumptions and the predictions is that that's not the case.

**COUTTS:** Why not?

**POLCE:** Well, there's abundant evidence, there's worldwide evidence that resource-abundant countries, like PNG, don't benefit from projects like that. PNG itself has decades of mining projects and so the evidence is all there. Countries who relied on large natural resource projects for development actually have slower growing economies that don't. They have more corruption and they have a greater likelihood of civil unrest and intersocietal conflict. So our findings suggest that it's possible that rather than bring prosperity to PNG, the project will cause greater economic hardships, particularly for PNG's most vulnerable. It will further entrench corruption and inflame the concerns of the debts. There's enormous predictions that have been made about this project and promises and if those promises are unmet, there will be great upset and civil disturbance.

**COUTTS:** Well, who do we hold accountable for this?

**POLCE:** The Australian government undertook a process to approve of the loan. It's the way ASIC does business when they're making loans on the national interest account and that process is locked. It's not acceptable to the Australian people. We don't know on what basis these decisions are made, because it's all made behind closed doors, cabinet in confidence, basically at the discretion of the Trade Minister. And so our ambition is to profile the projects like PNG-LNG, the need for reform to those processes.

**COUTTS:** And how would you see that reform going?

**POLCE:** Well, we don't even have to sort of guess at what that reform is. The Productivity Commission have issued a report in June that outlined a litany of recommendations of how ASIC could better perform its role and we are very much aligned with the recommendations of the Productivity Commission. The government is expected to respond to that report that was issued in June imminently, any day now. They're expected to issue their response to those recommended reforms. We'll wait and see.

**COUTTS:** Alright. So the leaders now in the provinces perhaps have to make strong representation to the government, to make sure that this doesn't happen. Is that where the leadership needs to come from?

**POLCE:** Possibly. There is work to be done on the ground in PNG and that's for the people of PNG to decide. But Australia has had a role here. ASIC would suggest their involvement was very, very small, but in actual fact, our investigation suggests that all the other export credit agencies that have put massive amounts of debt funding into this project wouldn't have done so without ASIC being involved. So that makes the Australian government complicit in any adverse outcomes from this project. So our ambition is to make sure that doesn't happen again.

COUTTS: Now, we've seen this kind of thing happen in the past and the issues of corruption are not new in Papua New Guinea. So why is this happening yet again? Why has it been allowed to happen yet again?

POLCE: That's an excellent question. Australia is having discussions all the time about what capacity-building type support they could bring to Papua New Guinea and how they could help influence the development of institutions or systems to root out corruption. But as we've said much is endemic. This is a generation-long project to address corruption in Papua New Guinea. It isn't going to happen overnight, and the Australian government is aware of that. We've established through our investigation. So clearly the ambitions of the government were not to necessarily do in the best term, long term interests for the future of the PNG people and that's not acceptable. We think that if the Australian taxpayer money is going to be put into projects like this and the environmental on social impact assessments need to stand up to scrutiny and we need to ensure that this is taking a stronger line against making loans to countries that don't have any capacity to repay the debt, to make a success of the project for the people.

### **Fiscal pressures bug PNG economy**

The National, 14th December, 2012

Papua New Guinea won't be able duplicate in 2013 the feat it attained this year as being one of the fastest-growing economies in the Asia-Pacific, the latest edition of the Pacific Economic Monitor has predicted. The Asian Development Bank (ADB) publication noted that a number of factors point to a more challenging economic environment for the country next year. In particular, US\$6.5 billion national budget would be accompanied by a significant slowdown in government revenue growth over the medium term because declining mining and oil output would offset modest growth in consumption, income, and company taxes. "Preliminary GDP figures released by government show growth of 9.9% in 2012, against an original ADB forecast of 7.5%," ADB country economist Aaron Batten said in his article. "While there were some declines in the international prices of PNG's exports, commencement of production at a new nickel and cobalt mine boosted output in the mining sector, even as petroleum output continued to fall due to declining oil reserves.

"All sectors of the non-mineral economy also performed strongly, led by construction and transport, as building of a new liquefied natural gas (LNG) pipeline reached its peak, and as a result of higher than expected government expenditure. "The main engine of near-term growth in the PNG economy will shift from foreign direct investment and related infrastructure spending toward the resource export sector." The report also noted that the economy is also benefitting from lower inflation this year and the introduction of the government's free education policy, which set the price of education in the Consumer Price Index basket to zero, also contributed to lower-than-expected inflation. It said although the economy remained strong, a number of factors pointed to a more challenging economic environment next year. "Maturing mining and oil operations, and the scaling down of LNG construction, are expected to contribute to slowing economic growth (forecast at 4.5%)," Batten said.

### **Canadian firm taking over Marengo mining**

Post-Courier 14.12.2012

By *KONOPA KANA*

MARENGO Mining Limited, developer of the Yandera Copper Gold-Molybdenum project in Madang Province made very important changes to the board of directors in its move from Australia to become a Canadian company. The process which is referred to as 'redomiciling' will see Marengo registered towards the end of the year following a shareholder meeting and approval of the Australian court. Marengo Mining Managing Director Mr Les Emery said the decision to move Maren-

go's registration to Canada was the result of that country's strong investment market and one that support international mining projects. Mr Emery said that by becoming a Canadian Company Marengo Mining will also attract those pension funds that are restricted to investing only in Canadian Companies. Meanwhile, there have been some changes to the board of directors of Marengo Mining Limited. According to the company's 2012 newsletter, Marengo has appointed three highly experienced and qualified directors. The first replacing Mr Horan as chairman is Dr Gignac who has vast experience in the construction and operations of mining projects in many countries. The two other directors are from Toronto Canada. They are Mr Keith Morison, a geologist and Mr Mario Caron, a mining engineer. The three are highly regarded in the mining industry.

## **Most Hela people suffering despite LNG**

Post-Courier 14.12.2012

By *KONOPA KANA*

HELA Province — the home of the lucrative \$US19 billion LNG project — is going through an unprecedented growth in business, infrastructure and development. The LNG project is having an enormous impact in the province, with locals trained in semi-skilled jobs likes being cooks and security personnel, which will help them find full-time jobs on the project site. Others are venturing into spin-off business activities. However, the majority of the people are still marginalised and live the same old village life they have been doing so before the project started. As reported in the media last week, the PNG LNG project has completed about 70 percent of the construction phase and there is still much to be done. A lot of work need to be done in terms of service delivery in the resource-rich province. One key service enabler is banking services to the province, the last bank having closed down some 15 years ago because of a bank robbery staged by local criminals. In 2012 Australia New Zealand Bank opened a new branch in Hides Four, Para camp, in partnership with landowner company Hides Gas Development Corporation.

Minister for Finance and acting Minister for Education James Marape told the people of Para to look after this new banking facility and take ownership of it and give zero tolerance to any criminal elements. A Guard Dog Security personnel is stationed at the new ANZ bank branch. Bat Max from Lae Morobe province, at Hides 4 Para camp, said before the camp was established, the place was a huge rainforest area and a no-go zone because local people living there were not used to outsiders coming into their territory. Max said the LNG project has brought "civilisation" to the people of the area, who have only just come to terms with the fact that there is an outside world that is full of opportunities and that there are people out there who are genuinely concerned about the livelihood of the Tari people. He said that the locals are very different in the way they approach life. For example, if you happen to run down a domestic dog, you will be instantly charged K1,000 compensation and if it is a pig then you pay K1500-K2000 on the spot.

Max told Post-Courier that communication with the locals is very difficult in terms of dialogue and conversational protocol because the Tari people are very aggressive and they twist things around. "A local from Para village came to the branch to withdraw some money at the automatic telling machine (ATM) and I told him to go out through the exit door but instead he came and asked to go out through to entry door," he said. "I wanted to explain to him but the guy, being a Tari man, started swearing at me and demanded that I open the gate so I did because I didn't want him to cause trouble and damage bank property." A bus shuttle driver from Wabag in Enga province who drove the visiting media team from Tari airport to Hides Four, David Nap said that before the road was very small and rugged but now that the LNG project has come in, the road was widened to suit big trucks. Mr Nap said that he came to Tari to seek employment. He returns to his home province during his break (6 months work - 2 weeks break). This is the same for all Papua New Guineans and expatriates employed at the project site, which some have likened to a prison camp. In employees working contracts, safety is one of the most important components when working in the project site.

## **Paraia: Current laws robbing landowners**

Post-Courier 13.12.2012

By *DAVID MURI*

PRIME Minister Peter O'Neill's intention to retain current mineral and petroleum ownership laws in the country has attracted stiff resistance from the nation's resource owners. The Resource Owners Federation of PNG said in a statement yesterday, it was distressed by Mr O'Neill's promise to keep the laws that have suppressed this rich nation and kept it poor for so long. "He is yet another Prime Minister who will go down in history, along with his predecessors who are to be held responsible, for giving in to the scare-mongering tactics of foreign investors to keep laws that steal resources owned by the traditional landowners in this country," says federation president, Jonathan Paraia. Mr Paraia explains that these laws are contrary to the customary laws of this land, the Constitution and Article 26 of the United Nations Declaration on the Rights of Indigenous Peoples of the world. Mr O'Neill told the mining and petroleum investment conference in Sydney that laws allowing the state to own mineral resources will not be changed to divest ownership to resource owners.

"There will be no drastic or radical changes to the laws that exist today, and there will certainly be no immediate change," the Prime Minister told the conference. The PNG Chamber of Mines and Petroleum also highlighted imminent problems if changes eventuate to amend Mining Act and Oil and Gas Act as proposed in 2011 by North Fly MP, Boka Kondra. The chamber expressed concern that the complex regime of land ownership has already posed significant challenges for resource development in PNG, adding a change in resource ownership will magnify these problems. But Mr Paraia said ownership of minerals by private landowners is a common practice in many states in the United States and Europe today. The principal landowner of giant Porgera Gold Mine stressed that such was the practice in PNG before colonisers enacted current laws to steal mineral ownership rights from traditional owners. "The result has been that much of our resources have been used to propel landowners and citizens from stone-age to modern civilization over the life of any project," Mr Paraia said.

"Many landowners have been subjected to human rights abuse and end up living in squatter settlements with no education, health, electricity, water supply and other basic human needs," he said. The federation called on the Prime Minister to explain how he will appease what it claims to be growing dissatisfaction amongst landowners on the imbalances in the benefit-sharing arrangements in mineral and petroleum projects. Mr Paraia said indigenous people have the right to own, use, develop and control lands, territories and resources they possess by reason of traditional ownership or other occupations or use. "States shall give legal recognition and protection to these lands, territories and resources. Such recognition shall be conducted with due respect to the customs, traditions and land tenure systems of the indigenous people concerned," Mr Paraia said. Mr O'Neill attributed the current regime of mineral and petroleum resources ownership to the principle of "fair and equitable distribution of resources and benefits" which is a commitment by the Government under the Constitution.

## **Government urged to honour commitments**

Post-Courier 13.12.2012

THE National Government and PNG LNG project partners have been reminded to honour their obligations as per the number of agreements that they have signed with landowners. Chairman of an influential landowner Association the Homa Paua Peoples Association, Pape Punga has written a letter to the Prime Minister urging him to honour the commitments that they've made with his people. In the letter he stated that the PNG LNG projects negotiations and agreements were approved in 2009 during the Umbrella Benefits Sharing Agreement ("UBSA") and Licence Based Benefits Sharing Agreement ("LBBSA") negotiations subject to parties to the UBSA and LLBSA honoring



their obligations as required in the Agreements. He said “Unfortunately, since the signing of the Agreements the National Government has failed to honor its commitments to the Moran PDL 5 landowners and yet PNG LNG project pipeline will soon be passing through the Moran customary land (PDL5). “Accordingly, Moran people are hoping for the Government to hear our concerns and attend to addressing the matters as raised above by 1st January, 2013.”

### **Government urged to monitor LNG impacts on children**

The National, 13th of December, 2012

THERE is need for government to address spin-over social implications in liquefied natural gas project sites involving child protection,” a Community Development child protection officer said yesterday in Port Moresby. Numerous concerns have been raised about underage girls being forced by their parents into marrying old men in resource areas. The officer, who asked not to be identified, said people living in these areas needed to be aware of children’s rights. “Child protection is a very complex area in our country, our children are our future. “Who will utilise the benefits of our resource sector if we do not protect our children from abuse, neglect and discrimination?” “Child protection is a cross-cutting issue which includes government bodies such as education, health and police. “For underage marriages with the consent of parents, in most cases the young girl is uneducated and not at a child-bearing age,” he said. “There is a need to review the marriage act under the department’s legislations, which seems to be contradictory between the customary marriages act and the Lukautim Pikinini Act 2009 in defining the legal age for marriage.”

### **Warning on fraud in PNG gas project**

Richard Baker, The Sydney Morning Herald, December 12, 2012



Resource rich: An Oil Search gas platform in the PNG southern Highlands. *Photo: Hamish McDonald*

THE economic benefit of Papua New Guinea's biggest natural resources project has been questioned, with a report warning that ordinary citizens risk missing out because of corruption and contracts that favour the lead proponent, ExxonMobil. A report by anti-poverty group Jubilee Australia, to be released Wednesday, examines the predicted economic benefit of PNG's liquefied natural gas

project and the Australian government's provision of \$500 million towards it. The report highlights endemic corruption in PNG and warns that a government sovereign wealth fund and other official bodies established to handle billions of dollars in revenues could be defrauded. "The governance and public life of PNG are to this day beset by political intrigue, self-interest of politicians and gross misuse of public funds," the report warns. Scheduled to begin production in 2014, the LNG project is valued at \$22 billion and predicted to double PNG's gross domestic product. Australian companies Santos and Oil Search are prominent players in the joint venture project led by US giant ExxonMobil.

The report by Jubilee Australia - whose supporters include World Vision and the National Coalition of Churches - includes allegations that the PNG government was "pressured into the signing" of agreements by the joint-venture companies. Former PNG attorney-general Allan Marat is quoted in the report as saying he and his office had less than 24 hours to analyse a 200-page agreement before determining whether it was in the best interests of his country. "This gas agreement was drawn up overseas. It was taken away from our government negotiating team and structured overseas. And, we are now forced to dance to the music of foreigners," he said. In response to questions from Jubilee Australia, ExxonMobil disputed the claims and argued that the fast negotiations could be explained by the fact the PNG government relied on many of the same fiscal terms as previously agreed to in a defunct 2006 proposal. The report found mixed economic benefits for PNG people as a result of the massive investments already being made for the project.

It stated that although PNG citizens fortunate enough to have been directly employed by the project had reported that their livelihoods had improved, there was a strong view that "an educated and well-connected elite" had captured most of the benefits. Using the results of a 2011 study by New Zealand's University of Otago, the report found the project was also leading to increased tensions among landowners in the PNG southern highlands and a phenomenon known as "bride price", where the groom's family makes a payment to the bride's family. The expectations created by the perceived extra wealth being directed into local communities was increasing this price, making "it more difficult for many young men to marry". The report also highlighted an increase in "destructive social practices", with the influx of temporary workers and money leading to more gambling, prostitution, drug and alcohol abuse problems.

Increasing environmental incidents have also been noted. The most recent was a January mudslide at a quarry that killed at least 26 people, mainly migrant workers. The quarry had been used by a company working on the project until mid-2011. The Australian government's decision to contribute a \$500 million loan to help the financing of the project has also been criticised in the report. The loan by Australia's Export Finance and Insurance Corporation was made on the basis that Australian equity in the project was about 43 per cent and there was \$1.5 billion of procurement contracts available to Australian firms. EFIC used what is known as "the national interest account" to fund 80 per cent of the loan. As such, nearly all the documents it holds on the assessment process for the PNG loan are exempt from freedom-of-information scrutiny.

### **Ok Tedi: Villages get new water pumps**

Post-Courier 12.12.2012

EIGHT villages in the Middle Fly district of Western Province now have access to clean water following the completion of a Water Project that Ok Tedi Development Foundation Limited (OTDF) facilitated. The project, which was funded by the Middle Fly Trust, saw eight water pumps constructed at a total cost of PGK600, 000. The Middle Fly Trust is one of the eight Trust Regions which are currently benefiting from the Ok Tedi Community Mine Continuation Agreement (CMCA) PGK1.1 billion benefits package. About 4,000 people from the villages of Yulawas, Ereceta, Membok, Karemgo, Manda, Aiambak, Komovai and Kasa are expected to benefit from clean

water and improved sanitation. The project was managed by the Impact Projects Department of OTDF while the construction of the water pumps was done by Living Waters, a business arm of the Four Square Church of PNG.

Contracts and Procurement Officer of the OTDF Impact Projects Department Karl Garo said providing the CMCA communities with clean water remains a fundamental goal of OTDF in making sure communities are healthy. “The main objective of constructing the water pumps was to provide a cost effective source of good, clean and safe water supply with little cost for long term usage and maintenance,” Mr Garo said. “Considering the remoteness of the villages, it was also important that the villagers were trained on the general maintenance and the proper usage of the pumps. This key aspect of the project was addressed which saw the contractor conducting minor training sessions in each village.” “The cost included the engagement of a project engineer, two project site supervisors, the engagement of locals as casuals and the hiring of vessels to help with the transportation and installation of pumps and accommodation of personnel,” he said.

### **Ramu: Miner spends on environment**

Post-Courier 12.12.2012

By ROSALYN, ALBANIEL-EVARA

THE Chinese Developer of the multi-million kina Ramu Nickel project in Madang is equally concerned about the environment and has invested \$US 3 million (K6.3 million) for this aspect alone. This was made known by China’s Ambassador to PNG Qiu Bohua last Thursday during the occasion marking the successful completion of the construction and project commissioning phase at the project’s refinery plant at Basamuk, Raicoast District. Mr Bohua said Ramu Nickel was committed to reducing the environmental impacts of its operations to a minimal level in accordance with the laws and regulations of the country. He said to date more than \$US3m had been invested in this cause alone, adding that he was confident this would increase as the company progressed into the operational phase.

He hailed the project, which is set to put PNG among the top five nickel producers in the world, as an outstanding example of the ever expanding co-operation between China and PNG since the establishment of bilateral ties spanning more than 36 years. Mr Bohua said the relationship between the two countries had been in excellent shape, with the economic and trade cooperation making great progress. Mr Bohua told the masses, including the guest of honour and Prime Minister, Peter O’Neil, that the investment in Ramu Nickel was China’s single and largest, not only in the country, but also in the South Pacific region, amounting to \$US1.2 billion (K2.6 billion) in 2011. Ramu Ni-Co (MCC) Limited’s management president, Luo Shu, stated in her remarks that the project was set to be one of the most competitive and one which was set to bring in great benefits and returns for its stakeholders.

She hailed the project as being “a story of several generations and promises” that had finally been realised. She said the road to getting the project to where it is today, had been long and very challenging, but was one in which the company had and continued to remain committed to. She had taken the opportunity to thank the government of PNG and China and all partners including the local landowners of the mine’s four impact areas for their commitment to the project. She acknowledged that there would be many more challenges ahead as the project moved into its production phase. Finally, in making these remarks she also wished the project a long and bright future.

## **Fiji Landowners Fear Environmental Impacts Of Mine**

*Exploratory work has allegedly damaged local environment*

WELLINGTON, New Zealand (Radio New Zealand International, Dec. 11, 2012) – The chairman of the Tikina Namosi Landowners Committee says it has faith in the Fiji interim government's role in monitoring the Namosi joint venture mine project, near Suva. But Joe Waqavatu also says many landowners believe if the land is given away to be mined for copper and gold, the environmental effects will be devastating. In September, the interim government allowed the Namosi joint venture to recommence prospecting and exploration studies, months after the regime leader Commodore Frank Bainimarama halted work when environmental concerns were raised by landowners. Mr. Waqavatu says the government has addressed issues of concern as far as instructing the foreign companies behind the project to complete a rehabilitation program, but he says it only covers a third of the affected area. He says areas have been dumped with rubbish and toxic waste, while they have also seen landslides, diversion of waterways and culling of trees as a result of exploratory work.

## **Nautilus rockets 27% as investors speculate on what's next for seabed mining**

Mining.com, Frik Els, December 11, 2012



Nautilus Minerals shot up 26.8% to \$0.355 in heavy volumes on Monday as investors speculated about the future of the embattled company after it decided to stop working on specialized seabed mining equipment for its Papua New Guinea gold-silver-copper project. "We were paying for it all ourselves and it was becoming too costly," Mike Johnston, interim president and CEO Johnston told SciDev.Net. "We were at an expensive stage of the build. We were spending US\$3 million or US\$4 million a week. For a company of our size, we couldn't continue to pay for that ourselves." The Toronto-based company has run into serious troubles at its flagship project off the Papua New Guinea coast, most recently with the departure of a long-time CEO, layoffs and a petition landowners sent to the PNG government to cancel the firm's seabed mining permit. The company's Solwara project – what would be the world's first seabed mine – is already half built and was slated to begin production in the fourth quarter of 2013, but a dispute with the PNG government over ownership and funding issues with its partners building a surface vessel for the operation have the put the project on ice.

Shareholders in Nautilus – even after today's jump worth only \$84 million on the Toronto big board – have seen the value of their investments evaporate by more than 80% since the company initiated a legal battle on June 1 over the copper-gold-silver project in the Bismarck Sea and the troubles with its German shipbuilders. Nautilus also owns vast exploration tracts in the central Pacific Ocean and in September announced it has found nodules that occur in 4,000 and 6,000 meter deep waters

that contain significant grades of manganese, nickel, copper and cobalt. Nautilus said at the time the regulatory framework the International Seabed Authority has put in place since 1994 and what the company terms "reduced social disturbance" due to the nature of deep water mining versus "large land based resource developments" counts heavily in favour of this project, to be managed through a 100%-owned Tonga subsidiary.

### **Fiji: Newcrest plans to mine in protected rainforest**

PNG Mine Watch, 11.12.2012

Namosi Joint Venture proposes to mine in Sovi Basin but the area has been set aside as a protected rain forest. Master plan to address overlapping leases. Epeli Tukuwasa, FBC

Overlapping development works have been identified in the new National Land Master Plan says Director Land Use Samuela Naicegucegu. Naicegucegu says one of the areas identified is the Sovi Basin which was issued with a Conservation Lease – only to be over-shadowed by a mining prospecting lease. Namosi Joint Venture proposes to mine in Sovi Basin but the area has been set aside as a protected rain forest. The land has been leased by Conservation International for 99 years starting from 1980. Naicegucegu says this overlapping has eventuated because Ministries and departments weren't coordinating in the past. Government Ministries and Institutions have been working in isolation without even realising how land in Fiji have been utilised. The Master Plan should be complete by the end of this year for Cabinet approval and will put an end to overlapping leases.

### **Locals upset over Ramu event upset**

The National, 11th December, 2012

WHILST celebrations for the recent Ramu NiCo construction completion and load commissioning are over, many not involved in the celebrations due to either space limitation or oversight are upset. Absent throughout the celebrations last Thursday were villagers from the villages around where the refinery is located. Villages around the area are Mindere, Gawar, Lamtub and Siwar, which were represented at the ceremony through their presidents and landowner association chairman, Lima Mullung, who was chosen over former governor and Raicoast MP James Gau to give the welcome address. Despite the snub, Gau commended the Somare government for bringing the Chinese developers in after a lengthy 50 years process to prove up the resource.

Gau said: "This project is unique in that it is the first project to involve more than ten stakeholders. The mining of the nickel and cobalt is in another district, Usino-Bundi, and processing is in Raicoast. It includes four LLG's, four landowner groups, national and provincial government and the developer. "All of these people especially the landowners, on which the refinery or the extraction of the soil will be, should be here to witness this. "Some of those up at Kurumbukari have not seen the size of development at Basamuk neither have the Basamuk ones seen Kurumbukari." Gau thanked Prime Minister Peter O'Neill for giving K10 million as project funds for landowners in August last year. "A further K10 million was given for the Yowor bridge in Raicoast," he said. which is currently under construction with the Minjang Bridge to follow suit", he said.

### **Divers: Madang's sea polluted**

The National, 11th December, 2012

By JAYNE SAFIHAO

THE open seas have been used by many Madang residents as their garbage disposal area. This was

proven recently by French divers engaged in a scientific expedition. The team of divers is scheduled to leave the province on Dec 15. Concerned residents of Newtown and other parts of Madang town said the Madang urban local level government has lost control of its administrative functions such as responsible management of garbage disposal. Current acting town manager Titus Futrepa has in the past blamed chronic funding shortage as contributing to non-removal of garbage and other functions. Since a recent report two months ago, the status of the market rubbish is still the same and deteriorating.

In the absence of rubbish bins, mounds of rubbish around town and overflowing rubbish especially at the beach fronts have been the norm. French professor Philippe Archambault who dived to a depth of 1,000m whilst recently taking Prince Albert II of Monaco on board the ALIS boat found rubbish at that depth. He said that even diapers were seen at that depth and said it was shameful for the town. People living on the islands surrounding or within the Madang Lagoon, who do not benefit from garbage disposal services, have been using the sea since time immemorial. Town residents ignored in the last few months by urban local level government have had to contend with finding dumpsites. Many of those used the sea as their dumping ground for the last five months.

### **Conference reflects keen interest in PNG's mining sector**

Radio New Zealand, 10 December, 2012

Papua New Guinea's Chamber of Mines and Petroleum says last week's PNG Mining and Petroleum Investment Conference in Sydney reflected the huge interest in investment in PNG. 1,400 delegates attended the conference, including some of the world's biggest mining and energy companies. PNG's Prime Minister Peter O'Neill addressed the conference. And various companies shared their current experiences in PNG with the finance and investment sectors. The chamber's executive director, Greg Anderson, says delegates took stock of unprecedented exploration across PNG over the past two years. "There are signs that it's getting a bit difficult to raise finance for certain companies, certainly in the junior sectors, but generally speaking there was a very bullish response (from investors). There's a record number of companies, a record number of tenements, there's a number of projects in advanced stages and new ones emerging that are of great interest and which could be the projects further along."

### **Ramu nickel cobalt project officially begins operation**      Post-Courier 10.12.2012



THE K1.7 billion Ramu nickel cobalt project in Usino-Bundi, Madang, loaded its first ore for shipment to China last Friday. The shipment will also signal the official commissioning of the nickel, cobalt and chromites to leave the Kurumbukari mountains to the coast for export. Pictured is Grand Chief Sir Michael Somare, who was instrumental in getting the Ramu Nico project off the ground, snips the last piece of the ribbon to signify the commissioning of the Basamuk refinery construction completion and load commissioning celebration at Basamuk Bay, Madang Province, as President of MCC Guo Wenqing (right) happily looks on.

### **Nautilus value may be hidden in territorial security, not just deep sea mining**

Stockhouse, 8.12.2012

Nautilus is hoping to be the first deep sea mining company in the world. For the past couple years they have been developing and building proprietary deep sea mining equipment with its first high grade project located 30km off the coast of Papua New Guinea (PNG). On November 13, the share price collapsed from 72 cents to 41 cents after announcing they were suspending their equipment build to conserve their large cash position during a dispute with the PNG government over equity, intellectual property and the environment. Since that time, the stock has been under constant selling pressure to a point now where it makes very little sense. Most small stocks (especially resource related) have suffered a similar fate this past month but given the significant underlying asset value of Nautilus and the exceptionally strong shareholders, now may be a very good time to take a serious look at this company.....

### **There is a lot more to Nautilus than mining rock at the bottom of the ocean - International Politics**

Nautilus collapsed three weeks ago following problems with the government of Papua New Guinea (PNG). PNG has a long history of being difficult to deal with and I suspect Nautilus said "enough is enough" and terminated construction so that they could focus on other opportunities and pursue legal recourse to recover over \$50 million owed them by the PNG government. It is important to know that 49% of the stock outstanding is controlled by three International powerhouses; 1) Metalloinvest 21%; 2) Anglo American 11%; 3) MB Holding Company 17%. Anglo American is one of the world's largest mining companies, Metalloinvest is a Russian iron ore giant controlled by Alisher Usmanov (Russia's richest man) and MB Holdings based in Oman does business in 20 countries with 6000 employees - it is controlled by Dr. Mohammed Ali Al Barwani who sits on the board of Nautilus.

### **Important insight from Stratfor**

Stratfor ([www.stratfor.com](http://www.stratfor.com)) is a global intelligence service that is very well respected and has a large international following. Back in August they issued a very interesting report on "Sub Sea Mining." Because their content is copyright, I cannot repost it here, however I have summarized the most relevant points as I believe they pertain to Nautilus going forward. South Korea this year was awarded exclusive mineral rights to a 10,000 sq.km block of seabed in the central Indian Ocean. Seoul will retain those rights from 2013 to 2027. A period in which it is believed they could generate approx. \$300 million annually in sub-sea mining revenue.

- For countries, deep-sea mining is a means of accessing and monitoring international or disputed waters. Aside from generating revenue, it serves a significant political purpose.
- According to the Stratfor report, "several private companies have shown a continued interest in deep-sea mineral exploration. The industry leader is Canadian firm Nautilus Minerals." In addition to the handful of private companies, China, Japan and South Korea are also pursuing the technology to deep-sea mine.

- This process would allow China to extend its influence across the South China Sea, the East China Sea and the Indian Ocean. This year the International Seabed Authority approved China's bid to explore a 10,000 sq.km area in the SW Indian Ocean for 15 years.
- All of this becomes a serious threat to countries bordered by an ocean. As just one example, India is obviously threatened by China's movement in this area and is pursuing their own initiatives. For most of these countries it is about sovereignty and security. Far more important than the actual mining. France and Russia have also shown serious interest this year in sub-sea mining.

Many feel this industry will struggle to be profitable but no one has advanced far enough to know. While the mining has potential, I think it goes much deeper than profit - **territorial security** - as Stratfor has called it. "Initial exploration becomes a useful political tool because it provides an excuse to operate in disputed or international waters." Nautilus right now trades just below cash value but has invested years and over \$100 million in studying this industry and building technology and equipment that will work best. If you view their presentation you will see significant advancements in design and fabrication to date. Obviously I could be wrong, but I feel confident we need to look at this company much deeper than just "mining." Only last week China announced new rules that would allow them to board vessels in territorial waters – even “disputed” territorial waters. This is of grave concern to many countries across Asia (Japan in particular). In the years ahead territorial water and national security will take on greater importance globally (not just in Asia). Companies like Nautilus may provide the technology and equipment necessary to help enforce those territorial rights – but we have to hope they survive long enough to prove that point.

Nautilus has serious strength behind them with the three primary shareholders and I believe the points that Stratfor made (with this being more about politics) will eventually make Nautilus valuable again. Right now investors have an opportunity to pick away following a price collapse that in my opinion was grossly over-exaggerated. In theory we will see more selling before Christmas (tax losses) but that will also create liquidity. I am personally prepared to tuck NUS away for 2013 – as I am doing with several of these cash-rich companies that have attractive (but grossly discounted) underlying assets. Go through their corporate presentation and you may see why this makes an attractive speculation near or below 30 cents. On November 14, the CEO held a conference call and my notes are shown below:

- \$34 million raised at 90 cents from all their major shareholders
- \$91 million cash to the end of September
- Terminating PNG relationship allows them to move forward with Tonga (very large land position)
- Construction termination designed to preserve large cash position
- View photos on presentation - dramatic amount of work done to date - 53% complete - page 8-11
- Significant investment in design, engineering, fabrication, testing
- The company will update before the end of December
- Reasons for termination make perfect sense (PNG difficult country to deal with)
- Sea floor mining advantage is that equipment is built in a controlled factory environment (vs. land based mining builds)
- Costs capitalized on the books is in excess of \$100 million
- Tonga potential significant (high-grade precious metal grades) - 19 systems / prospects
- Company has 600,000 sq.km of tenements in South Pacific
- Plan is to: maintain cash, discussions with PNG, maintain permits
- Tonga region a focus if PNG cannot be resolved
- New CEO sounded very confident and well spoken

Q&A from conference call listeners (there were limited questions so I summarized them here):



1) What is PNG arguing about - confidential so cannot discuss. State has contractual obligation of \$23 million to date. PNG Government must pay their fair share of costs (independently audited and previously agreed upon). PNG also owes Nautilus \$51 million associated with equipment built to date. No arbitration date has been set but they will update people as often as possible. 2) Ship status - discontinued discussions in light of PNG but many options available for ship design and finance. Ready to go when time is appropriate. 3) Is the equipment useable in Tonga or elsewhere - yes.

### **Discounting PNG's importance**

Currently the investment community is ignoring the strong underlying asset value of Nautilus and basing their valuation simply on the company's relationship with Papua New Guinea (PNG) – it is important to put PNG into perspective. While it is a country rich in natural resources, it has a long history of questionable business ethics and corruption. In fact, annually PNG is ranked as one of the leading countries for corruption by Transparency International. In addition, the Ease of Doing Business Index was created by the World Bank. It is based on the study of a country's laws and regulations, with input and verification from over 9,000 government officials, lawyers, business consultants, accountants and other professionals in approx. 180 economies. The "Doing Business 2012" report ranked Singapore #1 and PNG #101 (the U.S. is ranked #4 and Canada #13). The problems with PNG will hopefully be resolved as Nautilus has spent a lot of time and money there. However, this should not be a deal breaker for the company. Nautilus was likely tired of being bullied by the PNG government. And I am not sure where PNG expects they are going with this. Unlike traditional mining or oil & gas exploration, no one will be knocking on their door to mine the sub-sea floor 1km from shore – let alone 30km.

In addition to Teck, which owns 4.5% of Nautilus, the other three principal shareholders (who combined own 53.5%) are four of the most powerful partners/shareholders a small company could hope for. They are no doubt fed up with PNG's games and have decided to look at alternatives. If Nautilus walks away from PNG, this government will have made a huge error in judgement – which given past history, may not be surprising. The PNG government is looking a gift horse in the mouth. They had every opportunity to work closer with Nautilus and create taxation revenue and jobs. Now their greed may force Nautilus elsewhere and while it may mean short-term pain for shareholders, it could result in strong long-term gains if the right development partner is found.

After this many years in PNG, a person would hate to see that relationship go to waste. However, I don't believe it should be viewed as a dagger in the heart of Nautilus (as we are seeing with the share price below 30 cents). Read more at <http://www.stockhouse.com/opinion/ticker-trax/dec/7/micro-cap-miner-trades-at-75--discount-to-its-net-.aspx#tkrfuXVEzLZhbGej.99>

### **PNG nickel mine 5th largest in the world**

Post-Courier 7.12.2012

By ROSALYN ALBANI-EL-EVARA

PRIME Minister Peter O'Neill has reaffirmed his government's commitment to investors by ensuring their investments are secure and successful. Mr O'Neill gave this assurance while officiating during the commissioning of the Ramu Nickel project at Basamuk, in Madang's Raicoast District yesterday. Mr O'Neill said he had also given this same undertaking when he addressed the Mining and Petroleum Conference in Sydney. "During this event the government had given a clear assurance, firmly committing the government to maintaining investor confidence to ensure that all investment including those from China are secure," he said. "We will work with the landowners and citizens of this country to ensure that this project is a success." Mr O'Neill said this was a very significant occasion because the Ramu Nickel project would become the fifth largest nickel mine in the world and would bring with it great benefits to the people of PNG.

He acknowledged that it had been a long and very challenging road to get the project to where it is today and took the opportunity to thank the developers, Ramu NiCo (MCC) Limited and its partners for their commitment and perseverance. “This is the first major investment by China in PNG and its success will give a clear example on how the partnership between our two countries can work,” Mr O’Neill said. He said over the past 36 years, PNG had enjoyed a good diplomatic and bilateral relationship with China. He said this investment in Ramu Nickel would undoubtedly raise the level of trade and investment between the two countries and thanked the Chinese Government for its commitment to this project. Mr O’Neil also acknowledged the presence of Grand Chief Sir Michael Somare and thanked him also for his hand in the project.

China’s Ambassador to PNG, Qiu Bohua, said the multi-million kina project would carry PNG-China economic co-operation to a brand new era. He said the \$US1.6billion project was designed to produce more than 33,000 tons of nickel and 2300 tons of cobalt a year, placing PNG as the host of the 5th largest nickel laterite mine in the world. Ambassador Bohua said the mine had brought to PNG much more than a world class mine. During the construction phase, the developers purchased K500m worth of goods and services from local suppliers. It also provided spin off opportunities worth over K200m to landowner companies and provided employment to more than 3000 PNG nationals.

Ambassador Bohua said over the next 20 years, the project would continue to empower PNG’s economy and the well-being of the local community. He said MCC’s estimations were that the project would generate more than US\$1billion in the form of tax royalties and equity distributions during its operations and more employment opportunities. The event was attended by a huge delegation of officials both from the Government and private sectors of both countries. The ceremony was capped off with the setting off of firecrackers before guests were ushered down to the wharf for their journey back to Madang.

### **Ramu: Threat of pipe breaking untrue**

The National, 07th December, 2012

MAJOR nickel-cobalt miner Ramu NiCo has allayed fears of potential environmental damage in the event of breakage or leakage along its 135km slurry pipeline in Madang. Company media officer Mathew Yakai said Ramu NiCo anticipated no threat or damage to the environment along the pipeline from Kurumbukari in Bundi to its refinery plant in Basamuk Bay. Yakai said the pipes were unbreakable and would last for more than 20 years. He claimed the slurry posed no harm to the environment because it consisted crushed rock powder and water. “There are no solids or chemicals in it,” Yakai said. He said the use of water served as a coolant to prevent overheating if the slurry was pumped at high speed as initially designed but that concept had since been shelved. “The slurry now flows with gravity.” But Yakai conceded landslides, especially in the Ono Mountains, were a worry. Yakai attributed the development of landslips to the movement of heavy vehicles and use of machinery in the area. Yakai said Ramu NiCo and the works department were working on finding a solution to that problem.

### **Ramu NiCo loads first shipment**

The National, 06th December, 2012

By JAYNE SAFIHAO

THE K1.7 billion Ramu nickel cobalt project in Usino-Bundi, Madang, will load its first ore for shipment to China today. The shipment will also signal the official commissioning of the nickel, cobalt and chromites to leave the Kurumbukari mountains to the coast for export. A trial shipment,

comprising 576 tonnes of mixed nickel cobalt hydroxide intermediate product, left Madang a few months ago to a Chinese customer. Today's major event stemmed from a series of runs carried out this year. Since Monday, the Ramu NiCo office in Madang had been abuzz with activity soon after a Scottish Association of Marine Scientists report was presented to the developer and government representatives. Dr Tracy Schimmeld and her team had been carrying out a National Court-ordered year-long study into the impacts of deep sea tailings in the Bismarck Sea as a result of the mining activity, particularly the Basamuk area. The report had not yet been made public.

Expected to go into full swing next year, the project would produce 31,150 tonnes of nickel and 3,300 tonnes of cobalt annually to make it one of the world's top nickel producers. Yesterday, the Madang Airport was packed with Chinese nationals invited for the event. Prime Minister Peter O'Neill and senior government ministers and public servants and state representatives would also attend. Official guests would leave for Basamuk on board the MCC ferry at 7am with VIPs to travel to the site in two helicopters. The official programme would begin at 11am with a site visit. The official ribbon-cutting had been scheduled for noon. Kurumbukari is located at the foothills of the Bismarck Range, 75km southwest of Madang. The upgraded ore will be pumped as slurry through a 134km pipeline to the refinery located at Basamuk Bay on the Rai-coast.

### **Illegal miners a real problem for Porgera**

Michael Cairnduff, PNG Industry News, 5.12.2012

A CHALLENGING location 600km northwest of Port Moresby and a lack of general infrastructure have been ongoing issues for Porgera, according to the mine's executive general manager, PNG, Greg Walker. The Porgera Joint Venture boss said road infrastructure was particularly challenging. The road from Lae to site via Mt Hagen proved difficult to manage, with the operation sending 200 trucks a month along it. "Porgera is a world-class deposit that we have been operating for plus 25 years. When we started, there were about 5000 people in the valley, now there are about 50,000 people, with migration being one of the major pressures on the Porgera Valley," Walker said. He said the significant migration into the valley had put pressure on land usage and availability, town planning, and power and water infrastructure, as well as general sanitation.

"The mine has been going for a long time and we still have a life-of-mine going out to 2024, with substantial exploration potential in the area." Attracting and retaining skilled labour was a common theme for operators speaking at the PNG Mining and Petroleum Investment Conference this week. The Porgera project was no different. "Law and order is also a challenge for the Porgera community and the mine site – we have a significant issue with illegal miners at Porgera." The Porgera mine contains open pit and underground operations, with the open pit producing 100,000 tonnes per day running at 3 grams per tonne gold, and the underground producing 3,000 tpd at 7.5 g/t. "We produce a pyrite concentrate, which we then put through pressure oxidation leach to free the gold, neutralise that then run through a conventional CIL circuit. After CIL, the tailings will then go into the cyanide destruct, where we eliminate the cyanide before it is discharged to the river."

Health and safety was the primary basis for having a sustainable mining operation, according to Walker, who said the Porgera vision was to have everybody go home healthy every day. "In 2012 our major focus in safety was to improve our mobile fleet operation – 40% of our incidents and injuries were as a result of poor operation of mobile equipment. „We put in a dedicated driver training team and installed simulators for trucks and light vehicles to improve that area. "We have also spent a lot of time in 2012 reducing the exposure of the illegal miners. "Although they are trespassers, they are exposed to the hazards once they enter and we put in a lot of effort to ensure they are kept away from the risks as much as possible and make sure they can't get access to the underground op-

eration.” Walker said law and order had deteriorated in the area in 2012, particularly as people sought further benefits.

### **Ramu Nickel set for opening**

Post-Courier 5.12.2012

By ROSALYN ALBANIEL-EVARA

A LARGE contingent of dignitaries, including the Prime Minister Peter O’Neill are expected to converge at the Ramu Nickel project refinery site at Basamuk on Thursday for project commissioning. An official statement from the project developers Ramu NiCo (MCC) Limited on the occasion had yet to be obtained. However, Madang Provincial Police Commander Superintendent Anthony Wagambie (Jnr) said preparations by police for security for the occasion had already been put in place and that he would be taking charge. Supt Wagambie said a large delegation of Chinese officials, including from the Government, bank and others who had, had a hand in the project would be among those arriving tomorrow. He urged that with the arrival of this large contingent of visitors that the people of Madang accord them the hospitality due during this important event. He said more than 20 police officers, including a mobile unit from Lae would be deployed to Basamuk to ensure the event goes well.

Meanwhile, the PPC said he was pleased to report that the general law and order situation in the province was under control, adding that following the project commissioning, the police would commence their Christmas/New Year Special Operations. He said in Ramu Sugar the pre-Christmas /New Year operations had already commenced with random road blocks and checks on vehicles travelling into and out of the province. He said the work by police in this area had already resulted in police not only removing from the roads defective vehicles but also in police intercepting large amounts of drugs being smuggled into the province from outside, destined for the streets of Madang.

Supt Wagambie said it was usually during the festive season that lots of road accidents occurred and hence the exercise would go a long way in ensuring the roads were safe for the general travelling public. He also stated that the special operations there had also resulted in police impounding a stolen vehicle which was headed for Madang. He said the suspects who were in the vehicle had managed to escape but police from Ramu Sugar had been able to recover the stolen vehicle, a brown Nissan Navara, that was now locked up at the police station there. Supt Wagambie has urged the owner of the vehicle to report to the Ramu Sugar Police Station to pick up his/her property.

### **Ok Tedi mine near shutdown**

The National, 05th December, 2012

THE Ok Tedi mine, one of Papua New Guinea’s largest operating copper mines, is two weeks away from temporarily shutting down due to a drought that has brought river transport to a halt and cut off fuel supplies, a company official said yesterday. The mine, which produces about 150,000 tonnes of copper in concentrate a year, ships the material by a pipeline and barges more than 1,000km to silo vessels in the Gulf of Papua, before it is loaded on to freighters. Dry conditions have caused problems to shipping from Ok Tedi a number of times in the past. “We have maybe 14 days before halting production,” Nigel Parker, managing director of Ok Tedi Pty Ltd, told Reuters. “We’ve already slowed down.” However, Parker said, the situation had yet to reach a stage where the company needed to invoke the contractual clause of force majeure to release it from the obligation to deliver concentrate to buyers on time. Ok Tedi sells the ore to 10 smelting companies in Asia and Europe. “We haven’t declared force majeure, not yet,” he said. Low water levels on the Fly

River have stopped both the transport of concentrate and the delivery of diesel fuel supplies to the mine, Parker added. – Reuters

### *Letter to the editor*

#### **PM right to tick off BHP Billiton**

The National, 05th December, 2012

I REFER to your report “BHP Billiton asked to leave PNGSDP alone” (Nov 29). The call by Prime Minister Peter O’Neill to BHP Billiton, which gave up ownership of the Ok Tedi mine 10 years ago, to stop influencing the board of the PNG Sustainable Development Program (PNGSDP) is welcome news for Western. It has the potential to hinder the long-term development projects the PNGSDP has lined up. They include the upgrading of the Daru Airport, the telecommunication roll-out project, the Daru deep sea port, the Star Mountains Institution of Technology, the roll-out of rubber project and the proposed corridor door pipeline to facilitate for the downstream processing of the oil and gas, just to name a few. With the blanket cover, the insurance and protection that the company has from parliament and politicians, most of these projects were able to get off the ground, and a review to change this has a possibility to hinder their progress and completion. I call on the prime minister to explain to the people of Western in detail the reasons why it is deemed fit for the changes to be made on PNGSDP. He ought to remember PNGSDP is very sensitive to the people of Western as the company was created out of the environmental damage caused by BHP Billiton on the Fly River and its surrounding environment. Any amendment to the PNGSDP must be taken seriously and with great consideration. Israel Mulake, Port Moresby

#### **Exxonmobil commits to expand PNG LNG**

Post-Courier 5.12.2012

ExxonMobil has declared its commitment to expand its \$US19 billion liquefied natural gas project in Papua New Guinea but has signalled that the final go-ahead to develop a key gas field is still some way off. Initial results from drilling this year at the P’nyang field “do look positive”, said one of the US major’s most senior executives at the PNG LNG venture, Decie Autin, in Sydney. “While there’s still a long way to go before a development decision can be made, pursuing additional opportunities is part of Exxon’s long-term commitment to PNG,” Ms Autin said at a conference. The P’nyang discovery holds about three trillion cubic feet of gas and Peter Botten, Managing Director of Oil Search, Exxon’s biggest partner in the venture, has suggested it could be sufficient on its own to underpin a third train at PNG LNG.

Mr Botten has said the expansion train may not need long 25-year LNG sales contracts but could be supported by 10- to 15-year sales accords. Meanwhile, Ms Autin reaffirmed ExxonMobil’s commitment to meeting the 2014 start-up date for deliveries from the initial PNG LNG venture, despite delays in parts of the enormous project which have contributed to a \$US3.3 billion cost overrun. ExxonMobil’s Senior Vice-President of LNG marketing in Asia-Pacific Jeff Appleton said PNG could be exporting just over 10 million tonnes a year of LNG by 2025. The PNG Government is keen to see additional LNG ventures built in the country, based on a total gas resource that could top 60 trillion cubic feet. Petroleum Minister William Duma pointed to the potential for two more LNG projects, including InterOil’s Gulf LNG venture and a separate one using gas from various fields in the Western Province.

Oil Search and France’s Total also recently formed an exploration venture in the Gulf of Papua which could ultimately lead to gas for LNG. In a keynote address to the conference, Prime Minister Peter O’Neill pledged to tackle rising costs, inadequate productivity and corruption in a bid to at-

tract more foreign investment in mining and petroleum. Mr O'Neill called for a direct dialogue between Government, business and other stakeholders to lower production costs and help improve international competitiveness. "We have been far too complacent about cost blowouts in the construction phase of our major projects," Mr O'Neill said. "We have to get serious about the cost of doing business in PNG. It is an issue my government must and will address." Mr O'Neill suggested PNG needed a productivity commission to help lift competitiveness and said a new corruption-fighting body would shortly be set up with powers to impose significant penalties.

### **Marengo Mining conducts training for Landowners**

Post-Courier 5.12.2012

A TOTAL of 20 elected clan representatives from the Yandera Landowner Association (LOA) were awarded with certificates after completing a series of leadership workshops held at Bundi Station, Madang Province last week Thursday. The workshops was endorsed and facilitated by Mineral Resource Authority (MRA), Madang Provincial Administration and Marengo Mining. Facilitators Jerry Naime and Moses Mambu of MRA, Madang Provincial Commerce branch and Entrepreneurial Development Training Centre Ltd (EDTC) made presentations at the workshops. This workshop is intended to help landowners prepare themselves and participate actively in the Yandera project through sustainable development activities. Further, to help landowners work in partnership with stakeholders including the National and Provincial Governments, the developer (Marengo Mining) and the investors. Present at the closing ceremony were Peter Dendle, Project Manager, Marengo Mining, Peter Sagerom (Madang Commerce Office) and Frank Don of Madang Mining Office.

The landowners learnt:

- The basic processes in the Mining Industry;
- Start Your Business (SYB); and
- Personal Viability (Leadership skills).

Specific need-based induction training workshops were selected for the committee as starting courses to mould and empower the clan representatives with skills and knowledge that will enable them to take on their roles and responsibilities as representatives or custodians of their tribes and clans.

Participants were also taken through the different processes and procedures that are followed before development of any mining project takes place. When awarding the certificates, Mr Dendle said: "The program has successfully facilitated the training and induction for the landowner leaders and has started them off on a good note. He said this is the first kind of training a junior mining company has taken in getting the landowners prepare to take active participation in a project development.

### **Researchers find lagoon a dumping site**

The National, 05th December, 2012

By JAYNE SAFIHAO

THE Madang Lagoon has been used as a dumping ground by many of the islanders living in and around the area, a research team has found. Found underwater was a collection of plastic and tinned rubbish such as beer cans, diapers, assorted plastic wrappers and clothes. This was the finding of the dive team that took Prince Albert II of Monaco on board the dive expedition boat ELIS last Sunday when they went to collect species samples. Prof Phillippe Archambault of the University of Quebec in Canada said it was not a very good sign as it showed that pollution was taking place in the lagoon. "It is very surprising. It is bad news and it will impact the surroundings and the marine ecosystem. "Sea creatures such as turtles, dolphins, whales and very large fish will think that the floating plastics are jelly fish. They will open their mouth and eat the plastics. "In the end, they will die from choking or indigestion and this will affect marine life," he said.

“The Gulf of St Lawrence, which I go to work for six weeks per year, you will never find that even with a population more than this town”, he said. So far, the scientific team studying marine life in Madang Lagoon, from Gogol to as far as Rempi, had found more than 100 species of fish life. According to Prof Ralph Mana, a fish marine biologist teaching at the University of Papua New Guinea, “many fish are yet to be discovered”. He said it was the 5mm-7mm organisms that were important to scientists. “These are creatures that can’t be seen and are the ones that are exposed to extinction if we are not careful,” he said. He said the Basamuk Bay and the lagoon faced a real threat of ruin to what has been termed “the world’s most diverse marine ecosystem in the world” with the Ramu NiCo project. He said there would be more threat to these areas when the Pacific Marine Industrial Zone project and the Marengo mine kick off.

### **PNG landowners close to extending Ok Tedi mine**

Jemima Garrett for Pacific Beat, ABC Australia, 4.12.2012



Photo: The Ok Tedi Mine in Papua New Guinea (Ok Tedi Mine CMCA Review)

Landowners in Papua New Guinea are expected to finalise their agreement to extend the life of the Ok Tedi mine by the end of this week. The announcement was made by Ok Tedi Mining Limited CEO at the PNG Mining and Petroleum Investment Conference in Sydney. Ok Tedi Mining Ltd CEO, Nigel Parker, says seven of the nine community umbrella groups affected by the mine have signed up to continue gold and copper production for 11 more years. The remaining 2 groups, he says, are expected to sign this week. "It has been an absolutely exhilarating process in the last three weeks," he said. "I have personally signed on the company's behalf those agreements and the people are extraordinarily happy with Ok Tedi Mining Limited, with the continuation of the mine," he said. "To be quite frank, it is quite inspirational."

The community groups represent around 100,000 people downstream of the mine in the Fly River catchment in PNG's Western Province. Mr Parker says recent calls by three MPS for the mine to close on health and environmental grounds appear at odds with the community views. "The communities definitely wants the mine to continue, and are unequivocal about that," he said. "I am sure the elected politicians have the communities at heart, and if they do get reports coming through of unidentified medical issues I am sure they would react, and possibly that is why they are reacting so much. "In fact, when that was all hitting the press we actually had the communities from those areas in Tabubil negotiating the mine continuation, and the general response was 'Mi no save' - 'We are unaware of these sorts of issues of the ilk that were being publicised'."

### **Mining reform**

The Ok Tedi announcement came at the same conference where PNG Mining Minister, Byron Chan, elaborated on the O'Neill government's plans to reform the mining industry. The O'Neill gov-

ernment has been under pressure on a number of fronts to ensure more of the benefits of mining get down to the grassroots people, and has responded with a wide-ranging reform program. Changes include moves to reduce the maximum size of exploration leases by half and to limit the number of licences an individual can hold to 10. Mr Chan told the conference the PNG Government is determined to ensure landowners benefit from mining projects and to encourage downstream processing. "We want to make sure people are committed, companies are committed, everyone is committed to the project and not just holding licence and playing on the stock market," he said. "There are some companies that have been playing that game for far too long."

## **Mines and petroleum boom for PNG**

Post-Courier 4.12.2012

THE foundation for growth and prosperity in PNG is set. And the country is "in a good spot" right now, with the mineral resource sector on the verge of a boom. Leading the way to set the scene for the country's growth is the world class PNG LNG project, which according to the developers, Exxon Mobil, is 70 percent into its construction phase and is on target to commence initial LNG supplies in 2014. There is also a hive of activity in the sector with a number of projects likely to come on stream while others are reaching the end of feasibility studies phase and awaiting development phase decisions. President of the PNG Chamber of Petroleum and Mines Dr Ila Temu, welcoming delegates to the 12th PNG and Petroleum Investment Conference at the Sydney Hilton Hotel yesterday morning, said the country was positioned strongly to reap the benefits of heightened activity in the sector.

"We have a world class LNG project nearing completion and another one on the way; we have existing projects working hard to maintain or extend project life spans; we have feasibility studies on a couple of big projects; we have new entrants in both the mining and oil and gas sectors willing to spend money and have coverage; and we have many hard working juniors who are providing the grassroots exploration to hopefully find the next big one in what is considered elephant country," Dr Temu said. Dr Temu however sounded a warning to industry leaders as well as government ministers, departmental heads and landowners attending the conference, to ensure that they all and collectively make the right decisions to take advantage of the explosion of activity in the mining and petroleum sectors.

## **Nautilus confident of reconciling with PNG government**

Radio Australia, 4 December 2012

The Canadian mining company, Nautilus Minerals, says it's confident better information will get PNG's government to support its controversial seafloor mining project.

The Canadian mining company, Nautilus Minerals, says it's confident Papua New Guinea's government will support its controversial seafloor mining project. The company is hoping to be the first in the world to mine the deep seafloor for copper, gold, zinc and silver at its PNG site. However the project is currently on hold, because of a dispute with the government on issues related to equity, intellectual property and the environment. Mike Johnson, Vice-President of Nautilus Minerals, says many of the environmental concerns are based on misinformation and that the project's impact will be very minimal. "The entire project has been carefully thought-out and engineered to eliminate most of the concerns that people who aren't fully aware of the project have made," he said. "[These are] points of contention based on their misunderstanding of the project." He said he was confident that by educating people about their intentions they would be able to get the project back on track.





Nautilus Minerals has been exploring the territorial waters of Papua New Guinea (PNG) for mineral deposits since 1997, when the first offshore mineral exploration licenses were granted. (Credit: ABC)

### **Donigi: Chamber using scare tactics**

The National, 04th December, 2012

THE PNG Chamber of Mines and Petroleum is using scare tactics to steer the government away from introducing the Boka Kondra Bills in Parliament, a leading Papua New Guinea lawyer says. Responding to yesterday's front page story, Say No To Land Bill in The National, Peter Donigi said in statement yesterday: "PNG Chamber of Mines and Petroleum executive director Greg Anderson and his people are purveyors of scare tactics and are engaging in misrepresentation of the Boka Kondra Bill." The chamber was asking for a commitment from Prime Minister Peter O'Neill that moves to change ownership of the mineral and petroleum resources from the state to individual land-owning be stopped. The chamber said that the end result of the bill would lead to a complete loss of security in tenure, making it "all but impossible for the resource industry to operate". However, Donigi, who authored the bills, hit back. "They (the chamber) do not want us to preserve our customary law which has served us since time immemorial," he said. "Anderson used to be a government officer who influenced the current regime and is now defending the regime from outside government."

### **Fiji: Promising future for mining sector**

Sherita Sharma, The Fiji Times, December 03, 2012

INVESTMENT Fiji chief executive officer Ravuni Uluilakeba says the mining sector holds a lot of promise in the near future. "Mining is one field we are working very closely in," he said. "We are working very closely with the mining industry and Ministry of Mineral Resources." Mr Uluilakeba said mining would be the one industry that he was sure would grow rapidly two years down the road. "There is a lot of potential for mining in Fiji. There is Vatukoula which has been around for quite a long time, and some other mines almost at the brink of apart from exploration, and going into manufacturing and production," he said. "Mining is one of the industries that employ a lot of workers. Look at Vatukoula, there are about 400 to 500 workers there alone."

## **Peter O'Neill to set out his new vision on PNG energy deals**

by: Rowan Callick, The Australian, December 03, 2012

PAPUA New Guinean Prime Minister Peter O'Neill will today turn the page on the country's mining and energy policy, acknowledging Australia's \$16 billion investment in the sector and urging a new dialogue with its government and the industry about ways to reduce costs and boost productivity. In a keynote speech to the country's biannual mining and investment conference in Sydney today, he will offer to fast-track investments in energy projects that focus on domestic supply rather than exports. But he will admit the country has "been far too complacent about cost blowouts in the construction phases of our major projects" -- with the liquefied natural gas project being built by ExxonMobil recently announcing a 20 per cent cost surge, to \$19bn. He is expected to announce plans to establish a Productivity Commission to advise the government on making the economy more competitive.

He will encourage fly-in, fly-out schemes within PNG, rather than involve Australia. And he will provide some details about guidelines for the wide-ranging review, announced in the recent budget, into taxes and other charges that affect mining and petroleum. Mr O'Neill is expected to stress that the country needs "a modern and competitive resource tax regime", and that any changes resulting from the review should not "act as a significant disincentive to investment or international competitiveness". But he will add that he "cannot hold out the promise of massive cuts in taxes and charges". The country had a resource rental tax -- introduced at the suggestion of Australian economist Ross Garnaut, who was in the Finance Department in PNG during its independence period in the 1970s. It was abolished in 2003.

Among the issues to be canvassed in the new review, the Prime Minister will say, is "whether the cost and time consumed in lodging returns and reporting can be cut". The country's economy will grow 9 per cent in this year and growth is expected to peak in 2015, when the first exports will be shipped from the Exxon LNG project. But Mr O'Neill will anticipate that "the record capital spending now under way in the petroleum sector will slow significantly from 2013 unless we bring new projects to the approval and development stages soon". While his government is "fully committed" to that, "we don't just want projects that have an export focus alone". His government is seeking the "right mix" of more LNG projects and others "totally focused on our domestic gas and energy needs, including gas capable of driving rural and regional electrification and meeting the energy needs of new mining projects".

Mr O'Neill is expected to pledge to speed up the approval process for projects and to support the early development of stranded gas and other gas resources "that will create jobs, boost investment and meet domestic energy needs". "We also need new mining projects, not just large-scale projects." Mr O'Neill also wants investors "to look at taking on board Papua New Guinean investors and partners from the outset". He will tell the conference: "We have successful contractors, transport operators, engineers and other professionals, retailers, farmers and manufacturers and processors, all with funds, or who can get access to funds, that can be used to participate directly in the next phase of the development of the resources sector."

The government, he will say, wants to help PNG businesses "get the lion's share of work that is undertaken by contractors and suppliers". Mr O'Neill is expected to say that while PNG governments have been "reasonable, if not generous" about fly-in, fly-out arrangements for major resource projects, "I want to encourage a review of these arrangements so that more of our own resort areas and regional centres, can benefit", with companies given incentives to operate FIFO schemes wholly within PNG, instead of rotating staff out of Australia. He will also stress that his government "will not tolerate the speculative trading" in exploration licences where no activity has taken place for a

long time. Such licences would be forfeited and the areas advertised and put to tender, "as happens here in Australia".

### **Boom in mining, petroleum sector**

The National, 03rd December, 2012

By FRANK KOLMA in Sydney

THE mining and petroleum sector is experiencing unprecedented growth and this has in part shielded PNG from the effects of the global financial crisis, the Chamber of Mines and Petroleum states in its position paper released in February this year. "Activity has now reached a level where PNG is the envy of many other mineral producing nations and the country has gained the confidence and respect of the international markets," the chamber said. The chamber is expected to repeat this at the mining conference which opens today in Sydney, Australia. Exploration is at an all-time high with formal employment in the sector expanding to 30,000. Since the surge began in 2003, the country has added two new mines – Ramu NiCo nickle/cobalt mine and Hidden Valley gold mine, and will join the exclusive club of LNG producing nations come 2014. It will also become the world's first deep-sea mining nation if the Nautilus project resumes.

Since 2005, the extractive sector has contributed a total of K9.685 billion in corporate taxes, K1.226 billion in dividends, K1.24 billion in royalties and K1.27 billion in dividend withholding taxes to the government. Given that the level of exploration fell sharply following the Asian financial crisis in 1997, this is a great tribute to the efforts of the industry and the government in promoting and nurturing the sector over the past decade. The chamber reported that the head offices of international mining conglomerates were continually assessing the medium and longer term potential of various international destinations for exploration and investment activities.

The chamber reported: "In surveys on the attractiveness of individual countries, PNG has not fared well in spite of the upsurge in recent resource activities. "Much of this view is based on country risk or sovereign risk, government business policies and issues related to land tenure." There is apprehension regarding lengthy delays with renewal of exploration licences after companies have spent considerable sums on exploration and tenement requirements – the most recent ones being Ramu NiCo cobalt mine which faced lengthy delays through the court as well as with Nautilus Minerals which was issued a special (deep sea) mining lease in January 2011 after satisfying all the regulatory processes.

### **PNG Resources Industry Against Land Ownership Changes**

Looks for PM O'Neill to oppose move towards local ownership

By Frank Senge Kolma

PORT MORESBY, Papua New Guinea (The National, Dec. 3, 2012) – The extractive resources sector in PNG will be looking for one commitment from Prime Minister Peter O'Neill when he addresses the Mining and Petroleum Conference in Sydney, Australia, today. It will want an emphatic "no" to current moves to change ownership of the mineral and petroleum resources from the state to individual land-owning groups. While exploration and development activity in the resource industry is at an all-time high, contributing K2.2 billion a year or one third of the government tax revenue, the industry is bracing for the worst with the growing ownership change debate and a bill before parliament to that effect. The position of the PNG Chamber of Mines and Petroleum is this: "Complex regimes of landownership already pose significant challenges for resource development in PNG and a change in resource ownership would magnify these social problems many fold.

"Because there is no system of land title for customary land, an explorer would be left with the task of dealing with a resource owned by a community that is always open to challenge from within and without, and where agreements may always be in a state of flux. "The end result would be a complete loss of security of tenure, making it all but impossible for the resource industry to operate." "State ownership of minerals is vital to the development of PNG and allows resources to be developed for the benefit all citizens as required by the Constitution," the PNG Chamber of Mines and Petroleum said. "A change in resource ownership would result in a breakdown of this system; the risk profile would be unacceptable to potential developers." The prime minister was aware of the gravity of the situation and had previously said the current fiscal regime would not be disturbed. It is expected he will not depart from this stance at the Sydney conference. The Chamber of Mines and Petroleum said earlier this year that provincial and local level governments, as well as the wider community, would be the big losers should the system change and be underwritten by private ownership of resources.

Were resource ownership to change, resource extraction would become a private business activity for selected individuals and groups. The chamber believed landowners would want everything, as they do today, including royalty and state equity and would only share with whoever they pleased if they felt inclined. Current benefits from the sector include company tax, royalties, dividend withholding tax, salary and wages tax, duties, production levy, dividends (equity), a tax credit scheme, special support grants, development levies, employment, education and training, public health programmes, business and agricultural development and community infrastructure. North Fly MP Boka Kondra brought to the last parliament a bill to change section 5 of the Mining Act and section 6 of the Oil & Gas Act to transfer ownership from the state to the landowners. The bill remained the property of parliament. Senior people such as former prime minister and New Ireland Governor Sir Julius Chan is supportive of a change in regime. His son and present Mining Minister Byron Chan initially proposed the regime change but of late had adopted a softer stance to review arrangements. He is also expected to address the conference.

**Australia: Prime Minister visits Cadia**  
By *BLAISE NANGOI* in Sydney

Post-Courier 3.12.2012

PRIME Minister Peter O'Neill spent Saturday underground – literally. It was somewhat of a first for a Papua New Guinean Prime Minister, but something he had to do to have an appreciation of what is about to happen at the Golpu gold project near Lae, Morobe Province. He spent nearly two hours traversing on 7 kilometres of tunnels about 1.25 kilometres under the surface. This was at Cadia Valley near the city of Orange in Central Western New South Wales. This is home to New Crest Mining's Cadia Valley Operations where it owns the underground mines Ridgeway Deeps and the major new mine, Cadia East. Both use similar mining methods to that proposed for the Golpu gold project in PNG. Newcrest Chairman, Don Mercer and Chief Executive Officer Greg Robinson hosted the Prime Minister's visit. The site visit was led by Cadia Valley Operations General Manager, Tony McPaul.

Newcrest Mining operates two mines in PNG: the Lihir Gold Mine and is in a joint venture with Harmony Gold, in the Hidden Valley mine. The Joint Venture also encompasses the Wafi-Golpu project. Accompanying Mr O'Neill were Ministers Byron Chan (Mining) and Charles Abel (National Planning and Monitoring), Wabag MP Robert Ganim, Newcrest Mining's PNG's country manager Peter Aitsi and PNG High Commissioner to Australia, Charles Lepani. Mr O'Neill travelled underground to the Ridgeway Deeps mine where Newcrest uses the block caving mining method to mine the ore body. He was given a briefing on the environmental and community relations activities that the mine undertakes in the area with local landowners as well as people living in the nearby city and towns.

Mr O'Neill was impressed with what he saw and after a one-on-one meeting with Mr Mercer said he was happy the developers had decided to move with the project. Mr Robinson and Mr Mercer said they were pleased to show the Prime Minister and his party the mine and the mine infrastructure. "From our perspective it is important that he and key Ministers and officials can visualise what is proposed for the Golpu mine in the pre-feasibility study. The Cadia operations give them firsthand experience of the type of underground mining that is proposed for Golpu as well as the mine processing infrastructure at work," Mr Robinson said. "Golpu will be a major project for the joint venture as well as for Papua New Guinea so it is important that key people get a good understanding of what is proposed."

The Ridgeway Deeps underground mine utilises a block caving mining method where the ore caves under gravity to an extraction level at the base of the ore body. Block caving is a low-cost mining method as the ore caves naturally without the need for traditional drill and blast. The broken ore is then crushed underground and transferred by a 7 kilometre conveyor system to the surface for further processing. It is this type of mine that is proposed in the Golpu pre-feasibility study released at the end of August this year. The A\$2 billion Cadia East underground mine project is nearing completion and the Prime Minister received a comprehensive briefing on the project, which would be of a similar scale to the potential Golpu project, from inception through to completion. It will be the largest underground mine in Australia.

### **Ok Tedi: K135.8m 'gift' for Western Province**

Post-Courier 3.12.2012

The Community Mine Continuation Agreement (CMCA) communities have been given the biggest gift they could ever hoped for this Christmas. The standard of health and road infrastructure in the Western Province will be given a major revamp after the Minister for Mining Honourable Byron Chan approved K135.8 million for five major impact projects. These projects will be implemented by Ok Tedi Development Foundation Limited (OTDF) from early 2013 with the biggest priority being the five year Middle and South Fly Health Development Programme. The funding was approved last week following a submission of the respective Feasibility Studies made by OTDF on the 18th of September for funding from the CMCA's Western Province Peoples Dividend Trust Fund (WPPDTF). The Secretary of the Department of Mineral Policy and Geohazard Management is the custodian of the Trust fund. The 5 approved projects are Pampenai Road Rehabilitation in the North Fly District worth K27.5 million, the Ningerum Foot Bridge across the Ok Tedi River also in the North Fly District worth K6.5 million, the Lake Murray-Aiambak Road in the Middle Fly District worth PGK58.8 million, and the Middle Fly and South Fly Health Programme worth K43 million.

With the support of the Fly River Provincial Government and the Western Province Health Steering Committee, OTDF will be implementing the Middle Fly and South Fly Health project as soon as possible to address the dire health issues in the Middle Fly and South Fly regions. OTDF is proud to have facilitated such a comprehensive health study with extensive stakeholder consultation that will improve the primary health care for the CMCA people. OTDF Board Chairman Nigel Parker and Chief Executive Officer Ian Middleton praised the Minister and the Department of Mineral Policy and Geohazard Management (DMPGM) for recognizing that a transparent due process had been followed and the release of funds is the greatest blessing for the people of Western Province. OTDF assures the CMCA people that the Company will provide the best possible quality and value for money when delivering the projects so that the communities will receive the full benefit.

Mr Parker added that sustainable infrastructure enables commerce and with functional roads and bridges, the industrious people of the province will embrace the opportunities that such infrastructure will bring. He said coupled with the support being provided by OTDF and the political will of Governor Wobiro, there will only be one outcome, and that is that prosperity will begin to emerge

in the province and will gain pace over time as driven by the people themselves. “With the improvements in the quality of basic health care and education realized, then these people will become self sufficient”. These sentiments were supported by Associate Directors Michael Gen and Bala Tedumo who said that the money will no doubt bring about significant changes to the livelihood of the CMCA people and the rest of Western Province. “The CMCA people have been waiting eagerly for this money because they want to see development in our communities,” Mr Gen said.

“The implementation of these projects will bring about changes to the local beneficiaries, especially to the lives of the rural CMCA communities so that they are self sustainable. “Women and children will significantly benefit from these projects such as better health which they have missed out on in past years,” he added. Ms Tedumo while thanking the Minister also added that “The women will be the big winners out from these projects because it was through their five-year action plans that these developments have materialized”. “I thank the women of CMCA for having the vision in coming up with such projects that were captured in the OTDF Business Plan. “This shows that they did not think about themselves but the whole CMCA community as well. “The people have been waiting for development for too long from the Government and they could not wait any longer so they are now using their own money to help themselves with the support of OTDF,” she said.

Western Province Governor Ati Wobiro also thanked Minister Chan and the DMP GM saying his province is in desperate need of such developments and having these projects implemented will help address the province’s poor health and road infrastructure services. “I thanked OTDF for having the foresight in initiating these impact projects,” Mr Wobiro said. The Pampenai Road is a 15 kilometer road linking six villages which have large stands of mature rubber trees. There are 106 rubber farmers from these villages registered with the North Fly Rubber Limited, while the Ning-erum Foot Bridge will be a 162-meter bridge across the Ok Tedi River which once completed will provide a safe crossing for the Nupmo trust region.

### **Ok Tedi: PNGSDP lauded for AIDS programs**

Post-Courier 3.12.2012

THE Papua New Guinea Sustainable Development Program (PNGSDP) has done a lot in bringing development to Western Province despite much negative publicity in the media lately. A Kiunga Catholic priest, Fr Andrew Moses said it is unfortunate and unfair that nothing positive was said about the company considering the number of impact projects that it delivered in the Western Province and will continue to do in the years ahead. “We would like our people to know and appreciate that there is a lot of good things taking place in the Western Province because of PNGSDP,” Fr Andrew said in a statement. “Today the people of the Western Province can easily communicate with one another in the flick of a second. This was made possible through the installation of communication towers in all the corners of the Province. PNGSDP has also financed the installation of generators in many villages in the Province.” The priest said PNGSDP has invested money in the construction of roads, mainly the road from Kiunga to Konkonda village and the road from Gre village to Drimgas village. More roads are to be built with the support of PNGSDP.

It has contributed to the maintenance of Daru airport and now Air Niugini has resumed its services to Daru after 12 years of absence. Another important step taken by PNGSDP was to enter into partnership with some Churches operating in the province for health and education infrastructure development. Through this partnership there were construction of staff houses and classrooms, medical facilities in many remote palaces of the province. PNGSDP has supported a program called community conversation which aims at helping people to organize themselves and take decisions to improve their lives today. Money is also spent on developing people, especially capacity building. “In Kiunga both our health and education offices have been upgraded with assistance from PNGSDP. St. Gabriel Technical Secondary School is presently been assisted by PNGSDP to complete some

building projects that the Company that won the tender from the Government started but never completed, he said.

Regarding the Ok Tedi Development Fund we would like to mention that its effort to obtain means to assist the people with transport is necessary and has been long overdue. With the MV Fly Hope the people now easily travel up and down the Fly River to do business, which was not possible to do before. The people now have more options or access to travel and deliver their goods by air to remote villages. The Government Officers now have more possibilities to go to the people and bring services to them. He welcomed that if auditing is required, then in fairness all the organisations need to be audited, not only PNGSDP and the OTDF, but also the Churches, the Government Departments and the Office of the MPs in order to find out how the money of the people is use for the good of the people. "We are all badly affected by the pollution created by Ok Tedi and there is an urgent need to supply the people with fresh water capacity as soon as possible, he urged.

**Gold mine injects K41m to Morobe**  
By HAIVETA KIVIA

Post-Courier 3.12.2012

MOROBE Province has received more than K41 million in royalties from the Hidden Valley Gold Mine in the last two years and 50 percent of these monies were supposed to have been given to Bulolo District but this did not happen. Morobe Governor Kelly Naru, when officially opening the Bulolo District Show, last Friday, assured the Member for Bulolo and Deputy Opposition Leader Sam Basil and his people that his Government would correct this blunder and Bulolo would receive its rightful monies to fund its development needs and infrastructure. Documents released to the Morobe Provincial Government by Morobe Mining Joint Venture, the developer of the Hidden Valley Mine and soon to be constructed world class Waffi-Golpu project, showed details of how much money it had given to Morobe Provincial Government since it started production three years ago. The document also showed that MMJV had pumped into the Morobe economy more than K300 million in procuring goods and services and that translates to K30 million in goods and services tax to the Morobe purse.

Morobe also receives Special Support Grant from Hidden Valley and that money is also put into development projects and infrastructure in Bulolo and Morobe Province. This fund by law is managed by Morobe Provincial Administration under the Morobe Province Management Unit (MPMU).

Governor Naru said his government would fast-track this so that Bulolo received all its dues from the Hidden Valley Mine royalties. In a memorandum of understanding (MOU) with the previous Morobe Provincial Government headed by Luther Wenge as the Governor, Bulolo district is supposed to have received 50 per cent of the royalties paid to Morobe, while the other 50 per cent was to be distributed to the other districts but that did not happen. Mr Naru told the people in Tok Pisin that the garden was in Bulolo and Morobe was benefitting from it and it was proper and just for Bulolo to receive its share on time when it was due and not to be unnecessarily held to ransom because of political differences. Since he was elected into office, K190,000 in royalty payments was deposited directly into the Bulolo District Treasury and there is more to come.

**LNG puts PNG into lime light**  
By KONOPA KANA

Post-Courier 30.11.2012

The much anticipated US\$19 billion PNG Liquefied Natural Gas (LNG) project construction phase over the last two years has given a boost in the economy exposing the country into the international lime light as one of the most attractive destination and a significant global energy producer. This

was revealed in the closed circuit media briefing hosted by the chamber of mines and petroleum on Wednesday this week. According to the chamber of mines and Petroleum report PNG became an oil and gas producer in 1992 following discovery of the Kutubu oil field some eight decades after oil exploration activity commenced in this country. In the report, oil fields were found at Moran, Gobe, and more recently at Mananda in Southern Highlands Province with the inclusion of the billion kina LNG project that is operated by Esso Highlands Limited a subsidiary of Exxon Mobil Corporation.

The Asian Development Bank, PNG Treasury and others predicted that the economy would increase by about 30 percent in real terms and the latest Mid-Year Economic and Fiscal Outlook MYEFO 2012 confirms that Gross Domestic Product for 2011 reach a near record of 11 percent. MYEFO has forecast that as a result of LNG exports, the economy would grow by a record 21.1 percent in 2015 and this would cause GDP from 2009 to 2015 to grow by an unprecedented level of almost 64 percent in just seven years. Meanwhile new oil projects are coming on board as well as the PNG LNG project with new condensate exports that may also commence in the next five years from the Stanley and Elevala-Ketu fields, that is developed by Talisman Niugini and Horizon Oil in Western Province.

### **Gold biggest revenue**

Post-Courier 30.11.2012

By *KONOPA KANA*

THE CHAMBER of Mines and Petroleum in a brief meeting with the media on Wednesday gave the undertaking that Gold is the PNG biggest revenue earner exported item followed by Copper, Crude oil and Refined Petroleum Products (RPP). According to the report on the PNG Resource Sectors quick facts Gold exports for PNG in 2011 amounted to a staggering K5.97 billion that represent 36 percent of the total export and Copper exports reaped a massive K2.78 billion while crude oil export earnings nets K2.43 billion followed by RPP export valued at K437.6 million. In the report PNG is experiencing an unprecedented period of economic growth with exploration and development activity in both sectors are at its peak with the industry contributing to over one third of the govt tax revenue with more than K2.2 billion a year.

The benefits provided by the resource project are diverse and substantial which includes company taxes, royalty, dividend withholding tax, salary/wages tax, duties, production levy, dividends (equity), tax credit scheme projects, special support grants, development levies, employment, education, business, agriculture, and infrastructure. Chamber of Mines and Petroleum strongly supports the current situation whereby the state owns the minerals and petroleum resources and welcomes the govt present position on ownership of resources making PNG an attractive location for world class investors. President of the Chamber of Mines and Petroleum Dr Ila Temu said that the chamber has always strive to promote PNG's national interest and its role as a producer of mineral resources to investors and the international community. Dr Temu said that with over 200 member companies most of which are listed on the PNG stock exchange, Australia, United Kingdom and Canada stock exchange have consistently maintained high standards of transparency, accountability and good governance. He said that in such a climate PNG continues to showcase a platform of political stability with a stable regulatory regime.

### **LNG teaches self help**

Post-Courier 30.11.2012

By *BIRIAU WILSON SAENI UPNG Journalism Student*

PNG LNG project Community Development Support Plan focuses mainly on strengthening social resilience, local economic development and community capacity building and partnership. Speaking



during the media workshop held yesterday, the LNG Community Development Support leader James Van Duker said these were the three main components that the LNG Community Development Support Plan was targeting. He said the three identified components were important to the communities along the LNG areas because it helped communities to be self-reliant and know how to set goals in order to meet their basic needs. He said the training was conducted by trained Papua New Guineans and because of the difficulties faced by a huge number of illiterate people in the villages they decided to offer them training bit by bit. He said some communities in the four provinces that LNG was operating already benefitted from the LNG Community Development Support project. Communities living near the Plant Site have benefitted from personal viability training as part of the project.

Some benefits at the Plant Site included Mangrove replanting, Lealea fish market, replacement of the Lealea footbridge, building of a village court, first-aid training, donation of water tanks to school and construction of double desk and flooring for Boera School, he said. Upstream north some communities have already benefitted from personal viability training, water catchment, community training centres and toilets for the schools. In the upstream areas of the LNG project, people already benefitted from fresh drinking water in Kivaumai, a completed water tank structure in Kinomere, payment of school fees in Kikori Vocational School, personal viability training for men and women, Delta Greenfield women's nursery and delivery of a generator to the CDI facilities in Kikori. He said since the establishment of the LNG Community Development Support in 2010, LNG had spent about K6 million in trying to help communities along the LNG sites. Representatives from media organisations who attended the media workshop visited the Plant site after the workshop.

### **BHP Billiton asked to leave PNGSDP alone**

The National, 29th of November, 2012

THE prime minister has again called on Australian mining giant, BHP Billiton, to leave the PNG Sustainable Development Programme alone. He told Australian media in Canberra during his National Press Club address that there was no longer any valid reason for BHP Billiton to play any role in the functions of PNGSDP as it had exited ownership of the Ok Tedi mine 10 years ago.

“Surely, a decade on from the company exiting its ownership in the Ok Tedi mine, there is no longer a valid reason for it to continue to exercise any control over board appointments to the fund (PNGDSP).

“BHP Billiton has no substantial presence in the PNG resources sector. “That is its choice but it cannot expect to exercise control over a key entity in our community. “I hope we can negotiate sensible and transparent exiting arrangements and replacement structures in the immediate future.” He said the suggestion that the PNG government wanted to get its hands on the money was offensive and wrong. O’Neill said he had been raising the issue for a while and told BHP Billiton last year in Melbourne when he became prime minister that he wanted the company out.

### **Landowner issues raise cost at LNG Project**

Post-Courier 29.11.2012

Petroleum Minister William Duma says part of the cost blow-out of \$US3 billion is attributed to landowner issues. “We have all heard about the cost blow out, one of the factors that have contributed to the cost of doing this LNG project has been attributed to landowner behaviour to stop works,” he said. Mr Duma said the developer in its periodic reports to the department reported 500 high level incidences involving threats, assaults, illegal occupation of land, refusal of landowners to move out of the way to allow work to progress. “It is incumbent upon us as leaders at provincial and national level to work with our landowners to realize that although they may have their own griev-

ances it is important that we work together.” He said the infrastructure development grants (IDG) and business development grants (BDG) would not solve all the problems

“There are a combination of factors that have led to the situation where we are in now, when we negotiated the UBSA and LBBSA agreement, the Government made a number of commitments in relation to benefits to landowners, the first one relates to IDG and BDG which are payable to landowner companies.” Mr Dumas said in terms of BDG the Department of Commerce and Industry was the implementing agency and Petroleum was to facilitate the project to go ahead. He said initial landowner identification and social mapping was done by Petroleum and Energy, to be phased out for independent study by outside consultants. “Outside consultants are engaged, tender process which was done outside of my department and the CSTB awarded a K10 million contract to a company which was made up of individuals with experience in dealing with our landowners, unfortunately, due to many reasons, officers from the company who went to the project areas to do studies were not allowed to do that by landowners ...”

### **LNG cost on lives: MP**

Post-Courier 29.11.2012

THE monetary cost blow out in the LNG project is smaller than the cost blow-out on the lives of the project area landowners, Koroba-Kopiago MP Philip Undialu told Parliament on Tuesday. Mr Undialu said during Question Time in his series of queries to Petroleum and Energy Minister William Duma that the Department of Petroleum as the custodian of the industry had failed to honour its part of the agreement to have line agencies like Environment and Conservation, Lands and Physical Planning, Commerce and Industry on the ground but operating by remote control from Port Moresby. “The LNG project will be a gain for the country but a huge loss for my people in terms of environment conservation and sustainability,” he said. “We want to see key Government departments on the ground to ensure compliance of environment laws, land laws and other relevant laws enforced on the ground through monitoring. “This particular project was done in a very rush manner and so much cost has been incurred.

One classic example is the Tumbi landslide disaster claiming almost 26 lives and no one has taken responsibility for that tragedy.” Mr Undialu said construction work on the project was progressing with accidents claiming lives and nobody was claiming responsibility. “Our streams and creeks that have been green or blue in colour have turned yellow and nobody has claimed responsibility,” he said. “Our forest is being cleared for roads and pipelines and nobody from relevant National Government agencies are on the ground to ensure compliance to relevant environmental laws.” He said the current construction of the 25km road from Hides 4 to Hides 1 had now stopped resulting in a stand-off between the landowners and developer. “There have been notices given by landowners of Angore and Juha, and this Government is thinking of selling the gas by 2013 but we have issues on the ground bombarding this industry that the country depends on,” Mr Undialu said.

“What is your plan in so far as landowner identification and social mapping are concern, landowner and business development? “From the date we signed the agreement I have not seen a single officer from your department, Environment and Conservation and other key agencies on the ground because serious undertaking was given that they will monitor the impact of the environment and business participation by landowner. “I have not seen one single officer on the ground monitoring. I would like to see serious commitment fulfilled. I want to see responsible department on sight to ensure we deliver the LNG project on time in 2013.”

## **Gulf Province: Landowners demand share**

Post-Courier 29.11.2012

By *MELISSA MARTIN*

THE LANDOWNERS of the Multi Billion Kina Elk-Antelope Gas project in Gulf Province want recognition as landowners and for the government to clarify how much equity is entitled to them from the project. The Evavo landowners Association Chairman Ohaka Hoko told Post Courier they want the Government to clarify what benefits or share the landowners will receive before the project begins. He said that according to reports, the National Government and the developer InterOil Limited will share 50 percent equity each from the project. "We want to know now before the project begins because we are not aware of how much the government will offer to us as landowners. "As landowners, this is our birthright to have access to our land and whatever is inside and on the land," he said. Mr Hoko said the landowners demanded 20 percent equity from the government while the project developer InterOil must also offer some percentage of its share to the Gulf Provincial Government.

"The project itself will certainly bring development services into the community and the province as a whole that has been lacking for some time. "It will also bring in more economic benefits and more employment opportunities to our people," Mr Hoko said. He also stated that the Government must consult the land owners and assist in registering their Incorporated Land Groups (ILG) because most of their ILGs are incomplete and there is also no proper social mapping. The Foreign Investment Development (FID) agreement will be signed by the government and InterOil next year. They also want the two parties to come forward and explain both the advantages and disadvantages to the landowners and the people of Gulf and what the project is going to bring to them. Mr Hoko further stressed that Environmental issues, economical and developmental benefits for the people must be made known to them because most people are not yet aware of it.

## **Madang Lagoon affected**

Post-Courier 28.11.2012

By *ROSALYN ALBANIEL-EVARA*

A BIODIVERSITY expedition which is progressing in Madang has shown the Madang Lagoon, once famous for its rich biodiversity to be adversely affected. The revelation was made by Senior Scientist of the Papua Niugini Biodiversity Expedition Professor Philippe Bouchet last week. The expedition is being carried out in two different locations in the country. In Madang covering the Madang Lagoon and surrounding areas including Kananam all the way down south to Yabob and Bilbil while the Terrestrial expedition at Mt Wilhelm, in Simbu. Professor Bouchet said the expedition to be big as it had attracted a huge team of scientists from more than 20 countries. He said many including him had learnt of the lagoon's rich diversity through the years of research and documentation done by the Christensen Foundation adding that the team had arrived with a huge expectation of making many new finds."Lukewarm". He said four weeks into the expedition and he and his team of scientists had found the diversity to be no longer as rich as it was 25 years ago.

"Many of us had heard about the Madang Lagoon and its diversity way before even making the expedition. Midway through the exercise and the sentiment among the scientists has been the same. That the Lagoon has become very degraded,"he said. Professor Bouchet said he had made several trips prior to the team's arrival to explain to the locals the purpose of the expedition first in September last year and early this year and January. He said it was presenting the research to them that he had noticed the people to be very worried about the level of mining and logging activities and the environmental change. The scientist stated that he had thought the level of the activities to be very small scale given size of the country and that the people had no reason to worry. However he said the team had found that the lagoon had changed adding that one of the major causes to be the fact that the small rivers were now carrying a lot more soil into the sea especially during heavy rains.

“The water that is going into the sea is not clear but is very brown and this is largely due to the changes in land use including more plantations, logging, slash and burn agriculture etc. All these combined make the soil more prone to soil erosion today. “There is more siltation going into the lagoon and this is what reef animals dislike the most. “The beautiful castle which is the lagoon is buried in a lot of sediment and many species that should be there are not there,”he said. An example of a fauna that the lagoon was once rich in but was now lacking in was the cowrie. He said there ought to be about 40 species in the area but that the shell specialist had only found about 15 of them. He said they could be found but even if this did happen that they would be rare. Professor Bouchet said in terms of science and discovery, the expedition had not turned out the way that they had expected but that despite the disappointment of the team that the findings would prove important in terms of awareness on the status of this lagoon once dubbed the “Pearl of the Coral Triangle”.

He stressed that the purpose of the expedition had been purely about science and not to take sides on the issue of environment impact and development versus conservation. This he said was something for the government, nongovernment organisations and other stakeholders and for them to decide on what to do with the team’s findings. Professor Bouchet said the arrival of the scientists from the Christensen Foundation who had carried out the baseline survey boating the lagoons rich biodiversity 25 years ago would be crucial to PNG this week. This he said was because they would be able to truly confirm whether the Lagoon had been degraded over the years or not. “Our impression of the lagoon is that it has changed but the scientists from the Christiansen Foundation will be able to confirm this,” he stated.

## **PNG anticipates limestone mine project**

Post-Courier 27.11.2012

By *KONOPA KANA*

A MAJOR limestone mine project, valued at K39 million, is set to open in the mountainous highlands province of Chimbu. The mine should generate lucrative spin-off business and employment opportunities for the local landowners and Papua New Guinea as a whole. This was revealed by the Minister for Trade, Commerce and Industry, Richard Maru, during a recent visit to the province. Mr Maru has blamed successive Chimbu political leaders for the lack of unity, foresight, vision, will and determination to take ownership of the need to grow the economy of the province. He said that the limestone project is necessary to provide business and employment creation opportunities for the large Chimbu unemployed population. Mr Maru said the perception that the mountainous terrain of Chimbu made it impossible for any major economic growth opportunities is no longer an excuse.

Mr Maru said God has blessed Chimbu with enormous lime stone deposits which could easily be developed into a multi- billion stock mine to create hundreds of jobs, new industries and significant wealth for Chimbu Province, its landowners and PNG as a whole. From Chuave in the west to Kerowagi in the east, the 95km ridge running through the middle of the province is made up of limestone. The province wants to mine this stone and turn it into pure lime – a product needed in mineral and gas resource developments around the world. The project initiated by the Chimbu Provincial Government. Feasibility studies have commenced and at the completion of the first phase, the results are very promising with the National Executive Council (NEC) approving K10 million for the project last year.

According to geologists, the lime purity in the deposit was found to be greater than 99 per cent and was reported to be the highest on record in the Asia-Pacific region including Australia and New Zealand with volume potentials big enough to support a 50 plus year mining operation. The value of the deposit, based on the current price of lime and exchange rate was found to be in excess of \$US18 billion (K39 million), which is not too far from the value of the PNG LNG project which is K45 billion. Commercial lime is usually produced from limestone and has many industrial uses. At

present PNG imports more than 80 per cent of its lime and lime related products. With increased activity in the mining sector, there is a growing demand for lime to neutralize mine tailings. A lot more work is required to identify sections of the limestone deposits that are suitable to be mined. Once geological investigations are completed, other components of the studies will be undertaken.

## **Ex-BRAs say sorry to Momis**

Post-Courier 26.11.2012

By *WINTERFORD TOREAS*

A HISTORIC and significant reconciliation ceremony took place last Saturday in the Tinputz District of North Bougainville between the President of the Autonomous Region of Bougainville Chief Dr John Momis and the former combatants from the area. The ceremony which took place at the Tinputz Catholic Mission follows an incident that occurred in 1997 involving Mr Momis and the former Bougainville Revolutionary Army (BRA) members from Tinputz. At that time, President Momis who was then the Bougainville Regional MP was conducting his campaign during the National Election at the Tinputz Catholic Mission when he was kidnapped by the former combatants and taken to the late Francis Ona's Guava village in the Panguna District of Central Bougainville.

During his stay at Guava village, Mr Momis was continuously questioned by the late Mr Ona regarding his stand and position on the crisis issue and on other issues concerning the political future of Bougainville. Mr Momis was later released by Mr Ona after staying at Guava village for nearly a month and continued with his campaign trail resulting in him retaining his Regional MP seat. Speaking during the reconciliation event, President Momis thanked all the leaders, especially those from Tinputz for arranging this ceremony. He said this event had taken place because of the collective will of the people. Mr Momis said during his stay at Guava, he had found Mr Ona as a man of integrity and understanding. He said he had come to realise the late leader as someone who orchestrated the crisis because he had visions for the future of Bougainville. President Momis also thanked his kidnappers for treating him well during the duration of his captivity.

Former BRA commander Ismael Toroama, who was also present to witness the event, said he was happy to see that the Tinputz chiefs had finally returned the authority back to President Momis. He said this incident had come about as a result of politics in Bougainville, adding that this event marked the progress of Bougainville politics to new level. Mr Toroama, who spoke on behalf of the former combatants, said this reconciliation would lead them to work together with Mr Momis. Other leaders present to witness the event included the ABG leaders, vice president of the Me'ekamui Government of Unity Philip Takaung, Bougainville Police chief Thomas Eluh, UN representative in Bougainville Tony Agyenta and other chiefs from Bougainville.

## **Bougainville Forum Recommends Reopening Panguna Mine**

*Bougainville Copper Ltd. supported as primary partner*

By Aloysius Laukai

PORT MORESBY, Papua New Guinea (The National, Nov. 26, 2012) – The two-day Panguna negotiations forum, held at the Hutjena Secondary School hall last week, has recommended that the closed Panguna copper mine be re-opened with Bougainville Copper Ltd (BCL) as their first partner. The regional forum for the North Bougainville districts of Buka, Atolls and Nissan ended with all the three districts supporting the re-opening of the mine by BCL. In their seven-point recommendations, all three districts said they supported the re-opening of the Panguna copper mine only after a new deal had been negotiated between all parties concerned. They called on the Autonomous Bougainville Government to make sure all parties were represented when the new deal is negotiated between BCL, ABG, the Papua New Guinea government and the landowners.

The division of mining, who organised the meeting, wanted to get the views from the leaders and people of North Bougainville, Nissan and the Atolls district that included the islands of Carteret, Mortlock, Tasman and Fead. The forum was hailed a success. Bougainville is running these workshops to gauge the views of all the districts before negotiating a new deal in future. Three more forums would be hosted in Central Bougainville and South Bougainville to get people's views before the end of this year.

### **Ramu Nico thanks landowners**

Post-Courier 26.11.2012

THE DIRECTOR and Executive Vice President of Ramu NiCo Management (MCC) Ltd, Mr Gu Yuxiang expressed his Company's gratitude to the landowner associations (LOAs) in the four impacted project areas in Madang province for the on-going support in the last five years. Mr Gu shared the gesture on Tuesday, October 16, 2012 when briefing LOA representatives on the progress report on the project at the Company's Madang office conference room. The Executive Vice President began with explaining the project's completion of the construction phase last year and the beginning of the load commissioning which commenced in March this year. "Compared with two similar nickel laterite mine projects in New Caledonia and Madagascar, ours is the fastest Project to be delivered in record time," Mr Gu said. He explained that the commissioning stage is the very important stage in the progress of the project which is currently going on.

Mr Gu also stated that Ramu NiCo faces a lot of challenges due to the fact that the nature of its ore being extracted differs from those in New Caledonia and Madagascar, merely because PNG is closer to the equatorial zone and the ore contains a lot of moisture. He further stated that in order to cope with the PNG ore characteristics, Ramu NiCo had to take several technical measures during its ramp up period. He also explained to the LOAs the fluctuation prices of nickel in the world market and the delays in some of the components of the project that had seen expenses being more than what was budgeted for. Mr Gu said the project is now at needs support from the LOAs to see it move on smoothly.

### **Government aids more mining communities**

Post-Courier 26.11.2012

THE National Government continues to bring critical basic services to mining provinces in the country. It (National Government) has delivered on many of its commitments under the various Memorandum of Agreements (MoAs) relating to mining projects. These projects are facilitated and implemented on behalf of the government by the Mineral Resources Authority (MRA) in consultation with other relevant government departments. Commitments that have been fulfilled, completed and are now being enjoyed by mining provinces and communities include the Namatanai Rural Hospital under the Lihir MoA, Usino/Bundi Police houses and vehicles under the Ramu Mine MoA and maintenance of 17 public servants houses in Konos Central New Ireland, under the Simberi MoA. The most recent project launched was a double storey classroom and 12 computer sets for the Grace Memorial Secondary School in Wau, Bulolo District Morobe Province. This project which is a commitment under the Hidden Valley Mine MoA that cost the state K320,000.

The project was launched last Friday by the Vice Minister for Mining Hon Wera Mori. He was accompanied by the Acting Managing Director for the MRA Mr Philip Samar, Bulolo District Administrator Tae Gaumbelek, Morobe Mining Joint Venture Senior Community Affairs Representative Mr Stanley Komunt and the School's staff members. Also at the launching were school children, parents and the general public. Mr Mori said when launching the classroom that this initiative by the government was aimed at promoting education and creating an educated community in Bulolo district. He said education was the only way through which socio-economic benefits could flow

to their community, adding that education was also the means to prosperity, minimising crime and ethnic conflicts.

“Prosperity can only come when a population is educated,” said Mr Mori. The Vice Minister reminded the community that they were lucky to have a lot of natural resources to support them in social sectors like education through partnerships between private organisations and the government. The School’s Principal Bruce Nalau said the school had been facing a shortage of classrooms and this new classroom was a ‘relief’. He said the computers would enable students’ expand their skills in the area of information technology. Mr Guambelek said well established infrastructures like classrooms played important parts in students’ learning and academic performances. He thanked the MRA and the National Government for realising this need and providing it.

## **Growth for LNG**

Post-Courier 26.11.2012

Liquified Natural Gas (LNG) has been embraced as a commercially attractive and eco-friendly fossil fuel, and the global industry is set to see the emergence of new gas giants, with Australia competing against traditional LNG exporters such as Qatar, states new research by energy experts GBI Research. The report states that natural gas has experienced growing demand worldwide, having earned a reputation as a clean, safe and cheap source of energy, which is cost-efficient to transport as LNG and available in abundant reserves. The LNG industry of Australia is currently the most promising market in the world, and is expected to attain market dominance in the next five years. Recent offshore discoveries have found a huge abundance of reserves in the country, and the Australian government is providing strong support to the industry, in the form of encouraging regulatory structure and initiatives. Asia-Pacific acts as a big customer for LNG imports, fuelled by the region’s growing economies, and neighboring Australia is ideally positioned to become an LNG export hub meeting this need.

In contrast, Qatar is currently the world’s largest LNG exporter, but risks stagnation, as the country shows no plans for capacity additions in the near future. Qatar boasted a liquefaction capacity of 77.5 million tons in 2011, but this doesn’t look to change significantly, whereas Australia’s modest liquefaction capacity of 20 million tons in 2011 is expected to reach 124 million tons by 2017. Floating Liquified Natural Gas (FLNG) terminals are expected to be a technology game-changer in the future LNG industry, due to enormous advantages, despite the technology still being in development stages and yet to commence commercial operation. In the near future it is expected that 10% of LNG produced globally will be a product of natural gas extracted from offshore basins, which is around 40% less expensive than that from onshore natural gas projects.

Australia has shown its ambitions as a LNG hub through their FLNG activity. After spending many years in R&D and investing over \$US500m, Dutch major Shell announced its Final Investment Decision (FID) to construct a floating LNG project at Australia's Prelude field in May 2011. The project is expected to start by 2017, with a processing capacity of 3.6 million tons. As of 2011, total LNG trade among 25 active countries stood at 233.1 million tons, from trade of only 157.6 million tons in 2006, when a mere 16 countries were involved in the export of LNG. As of 2011, Qatar, Malaysia, Indonesia, Australia and Nigeria are the top five LNG exporting countries, contributing to around 151 million tons of LNG exports to their major importers. Similarly, Japan, Korea, Spain, UK and China are the top five LNG importing countries, contributing to around 163 million tons of LNG imports from their major exporters. Investments in LNG projects are set to steadily increase during the immediate future, with global capital expenditure for upcoming LNG projects estimated to exceed \$US200 billion over the 2012–2017 period.

### **Porgera: Displaced from mine areas to be reviewed**

The National, 23rd November, 2012

THE concern of displaced Porgera landowners on the special purpose mine lease areas will be addressed after 25 years, Mining Minister Byron Chan told parliament yesterday. Chan said that when asked if the government and the developer of the Porgera Gold mine, Barrick, had any plans to relocate the displaced landowners, particularly young children who had missed out on education as a result of their displacement by the mine. Chan said successive governments had failed to address the landowner issues but the government of Peter O'Neill had taken the step to address their grievances by allowing a mine review. He said the displacement of the landowners would be addressed through the mine review. He said the MoA review would cater for other landowner issues and he called on the people to work with the government and the company for the relocation exercise that was expected to take place after the review next year. "Since the government has taken the lead to institute a review after 25 years, the people and the provincial government should allow the process to go through by working with the government." It is understood the first meeting was supposed to have been conducted in Kokopo, East New Britain, several months ago but was deferred.

### **O'Neill: Government will raise share in LNG cost**

The National, 23rd November, 2012

PRIME Minister Peter O'Neill yesterday said the government will raise its share of the cost for the PNG LNG project for which construction cost has been upgraded from K15.7 billion to K19 billion. Operators Esso Highlands (ExxonMobil) explained last week that the cost overrun had been forced mostly by the appreciation of the kina, delays caused by landowner actions and adverse weather. O'Neill expressed disappointment at the US\$3.3 billion cost overrun but said the additional cost would not impact the 2013 budget. He said the cost for meeting the state's share of the massive project was separate from the budget. The state team would have to negotiate with the partners for the additional cost. The state's shareholding in the project is more than 19%. Nonetheless, the company also announced that it had increased the amount of LNG to be exported from 6.6 billion tonnes to 6.9 billion tonnes annually. This would, if realised, more than offset the cost overrun. PNG government's share of the cost, at yesterday's rates, would be nearly K800 million.

### **Government urged to honour Benefit Sharing Agreement**

Post-Courier 23.11.2012

THE National Government has been urged to honour its project development agreement commitments made to Moran PDL 5 in the resource-rich area of Kutubu in the Southern Highlands Province. This has been an ongoing struggle for the mandated spokesman Paul Yawe, who represents the people of Fasu and South East Mananda in the Moran petroleum project area through their mouth-piece Aporo Urri Resource Owners Association. Mr Yawe is also a company director for Petroleum Resources Moran (PRM), a subsidiary company of Mineral Resources Development Company (MRDC). Mr Yawe has yet again been forced to come out to the media to remind the Government of their outstanding MoA commitments made during the Umbrella Benefit Sharing Agreement (UBSA) signing made in Kokopo in 2009.

The Government signed a K50 million pact with the oil landowners, to support infrastructure development projects. And of that agreement seed capital, Infrastructure Development Grants (IDGs) payments for projects stipulated under the MoA would be distributed between the Homa Pawa Peoples Association (HPPA) receiving 70 per cent and the Aporo Urri Resource Owners Association, the balance of 30 per cent. What is troubling Mr Yawe is that in 2010, K15 million was disbursed, and they (Moran PDL 5) did not receive a toea. Mr Yawe is understood to be taking the matter fur-



ther. “We have been fighting for recognition even going further back 12 years,” he said. Both associations are on both sides of the Hela and Southern Highlands borders, within the Moran oil head Petroleum Development Licensed (PDL) areas. Earlier this month, a similar appeal was made by the Homa Pawa Peoples Association (HPPA) through their chairman Pape Punga.

Despite the situation, Mr Yawe is supporting Mr Punga’s call, as the people he represents are concerned that the Government has forgotten about their commitment to support them in their interest to participate in the development of infrastructure development projects. He said his people wanted to be part of the maintenance of existing infrastructures, building new feeder roads and bridges. “This is all in the MoA,” he added. “The balance of that K35 million must be paid through that same arrangement according to the percentages agreed. The Government must be reminded that the development agreement wasn’t signed by only one landowner company.” Mr Yawe in addition requested that Moran PDL 5 review must be held again. He said the review that was held in Mt Hagen was a failed one. He said in the interest of the impacted people the review for Moran PDL 5 must be staged again.

### **Threats to local Industry**

Post-Courier 23.11.2012

*By OSEAH PHILEMON, Lae Bureau Chief*

SLOW or lack of government action to protect local industry is posing a serious threat to thousands of jobs now held by Papua New Guineans in the private sector. Furthermore, it is stopping the creation of many new ones for young Papua New Guineans leaving school and preparing to enter the work force. This is despite all the hype about the PNG economy growing at a rapid pace and creating new jobs as a result of the billion kina liquefied natural gas project in the Hela Province. Investigations by the Post-Courier reveal certain industries in the manufacturing sector are now facing difficulty doing business in PNG against an avalanche of imports which are being retailed at much cheaper prices in the PNG market. For example, PNG’s largest soft drink manufacturer Coca-Cola Amatil (CCA) has appealed to the government to help the local soft drink industry which it says is being seriously affected by the onslaught of imported soft drinks from Asia. CCA employs around 900 workers throughout PNG.

The poultry industry which directly employs around 4000 people is also feeling the effects of the continuous import of Australian poultry products which are being retailed at much cheaper prices than the local product. Even more significant than the commercial sector is the vast number of small holder farmers reliant on the industry. Conservative estimates put the number of smallholder farmers reliant on the poultry industry at 40,000 and 60,000. PNG’s only sugar producer Ramu Agri-Industry which employs 4000 Papua New Guineans is also facing stiff competition after the Govt decided to slash the tariff for imported sugar. The industry has already informed the Govt of the serious threat that now faces a local industry staring at decline — and at worst-laying off workers — unless the Govt addresses the serious issues it has raised in consultations with Waigani.

It is understood the Minister for Trade, Commerce and Industry Richard Maru has already informed his Cabinet colleagues and especially the Economic Ministerial Committee of the dire consequences of not acting swiftly to ensure the local industry survives and thrives. But Mr Maru’s actions may not be enough to save the local industry. PNG governments since 1995 have liberalised import tariffs allowing imports into the country and being retailed at much cheaper rates than the local industry which employs thousands of Papua New Guineans. Whilst allowing imports to flood into the local market PNG governments have made no improvements to helping the established local industry. This failure to help reduce the cost of doing business in PNG is already taking its toll on some leading PNG companies.

Coca-Cola Amatil (PNG) some time ago announced a K300 million plan to improve its manufacturing facilities in PNG over the next three years. Its general manager Peter Carey told the Post-Courier the company remains committed to the plan but will continue to assess the current developments in the PNG soft drink market. CCA has already raised its concerns with Prime Minister Peter O'Neill. Their concerns were to be presented to the Government's Ministerial Economic Committee, but for some reason were withdrawn from the submission prior to the meeting. Mr Carey has confirmed that the imported soft drinks, which are being retailed at much cheaper prices than PNG-made Coke, are already affecting the company's sales.

The imported soft drinks are coming from Malaysia, Singapore and Brunei and retailing at K1.50 to K2 for a 325 or 330 ml cans as opposed to Coke and its other 330ml drinks which are being retailed for K3. Another PNG-made product GoGo Cola has recently dropped their prices to K2 in an attempt to compete with the imported drinks, but Mr Carey doesn't believe this will be sustainable given the high cost of production in PNG. Mr Carey said with the way the soft drink 'war' is going, CCA, who is a large employer of people in PNG which also supports a number of other local manufacturers, is finding it increasingly difficult to compete against the price of imported soft drinks. The imported soft drinks are subject to a tariff of 12.5 percent on the declared value of the product. Mr Carey said PNG-made soft drink manufacturers have asked the Govt to consider a tariff based on a per litre basis and not the declared value of the product, as is the case at present to prevent any avoidance of paying the full value of the tax. He said this would ensure the Govt receives more revenue from the imports and also that there will be a more level playing field for the local soft drink industry. Mr Carey said while i•Oseah Philemon's e-mail address is: ophilemon.spp@global.net.pg for any feedback.

### **Mt Kare landowners warn of 'tricksters'**

Post-Courier 23.11.2012

By *PEARSON KOLO*

MT KARE Landowners are calling on the public in Western Highland province to handover two men from Enga Povince that are going around Mt Hagen impersonating to be landowners of the Mt Kare gold project. Chairman of the Aihone Resource Investment Corperation Tom Ango said that these two men and many others are going around claiming to be landowners of Mt Tundaka and Mt Kare and are collecting some payments from people after telling them they will benefit. Mr Ango said that the Mt Hagen police are on the lookout for two men identified after a formal complaint was filed to the police by the landowners from the two project areas. "These are conmen and we do not want them to spoil the name of Mt Tundaka resources. We have identified the two men to the police and we want them to be arrested so that they will not go around conning people using our name," Mr Ango said.

According to Mr Ango the Mt Hagen police confirmed the names of the two men which were entered in their occurrence book yesterday and police are looking out for them and it is also understood that the two men have also allegedly created an incorporated land group claiming to be Mt Tundaka landowners. Mr Ango said these two men were planning to form the company and request money from interested developers or the government. He said that interested developers who want to develop resources in Mt Tundaka to consult the Aihone Resource Limited to conduct business with the true landowners. Mt Tundaka Mt Kare and Mt Pakpua are located just west of Hela where all the oil and gas are found and the landowners of Mt Tundaka believe that the source of all the oil and gas in Hela Province comes from Mt Tundaka.

## **Ramu NiCo makes first shipment**

The National, 22nd November, 2012

PERTH: The US\$1.5 billion Ramu nickel cobalt mine, in Papua New Guinea, has loaded its maiden shipment from the Basamuk process plant, the developers, Highlands Pacific, reported yesterday.

“This is a major milestone for the project and will be the first of many shipments to follow,” Highlands Pacific managing director John Gooding said in a statement to the Australian stock exchange. “This maiden shipment from commissioning is only a relatively small amount, however, as the project builds to its full capacity, the shipment will increase.” The shipment consisted of 576 tonnes of mixed nickel cobalt hydroxide intermediate product, containing some 217 tonnes of nickel and 19 tonnes of cobalt. The product was being exported to a Chinese customer. The Ramu project, located 75km southwest of the provincial capital of Madang, contains an estimated resource of 143 million tonnes at 1.01% nickel and 0.1% cobalt. Year-to-date, some 9,465 tonnes of mixed nickel cobalt hydroxide intermediate product has been produced, containing around 3,536 tonnes of nickel and 322 tonnes of cobalt. Once in full production, by middle of next year, the Ramu project would produce some 31,150 tonnes of nickel and 3,300 tonnes of cobalt annually, placing it as one of the world’s top 15 nickel producers. Highlands Pacific holds an 8.56% interest in the Ramu project.

## **Ramu: Landowners urged to work with project developers**

Post-Courier 22.11.2012

*By Mathew Yakai*

LANDOWNERS of the multi-million Kina Nickel-cobalt mine in Madang province where urged by their local Member of Parliament and Minister of Police Nixon Duban to work closely with the Chinese developer in order to gain more benefit. “When you have major resources in your area, you will attract the state’s intervention including Mineral Resources Authority (MRA) to build impact infrastructure,” Mr Duban admitted. Mr Duban was speaking during the launching and delivery of eight new police houses and two new police land cruisers at Walium District Station in the Usino-Bundi electorate of Madang province last week Friday. The new houses and vehicles were the state’s commitment under the Ramu NiCo Project Memorandum of Agreement (MOA) during the construction phase of the Project.

Other guests who were present to witness the launching include, Vice Minister of Mining, Wera Mori, Member for Usino-Bundi Anthony Yagama, Deputy Governor and Local Level Government (LLG) President for Usino Bob Watt, Madang Provincial Police Commander Anthony Wagambie Jnr, Jerry Naime from MRA, Director and Executive Vice President of Ramu NiCo, Gu Yuxiang, Ramu NiCo landowners association presidents and the LLG presidents and community leaders. Mr Duban told the people that the state is paying close attention to areas that accommodate major resources and confirms that two major projects in Usino-Bundi, Ramu NiCo and Marengo will attract the state’s attention. “That is why we have a major project here today that costs the state K1.6 million,” Mr Duban said when referring to the new police houses and the two vehicles.

He said Walium and Usino-Bundi deserve such projects and more police because they have the resources that are important to the country. Vice Minister for Mines, Wera Mori also told the people of Usino-Bundi that they are fortunate to have major impact projects like Ramu NiCo, Marengo Mine, Ramu Sugar, Ramu Agro and Ramu Oil Palm. He said the O’Neill-Dion government supports all mining projects including Ramu NiCo because the mining sector alone in PNG contributes 60 percent of the Gross Domestic Product (GDP) and the government’s national budget cannot live without the mining industry. “Despite criticisms, the benefits outweigh the criticisms and we fully support projects like Ramu NiCo,” he said. The minister also thanked Ramu NiCo for developing the Project.

## **Namosi Mine Feasibility Under Review In Fiji**

Joint venture seeks to preserve integrity of land, community

By Nanise Loanakadavu

SUVA, Fiji (Fiji Times, Nov. 21, 2012) – An economically viable resource has been identified at the Waisoi Mining Project study in Namosi which is expected not only to benefit the people of Namosi, but the nation of Fiji as a whole. The Namosi Joint Venture (NJV) is now looking at how to develop the project in an environmentally, socially acceptable manner that will not disturb the land or the people of Namosi. According to NJV geologist Prashant Chand, an over 200-gram sample of high grade core was sent to Australia early this year where the final detail analysis was done which indicated that Waisoi had a viable project that would deliver a good return for the nation.

NJV country manager, Greg Morris said they were still in the pre-feasibility and geotechnical environmental study process which was expected to be completed by the end of 2013. Mr. Morris said at this exploration stage, they were trying to determine whether they could fully operate a mining project at Waisoi, Wainavadu, Waivaka corridor, Waibamu and Waimanu. He said they would match the environmental impact studies in progress with their project designed by the engineers of NJV and landowners raised their geometric concerns of the project and its impact. Despite the fractured relationship between NJV and the Tikina Namosi Landowner Committee (TNLC), Mr. Morris said their duty was to provide information on how the project would be operated, built and managed so that landowners could make informed decisions.

"We have recently engaged with a community relations officer to allow us to directly communicate with the landowners and share the information and at the same time listen to what they are saying," Mr. Morris said. "We will then adequately reflect their concerns in the projects." He said they had established good working relations with the landowners and the committee over the past six months. [PIR editor's note: Approximately 2,000 construction jobs and 1,000 operational jobs may result from the approval of the Namosi mine. NJV county manager *Greg Morris* says the project will guarantee local infrastructure projects and the company would try to hire as many local residents as possible, particularly among landowners.]

## **Bedrohliche Marktmacht**

### **Mit Glencore-Xstrata entsteht ein neuer Bergbaugigant / Kritiker weisen auf Menschenrechtsverletzungen hin**

Neues Deutschland, Marc Engelhardt, 21.11.2012

In der Schweiz fusionieren Glencore und Xstrata zum viertgrößten Bergbaukonzern der Welt. Kritiker befürchten, dass der neue Riese sich noch weniger um Menschenrechte scheren wird als seine Vorgänger.

Zur Elefantenhochzeit waren nur wenige Gäste geladen - und die waren sich einig: 99,42 der Glencore-Aktionäre stimmten am Dienstag im Casino von Zug für die Fusion des weltgrößten Rohstoffhändlers mit dem Bergbauunternehmen Xstrata, das bereits zu rund 35 Prozent Glencore gehört. Auch bei der Versammlung der Xstrata-Aktionäre am Nachmittag gab es eine Mehrheit für den Zusammenschluss. Damit entsteht der viertgrößte Bergbau- und Minenkonzern der Welt mit 130 000 Mitarbeitern in über 40 Ländern. Jahresumsatz: über 200 Milliarden US-Dollar, das entspricht zwei Dritteln des deutschen Haushalts. Der neue Konzern betreibt 100 Minen und lässt 200 Containerschiffe, Öltanker sowie Frachter über die Weltmeere schippern.



Kohlemine von Xstrata in Australien – der Konzern steht ebenso wie Glencore wegen massiver Umweltschäden und Menschenrechtsverletzungen in der Kritik (unten). Foto: Xstrata plc

Der Mann hinter dem Deal, der noch im Herbst zu platzen drohte und dem die Kartellbehörden mehrerer Länder noch zustimmen müssen, heißt Ivan Glasenberg. Der bisherige Glencore-Chef soll auch den neuen Giganten leiten, der Glencore-Xstrata heißen wird. Zugleich ist Glasenberg mit 8,8 Prozent der Anteile größter Einzelaktionär - und damit unbestritten der starke Mann. »Macht« ist sein Stichwort: Mehr Preismacht werde durch die neue Größe erreicht, ließ Glasenberg vorab verlauten. Soll heißen: Der neue Konzern, der von der Suche über die Erschließung und Förderung bis hin zu Verarbeitung, Transport und Verkauf alle Schritte der Wertschöpfung kontrolliert, kann noch mehr als bisher die Preise bestimmen und Kosten drücken - mindestens 500 Millionen Dollar sollen schon im ersten Jahr eingespart werden. »Und es ist ja klar, auf wessen Kosten das geschieht«, ärgert sich Stephan Tschirren von der Schweizer Menschenrechtsorganisation Multiwatch: »Das wird auf dem Rücken der Ärmsten ausgetragen, die im Umfeld der Minen arbeiten.

Beiden Konzernen werfen Kritiker seit langem Menschenrechtsverletzungen, Umweltzerstörung und Unterdrückung vor. »Die reden nicht mit den Menschen vor Ort, die entscheiden über die Köpfe hinweg und setzen Gewalt ein«, sagt Eva Schmassmann von der Gesellschaft für bedrohte Völker Schweiz. Beispiel Xstrata: Auf den Philippinen stürmten Soldaten im Oktober das Haus von Daguel Capion, der Proteste gegen den geplanten Gold- und Kupferabbau einer Xstrata-Tochter nahe seiner Heimatstadt Kiblawan anführt. Capion konnte zwar entkommen, seine Frau und die beiden Söhne (8 und 13) wurden jedoch erschossen.

Dem Rohstoffhändler Glencore wirft ein ausführlicher Bericht, den die Schweizer Nichtregierungsorganisationen »Brot für alle« und »Fastenopfer« gemeinsam mit kongolesischen Menschenrechtsaktivisten erstellt haben, unter anderem vor, Kupfer und Kobalt über Umwege von »Mineuren« zu kaufen - armen Schluckern, die in der Gegend von Tilwezembe in der Katanga-Provinz mit bloßen Händen ohne Sicherheitsvorkehrungen schürfen. Unter den 1600 »Mineuren« sollen 700 Frauen und Kinder sein. Der Sprecher von Glencore, Simon Buerk, stellte dies anders dar: »Das Abbaugelände ist besetzt worden, Glencore profitiert in keiner Weise davon.

Was die neue »Preismacht« bedeuten könnte, zeigt sich zudem auf den Märkten. Beispiel Zink: Glencore beherrscht 60 Prozent des Welthandels mit dem Metall. Durch Einlagerung immenser Vorräte in diesem Jahr soll Glencore das Angebot künstlich verknappt und damit die Preise in die Höhe getrieben haben. Besonders sorgt die Menschenrechtler, dass selbst kleine Fortschritte wie die

Unterzeichnung von Selbstverpflichtungen bei Xstrata durch die Megafusion rückgängig gemacht werden könnten. »Der neue Konzern wird noch schwieriger zu kontrollieren sein, die Marktmacht ist bedrohlich«, glaubt Stephan Tschirren.



Foto: AFP/Fabrice Coffrini

### Zahlen und Fakten

Die Glencore International AG mit Sitz im Schweizer Kanton Zug ist der weltgrößte Rohstoffhändler. Das Kunstwort Glencore steht für »Global Energy Commodity and Resources«. Im Jahr 2011 erwirtschaftete der Konzern einen Umsatz von 186,2 Milliarden US-Dollar und einen Gewinn von 4,3 Milliarden. Glencore beschäftigt rund um den Globus 3000 Mitarbeiter im Bereich Vermarktung sowie 58 000 Mitarbeiter in Industriebereichen. Das Geschäft umfasst Handel, Förderung, Verarbeitung, Lagerung und Transport von Metallen und mineralischen Rohstoffen wie Aluminium, Kupfer, Blei, Eisenerz, Nickel und Kobalt, Energieprodukte wie Öl und Kohle sowie Agrarprodukte wie Getreide, Ölsaaten und Zucker.

Xstrata plc ist im Schweizer Steuerparadies Zug und in London angesiedelt. In der jetzigen Rechtsform wurde der Konzern erst vor rund zehn Jahren gegründet und expandierte seither rasant. Xstrata gehört zu den weltweit führenden Produzenten u.a. von Metalllegierungen, Kohle, Kupfer, Nickel und Zink. Für Bergbauunternehmen und die mineralverarbeitende Industrie bietet Xstrata Technologielösungen an. Der Konzern beschäftigt rund 70 000 Mitarbeiter in gut 20 Ländern. In Deutschland betreibt er eine Zinkhütte in Nordenham. 2011 betrug der Umsatz 33,9 Milliarden Dollar und der operative Gewinn 11,7 Milliarden. Zuletzt gab es wegen des Preisverfalls bei einigen Metallen einen starken Gewinnrückgang.

### 14 clans back Solwara 1

The National, 20th November, 2012

By AGNES FIFI UKI

THE 14 clans of west coast central in New Ireland want Canadian sea-bed mining company, Nautilus Minerals, to continue its Solwara 1 project in the Bismarck Sea. They have threatened to take the government to court after Nautilus decided to stop developing its mining equipment because it had been at loggerheads with the government over some issues for about six months. The clans opposed the closing down of Nautilus' Port Moresby and Kavieng offices and declared their support

for the company to continue working in PNG. A spokesman for the clans and leader of the Bares clan, Buarang Vaiimuru, said leaders of the 14 clans agreed that Nautilus should go ahead with developing the seabed poly metallic sulphide deposit. "These 14 clans around the west coast central New Ireland, who own a substantial amount of shoreline, in a meeting on Sept 15 agreed for Nautilus to carry out deep-sea mining in the area and approved its first project – Solwara 1," Vaiimuru said.

He said their clans would be impacted the most by the development and they wanted people, who opposed the project and claimed the mining would destroy the environment and fish stocks, to verify their claims. He said they were not happy with Northern Governor Gary Juffa's claims in the media and his opposition to the first deep-sea project in the world. "This is the first underwater project in the world and we, the people from west coast central New Ireland, wish to be part of it and to benefit from it," Vaiimuru said. "We also plan to request the government that we source an offshore loan to facilitate our 30% equity in the operations of Nautilus on Solwara 1 to 12 in the Bismarck Sea and to take up 30% patent rights in the project." He said west coast central was one of the most underdeveloped areas in New Ireland. The 14 clan leaders said they did not want any logging operations in the area.

### **PM: Ecology impact bugs government**

The National, 20th November, 2012

PRIME Minister Peter O'Neill says his government wants to be fully satisfied on core issues such as environmental impact before it participates in the Solwara 1 deep-sea mining project. Nautilus Minerals, the developer of the project planned for PNG's Bismarck Sea, last week decided to terminate construction amid a dispute with the government over costs of up to US\$80 million. The Canadian company planned to mine gold and copper in the seabed, the first such deep sea mining operation in the world. O'Neill said in a radio interview last week he regretted that Nautilus had to freeze its plans. But he said data that PNG had sought about the project had not been forthcoming.

"We are trying to expend public funds so we need to be comforted," he said. "We've indicated that we want to participate in this project (but) issues such as intellectual property rights and issues of that nature need to be resolved properly before we make the final investments." Questions have also been raised by the environmental bloc over the accuracy of the environmental impact statement (EIS) Nautilus prepared for the project. Last week, an independent review commissioned by the Deep Sea Mining Campaign, which has an association with the environmental lobby group, Friends of the Earth, and conducted by Austides Consulting, raised concerns about the EIS.

Austides Consulting's general manager Dr John Luick told ABC Radio that the statement did not include data on ocean currents, which could carry mining waste into PNG's coastal waters and potentially affect fishing and other activities. Nautilus chief executive Mike Johnston says the EIS was prepared by an external consultancy Coffey Natural Systems and helped Nautilus secure a 20-year mining lease last year. "Their (Austides) allegations are somewhat flawed," he said. "The current data and all the environmental data that was collected and submitted to the (PNG) government was reviewed externally. "The EIS was subjected to a peer review by the Australian-based consultancy, Cardno, but the PNG government has yet to make the results of that review public," he said.

### **Hidden Valley: Miner sponsors reservists**

By *BUSTIN ANZU*

Post-Courier 20.11.2012

THE use of reserve police by corporate organisations in the country must not be seen as an answer

to the ongoing manpower deficiency but also as an approach to see the effects it can produce in response to community disorders, says Morobe police chief. Acting provincial police Commander Chief Inspector, David Warap, when opening a six-weeks training for reserves at the Morobe Mining Joint Venture (MMJV) said this also reflects the government's efforts in increasing manpower through the Medium Term Development Plan or MTDP. "The use of reserves must not only be seen as an answer to manpower shortages but also as a workable strategies to see what outcome it can generate, according to law and order needs on the ground. "Its use must be captured in bottom-up planning at the village level up to the district level in order to make it a true part of the community policing philosophy of the Constabulary." He said this during the opening at Hidden Valley camp site last Friday.

The 42 company employees will be thought basic police procedures at the Hidden Valley camp site. After the completion of their course, the reservists will be split into two groups to cover both the Hidden Valley and Wafi/Glopu mine sites, owned by mining giant, Morobe Mining Joint Venture. He said this concept can be integrated into Morobe Provincial Police Command Action Plan as far as manpower is concerned. And that will not be a mistake as it will coincide with the government's 2013 plan, which will be rural-focused; and with the kind assistance from consultation with the Morobe provincial government, delivery of police service can be greatly improved.

The Morobe police chief said the province has not really seen improvements in the delivery of police services because of the fundamental issue of manpower deficiency, unavailability of adequate housing, office infrastructure and logistical support that includes vehicles, fuel supply and a reliable mechanical back-up. "If they are not addressed positively, this fact will remain and whatever best strategy we draw up will become unrealistic and unachievable, not only because the people will miss out on basic government services in law and order, but most importantly, their right to enjoy peace and harmony in our justice system," he said. He also said there is a chronic shortage of manpower and the formation of MMJV reservists will be best utilised not only for the mining giant but also for the overall benefit of the surrounding communities. "The Morobe Mining Joint Venture's initiative is not a substantive for less number of regular police personnel but should be a community policing framework for an established law and order structure in the communities," he said.

### **Hidden Valley: 42 reservists undergo training**

Post-Courier 20.11.2012

By *BUSTIN ANZU*

MOROBE Mining Joint Venture (MMJV) in Morobe province will soon have its own reserve police in the mine site to serve the mine and the local communities to address law and order issues. The 42 reservists are undergoing six-weeks of training at the Hidden Valley mine site, near the township of Wau in Morobe province. Trainers from both Port Moresby and Lae will take the participants through a series of basic police procedures including discipline, traffic rules, emergency and response and rescue, and crime scene attendance. The six-week program will now ease the burden of requesting police from outside when in time of need like in the case of land issues with land-owners and in the general policing in the valley.

Asset protection superintendent Dennis John Mark said their officers, when passing out, will carry responsibility as police reserves in the mine site as well as in assisting the general communities in the valley in terms of law and order. He said their reservists are structured in a way that they do not only serve the company, but the nearby local communities as well. He said administratively, the company is responsible, but operationally, it falls under the command and control structure of the Royal Papua New Guinea Constabulary. Asset protection manager Tony Doherty said their reserve police unit will be more pro-active rather than reactive in policing, as this would be in line with the



Police Commissioner's policies of strengthening and creating a community oriented police force.

He said the reserves will be more community-oriented in their policing, where they would be involved with situations around them. "We would be making awareness on general law and order like traffic rules and trespassing into company premises; and help them on law and order matters," said Mr Doherty. He said it is not only for providing policing efforts at Hidden Valley, but also Wau, Bulolo, Wafi and Damakua and the surrounding areas. Reserve trainer with the community policing directorate Chief Sergeant Cletus Wende said the Department is slowly pacing out national reserves and the auxiliary.

### **Villagers conserve land, refuse mining and logging**

Post-Courier 20.11.2012

By *KOLOPU WAIMA*

THE MANAGALAS people in the Afore district of Ijivitari electorate in Northern Province have donated their 360,000 hectares of land to the Government of Papua New Guinea to serve the people of the world as a conservation area for biodiversity. They have already submitted their conservation application to the National Executive Council (NEC) through the Minister for Environment and Conservation, Mr John Pundari and Oro Governor Garry Juffa, on Thursday November 8, 2012 in Port Moresby. They are now waiting for a 90-day objection period to lapse before they declare the conservation area. A five-day district-wide combined forum held in Tahama village (Zone 5) from November 13 to 16, 2012, revealed that the project to conserve the area was discussed by the people in the plateau for the last 28 years.

The forum, attended by all its 11 zones in the plateau, further revealed that the actual feasibility study for the conservation was started in 2003, and took nine years to successfully submit their Conservation Application to the NEC. Forum facilitator Mr Brian Tasira said in the forum that the people of Managlas have agreed to conserve the land for the future of their children. He said that it was not a one-man decision to conserve the land, but all the people in the plateau took 28 years to educate themselves before they decided to opt for conservation. "You see now in the forum that the people have spent the last 28 years to educate themselves through conservation awareness and they are now fully aware of how to conserve the land and to live a better life.

They say no to mining and logging to take place in their untouched, virgin environment because what they have learnt from such activities is that they bring negative impacts to the local communities and the future of their children," he said. The valley known as the Managlas plateau, was decided by the people of Managlas in 2001 to be a conservation area before the actual awareness and study started in 2003. The people hoped to strengthen the protection of the unique biodiversity of the valley through an official referendum in a National Gazette through the Conservation Act of 1978. All representatives from the 11 zones who attended the forum agreed that the government must look seriously at the wellbeing of the community and should thank the people of Managlas for making the right decision to say no to fast money and fast development.

### **Plan to revive National Petroleum Company**

Post-Courier 20.11.2012

A submission is now before the National Executive Council for the revival of the National Petroleum Company as a stand alone entity. The NPC was created after Kroton No.2 Limited was dismantled that was established by the National Government to be a holding company for PNG LNG project landowners. The umbrella benefit sharing agreement signed in Kokopo to pave way for the LNG project development gave undertaking that by 2014, the five percent equity for landowners will be managed by the Kroton No 2 Limited. However, when the O'Neill-Namah Government

came in 2011, Kroton No. 2 Limited was abolished and replaced by National Petroleum Company. Although NPC has its own staff, it is now operating under Independent Public Business Corporation (IPBC), and thus the NEC submission. Juha Landowner leader Hengebe Haluya has now supported the call for NPC to be separated to be a stand alone entity to look after landowner equity. “We call on the O’Neill-Dion Government to revive the NPC as a fully fledged company like MRDC and Petromin Ltd that can look after landowner interest and not under IPBC,” Mr Haluya said.

### **Researcher welcomes news on Solwara 1**

The National, 19th November, 2012

By MOUA OMOA

NAUTILUS Minerals’ move to withhold the Solwara 1 project is good news for the people and the environment, National Research Institute Research fellow Nalau Bingeding said last Friday. Bingeding said the department of environment and conservation, as the country’s environmental regulator, should now engage a consultant to do a proper research into the deep sea mining project. “A lot of people in that area depend on the sea and the marine life for their livelihood and, therefore, it has to be scientifically proven that the project will not affect them,” he said. “I haven’t sighted an environmental impact statement from Nautilus Minerals and I don’t know if it has been thoroughly screened under the Environmental Act, if that was done, then scientists working on it will prove that it is worth it.” Bingeding is concerned that if the project gets underway, the marine life and the way the people have used their marine environment will be affected.

“From a scientific view the digging up of the ocean floor for minerals is going to create a great impact,” he said. “The ocean is acidic and this is likely to cause a chemical reaction that will defuse the ocean water column and kill the algae on the reefs leading to coral bleaching, which means the reefs turn white and they die. “This has not happened anywhere in the world,” Bingeding said. He said the government and mining companies must ensure that any project they undertook should be done in a social, economic and environmentally sustainable manner. “We have 10 large scale mines and not one of them has improved or developed the lives of the people, they are still poor, so who is to say that deep sea mining will change anything?” he asked.

### **Ok Tedi: Western MPs unite to fight mine extension**

The National, 19th November, 2012

By ADRIAN MATHIAS

WESTERN MPs have pledged to do all they can to stop the extension of mining. The community mine continuation agreement (CMCA) between Ok Tedi and leaders of Ok Tedi Mining Impacted Area Association (OKTMIAA) signed on Saturday will see mining continuing from 2015 to 2025. However, North Fly MP Boka Kondra and his fellow provincial MPs called a media conference in Port Moresby yesterday to announce they would oppose the extension from 2015 in the strongest possible terms after serious and mysterious health issues, including deaths, have occurred in the mining area. Kondra said he and the other two Western MPs Aide Ganasi (South Fly) and Roy Biyama (Middle Fly) would push hard for the National Executive Council (NEC) not to accept the agreement.

Along with the MPs, OKTMIAA leaders Nick Bunn (president), Elizah Nato (vice-president) and Edwin Yara (treasurer) also confirmed the health issues in the area and signed a statement about their concern. The claimed that the Ok Tedi Development Fund (OTDF) that was supposed to take care for the well-being of the communities in the mining area had been ignoring the health issues despite reports from those associated with the mining, including health personnel. OTDF said it was

mindful of people's health and was not turning a blind eye to the health issues. It said it was fully committed to improving the lives of people in the 156 villages in the area.

However, Kondra who reported mysterious illnesses, said: "We (Western MPs) will stand together and fight until we address this serious health issue that is affecting the lives of our people along the banks of the Fly River." Biyama and Ganasi said they would press for NEC not to accept the Ok Tedi mine agreement. One of the claims in yesterday's joint statement was that water had not been available since 2001 and people resorted to drinking water from water holes and wells that were often contaminated. Health reports from Bosset, Aimbak, Wangawanga, Teapopo and Wariobodoro villages have confirmed women experiencing abnormal bleeding, with some dying.

## **Nautilus eager to resolve dispute with PNG leaders**

Radio Australia, 16 November 2012

By Corinne Podger

Nautilus Minerals has defended the accuracy of the environmental assessment prepared for its Solwara 1 seafloor mining project in Papua New Guinea. Canadian mining firm Nautilus Minerals says it is hopeful of resolving a financing dispute with the Papua New Guinea government over a project off New Ireland. But, it's also facing questions about the Environmental Impact Statement used to secure its license, as Corinne Podger reports. (Credit: ABC) The EIS was prepared by an external consultancy, Coffey Natural Systems, and helped Nautilus secure a 20-year mining lease last year. Last week an independent review commissioned by the Deep Sea Mining Campaign, which has an association with the environmental lobby group Friends of the Earth, and conducted by Austides Consulting, raised concerns about the EIS. Austides Consulting's general manager, Dr John Luick, told ABC Radio Australia's Pacific Beat program that the statement did not include data on ocean currents, which could carry mining waste into PNG's coastal waters and potentially affect fishing and other activities. However, Nautilus' Chief Executive Mike Johnson, denied this.

### **Peer reviewed**

"Their allegations are somewhat flawed," he said. "The current data and all the environmental data that was collected and submitted to the government was reviewed externally." The EIS was subjected to a peer review by the Australian-based consultancy, Cardno, but the PNG government has yet to make the results of that review public. Dr Brian King, the oceanographer who used ocean current data to simulate the effect of the mining process for the EIS, said he is confident his assessment is correct. "I can confirm that the ocean current data was used in those calculations," Dr King said. "We found that those currents were weak, and they're significantly tidal . . . and because the currents are so weak, it was not surprising that any discharges that take place at that depth are likely to remain localised."

### **Money troubles**

Meanwhile, Mr Johnson said he wants to resolve a financing dispute with the Papua New Guinea government that prompted it to suspend work at a site near New Ireland Province. Building work at the site stopped on Tuesday night, with Nautilus saying it was owed more than \$US70 million in development funding and capital contributions by the PNG government. Mr Johnson said he is hopeful of reaching a deal that would satisfy both sides, but said no timeframe had been set.

## **PNG PM Seeks Better Information About Sea Mining Operation**

Nautilus Minerals suspends construction after information request

WELLINGTON, New Zealand (Radio New Zealand International, Nov. 16, 2012) – The Prime Minister of Papua New Guinea says his government wants to be fully satisfied on core issues such as environmental impact before it participates in the Solwara 1 deep sea mining project. The developer of the project planned for PNG's Bismarck Sea has decided to terminate construction amid a dispute with the government over costs of up to 80 million US dollars. The Canadian company Nautilus Minerals planned to mine gold and copper in the seabed, the first such deep sea mining operation in the world. Peter O'Neill says he regrets that Nautilus has had to freeze its plans. But he says data that PNG has sought about the project has not been forthcoming. "We are trying to expend public funds so we need to be comforted. We've indicated that we want to participate in this project, including issues like intellectual property rights and issues of that nature need to be resolved properly before we make the final investments," said O'Neill.

## **PNG's Solwara 1 bill stands at US\$75-80million**

The National, 16th November, 2012

IT now appears that Papua New Guinea's bill for its involvement in the Solwara 1 deep sea mining project with Canadian company Nautilus Minerals in the Bismarck Sea is between US\$75 million and US\$80 million. Nautilus, seeking to become the first sea floor gold and copper mining company, pulled the plug on the project on Tuesday, saying it was owed millions by the PNG government, a sum Port Moresby said Nautilus should pay. "We are only a small mining company by mining standards and we have been solely funding the build-up of the equipment for a bit over a year and we believe that the state's nominee, Petromin, owed us about US\$75-80 million – they dispute that, of course,"

Nautilus Minerals chief executive Mike Johnston told Radio Australia yesterday. "We are in the process of talking to our suppliers and contractors but we have stopped bleeding cash, if you like, and now we are focused on talking to the PNG government about the project and the dispute and we want to get that resolved. "But now, we can talk in a manner where both parties can talk sensibly – and one party doesn't have to worry about spending more than US\$3 million a week." Johnston said there was no timeframe to resolve the dispute although "we would like it resolved sooner rather than later". "We have no intention of walking away from PNG. We have put a lot of time and money into it."

## **Cabinet approves Gulf LNG Project**

Post-Courier 16.11.2012

PRIME Minister Peter O'Neill has announced the NEC approval of the 50-50 Gulf LNG project with the State acquiring an additional equity interest in the Elk-Antelope gas fields on terms to be negotiated with InterOil Corporation over and above its 22.5 percent entitlement. Mr O'Neill said in doing so, Cabinet had also approved the conditional withdrawal of the Notice of Intent to Terminate the Project Agreement issued to InterOil by the State subject to the parties agreeing to certain conditions, including developing saleable gas on 50-50 basis. He said other terms that needed to be discussed and agreed with InterOil Corporation (IOC) were that; an internationally recognised and experienced operator shall operate the upstream facilities, the fiscal incentives in the current Project Agreement amended accordingly, and the terms in which the State would acquire the additional 27.5 per cent equity in the gas fields would have to be mutually agreed.

Mr O'Neill said Cabinet had approved the establishment of the bureaucratic negotiation team to be headed by the Secretary for Petroleum and Energy and comprising departments of Treasury, Justice and State nominee Petromin, to negotiate the terms of the 50-50 proposal and report to Cabinet, through the Ministerial Gas Committee by November 30, 2012. He said given the importance of the project, Cabinet approved the establishment of the Ministerial Gas Committee headed by Minister for Petroleum and Energy and comprising key economic Ministers, including Minister for Treasury, Minister for Trade and Industry, Minister for Planning, Minister for Labour and Employment and Minister for Environment and Conservation to fast-track the commercialisation of the country's second LNG. The Prime Minister said Cabinet also approved that the project may be commercialised equally and simultaneously on a 50-50 basis between the State and InterOil based on the available saleable gas, using two separate processing facilities. Cabinet formally endorsed that InterOil may locate its processing facility in the Gulf Province.

### **Testing time for PNG mine pollution on Torres Strait**

SBS, 16 Nov 2012, By Stefan Armbruster



Ok Tedi mine in Western Province, PNG (Ok Tedi)

A leading Australian environmental scientist says it's time to reinvestigate the impact of heavy metals from mining in Papua New Guinea on the Torres Strait in far north Queensland. The Ok Tedi gold and copper mine, formerly owned by BHP, continues to pump millions of tonnes of tailings into the Fly River, one of the world's largest river systems. It's almost 20 years since the Torres Strait Baseline Study by the Great Barrier Reef Marine Park Authority into the impact of pollutants from the Fly River on islanders. Jon Brodie says while the impact of the pollution is limited in Australian waters, it reaches the northern islands including the populated islands of Saibai and Erub, Mr Brodie, the Senior Principal Research Officer with the Australian Centre for Tropical Freshwater Research at James Cook University, spoke with Stefan Armbruster about the Fly.

### **Yandera LOA cancelled due to noncompliance**

Post-Courier 16.11.2012

THERE are laws, rules, procedures and processes governing any agency to dispense with its roles and functions. And that is exactly what the Registrar of Companies did in cancelling the registration of Yandera Landowners Association because they simply did not comply with the requirements of the Registrar of Companies and Associations. That's from Madang businessman Peter Yama in response to a paid advertisement alleging that he has no standing in Yandera land and that his objections should not be entertained. Mr Yama stated that he had exercised his right to object and the Registrar of Companies had agreed with his objections. "One of the important requirements is to ensure that an objection to the incorporation of an Association by any interested party must be addressed adequately before the Registrar of Companies can grant their license. They did not address these issues" he said. "I am aware that it is all politically motivated and by putting it out in the me-

dia it is like advertising our domestic problem for the whole world to see which is sad for the true landowners who are being used as rubber stamps by outsiders” he said

Mr Yama had objected to the registration of the Yandera Landowners Association in that Landownership issues and identification are yet to be settled, Genealogies of tribes, clans, subclans and families have not been done, Social mapping has not been done and completed pursuant to the Mining Act and position of the Secretary as a member of the executive committee should be abolished and replaced by a Public Officer. Mr Yama had also stated that the whole process is incomplete on the basis that the relevant State Agencies like Minerals Resource Authority (MRA) and the Madang Provincial Govt are yet to complete the process pending the availability of funds to carry out and to conduct in resolving the issues. “I firmly believe that when all the above issues are addressed, settled and concluded then I will allow the registration of such an association.”

“I’m also aware Mr Paul Mason, a Field Manager of Marengo Ltd has written to the Provincial Administrator of Madang Province that Marengo Mining Ltd has conducted and carried out social mapping and landowner’s identification programmes for the past 5 years. This is not in the best interest of landowners, for the developer to directly involve in the social mapping and landowner’s identification programs where there are State Agencies in place to conduct such activities. Their conduct is in direct conflict of interest in identifying landowners and their support of certain groups in the Incorporation of the Association with your office.” he had stated. Registrar of Companies Alex Tongayau in his cancellation letter had advised that Mr Yamas claim that he is the principal landowner and chief of Kurunogoi clan should not be watered down. It is important to ascertain these claims, if such issues are not attended to and addressed in its infant stages, it is likely to affect the project.

### **Moran oil project: 42 dead, State urged to step in**

Post-Courier 16.11.2012

THE State and resource developers Oil Search Limited (OSL) and ExxonMobil have been called on to assist in ending a prolonged tribal warfare that has claimed more than 42 lives in five years in the Moran oil project sites in Tari, Hela Province. Yesterday, local leaders from Moran and Beneria areas who had started the initial peace mediation process between the warring clans, travelled to Tari to raise the matter with local authorities and the media. The group was led by Mr Elvis Alungi, chairman of the Pai Howa Resources Owners Association of North West Moran (PDL 6 and Moran Central PDL 5) oil projects and Beneria community leaders Mr Akilo Herepe and Mr Richard Homa.

The group said the fight started in 2008 between the Peri and Kondo clans over land ownership of the NW Moran project, in which 20 people were killed in fiery guerrilla-like clashes and ambushes in the thick jungles and in an area inaccessible by road. The fight then spread to other areas in the 15 council wards in Beneria area from as far as Homa, Moran Water Source, Yarale, Pakale, Timu, Lau, Tapitapi, Beneria Station, Tamita, Honaka, Yapakaru, Kujeli, Ekawitini, Hogombe and Tiyawawe, where more than 15,000 people have been displaced while millions of kina worth of property razed or destroyed by raids and arson attacks. They said neighboring clans Wabiago and Pandipu also joined the conflict and fought each other, resulting in eight deaths. Four more people were killed when the Pandipu and Yambali clans joined the fighting. Mr Alungi said during the fighting innocent mothers and children suffered as they were displaced. The State, through its agencies, and developers like ExxonMobil and OSL have failed to intervene and assist in finding ways to address the problem over the years.

## **Undialu pushes Hela students**

Post-Courier 16.11.2012

THERE are less than 100 skilled workers of Hela origin in the 15,000 plus workforce currently employed in the multi-billion kina PNG LNG project. Koroba Lake Kopiago MP, Philip Undialu, made this remark at the 3rd grade 12 and 27th grade 10 graduation ceremony of Koroba Hupiko Memorial secondary school last Friday in Koroba. Mr Undialu as the guest of honour told graduates, students, staff, parents and the general public that due to the lack of proper education and academic excellence, Hela people are only serving as security guards, cleaners, spotters and other semi-skilled jobs in the LNG project. He said though Helas are traditional custodians of the LNG project, due to the lack of education and qualifications, they are overlooked. Mr Undialu said as such, it was imperative that Hela students studying in various institutions in the province and around the country needed to prioritise their education and acquire academic excellence to be in par with the rest of the country and the world.

Mr Undialu urged students to concentrate in their studies to get the best possible education. "Your future is in your own hands. "Therefore, students must not misuse your time and privilege in school to gamble, drink beer, smoke marijuana or get involved in unproductive activities. But rather concentrate in your studies and excel academically," Mr Undialu told students and graduands. He said as of next year, he would support students from the Koroba-Lake Kopiago district entering higher tertiary institutions with laptop computers and tuition fees. Mr Undialu has also negotiated for the UPNG Open Campus to be established in Koroba to help interested grade 10 and 12 leavers, including teachers, enrol to upgrade their marks to get into universities and colleges. Acting Hela provincial administrator Mr William Bando, who was also present on the occasion, asked everyone at the graduation ceremony to work together to improve the appalling state of school infrastructure, in order to produce the best academic results. Both Undialu and Bando seized the opportunity to jointly present a K3 million cheque committed to the school by the Prime Minister Peter O'Neill. The Grade 12 dux awards went to Alo Katango (Science) and Andalau Homai (Arts), while the grade 10 dux was Gombara Emmapu. About 209 grade 10 and 51 grade 12 students graduated.

## **High-level team to probe Fly River deaths**

Post-Courier 15.11.2012

By *NEVILLE TOGAREWA*

THE Prime Minister and the National Executive Council want to know the truth about reports that women are dying from "abnormal bleeding" due to a lack of basic health services for people living in villages impacted by Ok Tedi mine along the Fly River system in parts of Western province. Prime Minister O'Neill has directed Chief Secretary Manasupe Zurenuoc to consult the secretaries of the departments of Health, Environment and Conservation, and the heads of other relevant bodies to set up a high-level team to investigate the reports. A senior official confirmed the Prime Minister's directive late yesterday. "The Prime Minister has directed the Chief Secretary to consult with the secretaries of Health, Environment and Conservation and any other relevant organisations to set up a team to investigate, compile a report and present it to the Prime Minister and the National Executive Council," the official said.

Mr O'Neill's directive comes after concerns were raised by Western province MPs and other leaders, about the plight of their people, who they say have been neglected by OK Tedi Development Foundation (OTDF). The Foundation was set up by PNG Sustainable Development Program and Ok Tedi Mine, and provided mine closure funds to implement and deliver basic health, education and other community projects and programs for about 70, 000 people in the mine impacted areas. Member for North Fly and Minister for Art, Culture and Tourism, Boka Kondra, South Fly MP and Deputy Speaker of Parliament, Aide Ganasi, and Member for Middle Fly, Roy Biyama, made the initial call last Tuesday for OTDF and the government to intervene to prevent more women and

children from dying. “Women are dying from abnormal bleeding along the banks of the South Fly River system and Ok Tedi Development Foundation does not seem to be doing anything about it,” the leaders said in a signed statement.

The leaders made a stand four months after a team from OTDF conducted a general health investigation which identified women suffering from “abnormal bleeding” and other issues, and compiled a report and submitted it to the Foundation executives but it was not followed up. The investigation was conducted among the people of Suki Fly Gogo and Manawate regions from April 24 to May 4 this year. Women and children’s representative Mrs Nareme Makai said: “We have been patiently waiting for OTDF to act on the report and bring a medical assessment team to confirm the reports. Now we are forced to seek government support. Due to lack of medical services in the region, we are being sent to Kiunga (to get medical attention), which is very costly. “This is a serious problem and OTDF and relevant authorities must do something now before more of our people die.”

The second matter that the leaders have raised relates to the expenditure of mine closure funds on investments rather than basic services for the 70,000 men, women and children. MPs Kondra, Ganasi and Biyama confirmed that OTDF had spent K80 million to buy three boats from Sarawak Slipways in Malaysia and two Twin Otter aircrafts from Viking Air Limited in Canada. It is not known whether the high-powered team to be set up by Chief Secretary Manasupe Zurenuoc will be given the mandate to look into the financial operations of OTDF. But an official close to the three Western Province MPs said last night: “Whether the inter-departmental team is given that mandate or not is up to the Prime Minister, through the Chief Secretary. But the fact is these are public funds meant for the people and the truth must come out.

## **Nautilus shelves Solwara 1**

Post-Courier 15.11.2012

By *KONOPA KANA*

THE CONTROVERSIAL solwara 1 project has been shelved because the PNG government through Petromin did not honor its 30 percent equity in a contractual obligation to pay an amount of about (US\$23.5 million) K50 million to costs incurred in the deep sea mining project development since January last year. Post-Courier contacted Petromin yesterday only to be told that they will not comment and that it is the prerogative of the state to make announcements as to the reason behind the solwara 1 project being shelved. Petromin told Post-Courier that they are the potential nominee to the project but at this stage the announcement has to come from the government. Solwara 1 project Developer, Nautilus Minerals, said that so far the company has spent over (\$51.5 million) K109 million proportional capital contributions for the development of the deep sea mining.

The company’s announcement at around 5 pm yesterday evening sent its Toronto-listed shares plunging 40.28% to 43 Canadian cents apiece on Tuesday at around midnight PNG time, and 8 am in the morning in Canada. Post-Courier also understands that the Developer, Nautilus Minerals, as of yesterday is scaling down on its operations by closing the Kavieng and Port Moresby based offices. The Canadian company has also confirmed that the solwara 1 project has been shelved and said that an official statement will be issued on the web site at 12 midnight PNG standard time which will be 8 am in Canada. According to Nautilus Minerals, the National government has failed miserably within the last 18 months to adhere to this ‘first time in the world project’ that will take place in PNG.

Nautilus is the first company to explore the ocean floor for polymetallic seafloor massive sulphide deposits and is developing its first project at Solwara 1, in the territorial waters of Papua New Guinea, where it is aiming to produce copper, gold and silver. The company has been granted all necessary environmental and mining permits. Nautilus also holds more than 500,000 km<sup>2</sup> of highly pro-



spective exploration acreage in the western Pacific; in PNG, the Solomon Islands, Fiji, Vanuatu and Tonga, as well as in international waters in the eastern Pacific. A Canadian registered company, Nautilus is listed on the TSX:NUS and AIM:NUS stock exchanges and OTCQX: NUSMF and its corporate office is in Brisbane, Australia. Its major shareholders include Metalloinvest, the largest iron ore producer in Europe and the CIS, which has a 21% holding, global mining group Anglo American, which holds an 11.1% interest and MB Holdings, an Oman based group with interests in mining, oil & gas, which holds a 16.9% interest.

### **Nautilus Minerals Halts Construction Activities In PNG**

Government allegedly failing to meet shared funding obligations

MELBOURNE, Australia (Radio Australia, Nov. 14, 2012) – Nautilus Minerals has stopped construction of its Seafloor Production System citing funding issues arising from a dispute with the government of Papua New Guinea. According to a statement, the company said the government was refusing to meet its obligation under a shared funding agreement, and it could no longer afford to back the project alone. Nautilus' CEO, Mike Johnston, said the situation would result in about 60 staff members being made redundant. "While terminating the equipment build for the Seafloor Production System and reducing staff numbers to this extent was a difficult decision, it was appropriate," Mr. Johnston said.

"Despite this setback, the Company remains committed to maximizing shareholder value by achieving its objective of developing the world's first commercial seafloor copper-gold project and launching the deep water seafloor resource production industry." Mr. Johnson said the company would maintain its "highly prospective ground position," which includes 19 identified prospects in Tonga. PNG's government awarded Nautilus the world's first deep-sea mining lease in January 2011. Australian National University mining issues specialist, Associate Professor Colin Filer, told Radio Australia's Pacific Beat that PNG's government has been interested in mining projects for a number of years. "The government has for the past few years, made a notional commitment at least, to purchase equity in these [mining] projects, but in this case it seems to have decided it wasn't such a good idea after all," he said.

### **Kulang slams Exxon**

Post-Courier 15.11.2012

THE much glorified PNG LNG project, with its mega-buck promises, has now come to haunt Papua New Guinea. That is the immediate reaction from the Shadow Minister for Public Enterprise and Kundiawa-Gembogl MP Tobias Kulang, following media reports of a further K6.9 billion equity injection needed to bring the project into fruition. "This is a scam, concocted by Exxon Mobil knowing absolutely well the vulnerable position PNG is in. The announcement unfortunately comes just a week away from the handing down of the country's 2013 National Budget, putting further strain on it, and the Government must reject it outright," he said. "Where would PNG look for the extra K1.3 billion to meet such unplanned and ill-forecast announcement when it is just about to borrow heftily from the EXIM Bank of China to fund its development agendas?"

The MP fears that Papua New Guinea will now be forced to further reduce its 19.4 per cent stake in the project, which was a reduction from the mandatory 22.5 per cent State equity during the initialing of the project agreement in 2009, with serious ramifications on local participation, not mentioning the local economy. "Furthermore, the State had to fork out additional K900m in the 2012 Budget to cover for shortfall in the \$A1.68 billion Abu Dabi IPIC loan, a transaction completely mishandled by the then Somare government to fund the State's stake in the PNG LNG project," Mr Kulang said. "We must also note that as per the existing terms of the loan, the loan has to be repaid in

full by March 2014, which is way before the project starts producing significant revenue. Now with additional capital call and extension in time, PNG is really placed in a difficult position.”

Mr Kulang said this would force the Government to forego or shelve certain development plans, to the detriment of ordinary Papua New Guineans that was completely unfair. “The Opposition may be forced to withdraw support from the passage of the 2013 national budget should any unplanned borrowings or expenditures to do with the PNG LNG project, are factored into the money plan,” he cautioned. Mr Kulang said what was astonishing was that the then Attorney-General Dr Allan Marat had admitted to not being a party whilst the State Solicitor did not review the LNG agreement respectively before it was executed. Mr Kulang is angry in that Exxon Mobil, a leading international oil and gas developer, was not prudent, by not ascertaining PNG’s future liabilities during the negotiation stage, in case the situation changed, and when knowing all along that the country’s economic environment was vulnerable.

Furthermore, landowner issues and weather conditions were known issues affecting resource development projects in PNG and for a reputable operator like Exxon Mobil to say at this stage of the project that they did not anticipate accurately was lame and very suspicious. “They did not have any problems when they allowed the State five hours only to review the agreement so they should now cover for the State for their professional oversight and negligence.” He is concerned that PNG should be looking forward to enjoying the benefits of the project starting 2014 as promised by proponents of the project proponents, but it will now be locked further into liabilities. Mr Kulang also urged Papua New Guineans not to be complacent, but to read deep into the latest PNG LNG development and speak up because the project scenario may have now changed either for worse or better.

### **Nautilus Minerals stops making equipment to mine PNG's seafloor**

Radio Australia, 14 November 2012

The Canadian mining company, Nautilus Minerals, has suspended work on a seafloor mining project in Papua New Guinea. Nautilus Minerals stops making equipment to mine PNG's seafloor (Credit: ABC) The company's been in a dispute with the PNG government over the cost of developing the project. Nautilus claims it's already owed \$25 million, but the government has refused to pay, arguing it's Nautilus that should bear the costs. News of the suspension prompted a 40 percent drop in Nautilus' share price and more than 60 jobs have been cut. So is the PNG mining project doomed to fail ?

Associate Professor Colin Filer from the Crawford School of Public Policy at ANU's College of Asia and Pacific is a specialist in mining issues associated with Papua New Guinea.

**Presenter:** Richard Ewart

**Speaker:** Associate Professor Colin Filer from the Crawford School of Public Policy at ANU's College of Asia and Pacific

**FILER:** The project's become very contentious over the course of the past 12 months and clearly there's a lot of political and popular opposition to it. The dispute, however, has lasted at least that long between the government and Nautilus with regard to the government's equity stake in the project and it seems the government has been trying to wangle its way out of whatever commitment it might have made to purchase equity in the project and take a share of the development costs.

**EWART:** So in essence, does Nautilus now go back to square one and look to finance this project in a different way and marginalising the PNG Government to some degree?

**FILER::** Hmm, well many people would say that the PNG Government shouldn't be purchasing equity in any mining or petroleum project and the saga of the LNG Project is a case in point of how that can go very sadly wrong.

The government has for the past few years at least made a notional commitment to purchase equity in these projects at its own cost, but in this case, it seems to have decided that this wasn't such a good idea after all.

EWART: So why do you think that this situation has come about? I mean it seems to me that there is a basic lack of trust here, that perhaps the Papua New Guinea Government is keen that the country should plainly benefit from a project like this, but perhaps is a little suspicious of the motives of the company involved?

FILER: I'm not sure there's suspicion about motives. I think there is simply a recognition now on the part of the government perhaps to late, but buying equity, taking the option to purchase equity in every single mining and petroleum project that comes along is not necessarily good policy. And in this particular case, the issue is compounded by the fact that the government has really never developed a policy framework for development of seabed mining projects. It should have done so and was on the point of doing so about ten years ago, but the policy framework is still not there and this is one of the reasons why provincial governments and local interest groups in this particular case have voiced opposition to the project and that voice has got stronger and stronger over the past few months, because nobody knows quite what how they stand to benefit from development of this project.

EWART: So is this a case to some degree of Nautilus not doing its due diligence if there were already those doubts existing?

FILER: No, I don't think it's anything to do with due diligence. The fact is that Nautilus is trying to develop a new kind of mining project in a context where the government hasn't set out the rules in any clear way and this has simply led to a lot of confusion and disputation amongst the various stakeholders within the country, which, of course, has made life more difficult for Nautilus, because they thought perhaps that they had a clear commitment from the National Government to take its share of the development costs, purchase equity in the project and basically therefore provide a measure of security for the development.

EWART: So can this project, let's come back to my starting point. I mean can this project go ahead in reality now and if so, what will it take to make it work?

FILER: Well, to secure additional finance for development of the project without the state equity and the expression of political support that that would imply from a National Government is going to be quite difficult, because Papua New Guinea is a pretty hazardous place to do business whatever sector you're in and if the government appears to have volunteered the kind of financial support, which it is now withdrawing, then other potential investors are going to think twice before they buy into the project.

EWART: And you mentioned earlier the situation as far as the LNG Project is concerned. I mean that now is involving a massive cost blowout, around about three million dollars is the estimate. I mean is?

FILER: Three billion I believe.

EWART: Indeed, is it getting ludicrously difficult perhaps to do business in Papua New Guinea under those conditions?

FILER: Well, the LNG Project agreements are in place and the government is certainly obliged to honour the agreements it has made to purchase equity in that project. But what it now has to do is to raise a very substantial amount of additional money over and beyond what it had to raise already in order to carry its share of an increased development cost, which has gone from 16 billion to 19 billion as of today and had already increased beyond the original estimates during a previous phase in the construction of the project.

EWART: So not a terribly happy picture, when plainly you would think that the priority for the Papua New Guinea Government is to see these projects developed so that they can benefit as a nation?

FILER: Eh yes, but what this latest increase in the LNG construction costs means is that it defers the point at which the PNG Government itself will start to receive significant taxes and dividends from the project, because every increase in the project development costs postpones the point at

which the project will start to make a profit and the government, therefore will start to collect revenues from it.

EWART: So are we talking in essence really about what you might call lack of experience as it were in working on schemes of this nature and coming back to the seafloor mining project. Of course, this is new technology, largely untested technology. So I guess everybody is literally in un-chartered waters?

FILER: Well, with the seabed mining project, there would certainly be a higher element of risk in the investment, just from a technological point of view and an economic point of view than there would be for an onshore mining project. There's little doubt about that. And that should have been the reason why the government would have thought twice originally before wanting to take an equity share in it. But it doesn't seem to have occurred to them or if it did occur to them, it occurred to them after they had made some kind of commitment or agreement which is now the subject of legal dispute with Nautilus.

### **Ok Tedi: LOs want Sweep to probe OTDF funds**

Post-Courier 14.11.2012

*BY NEVILLE TOGAREWA*

WESTERN Province MPs have called for Task Force Sweep to investigate the operations of Ok Tedi Development Foundation (OTDF) because they believe mine closure funds have been spent on investments rather than basic services for the 70,000 people living along the Fly River system who may be affected by waste dumped from the Ok Tedi mine. Supporting a commitment by Health and HIV/AIDS Minister Michael Malabag, the leaders have confirmed they will take the matter up to the National Executive Council for its deliberation and decision. The Member for North Fly and Minister for Art, Culture and Tourism, Boka Kondra, South Fly MP and Deputy Speaker of Parliament Aide Ganasi and Member for Middle Fly Roy Biyama made their intentions known in a signed statement released in Port Moresby yesterday.

They said the management of OTDF had stepped out of its mandate by failing to consult the people's representatives before deciding to spend K80 million of their money to purchase three coastal vessels from Malaysia and two Twin Otter aircraft from Canada. MPs Kondra, Ganasi and Biyama said they were concerned because OTDF, an arm of PNG Sustainable Development Program set up under OTML to administer the people's money for their benefit, had failed to provide community services for the benefit of the people. They said a health investigation carried out in some of the affected villages early this year had found that women were suffering and dying from what they had described as "abnormal bleeding", apart from other complaints. The cause or causes of these medical problems have yet to be identified because OTDF and the National Government have not followed up on the reports.

The MPs said according to information from the people's "trust leaders", they could confirm that "a total K80 million was (spent) to purchase three vessels from Sarawak Slipways, Malaysia, and two Twin Otters from Viking Air Limited, Canada". They also claim that the community trust leaders had been "influenced into signing off on all these investments", and that the OTDF had not produced any business or investment plans and did not get the approval of the leaders and representatives of the 70,000 people before making the purchases. "(We) are concerned about proper utilisation of investment funds for the communities' future needs of basic health services, clean water supply and affordable housing," MPs Kondra, Ganasi and Biyama said. "The purchase of the aeroplanes and shipping vessels does not align with future prioritised needs.

"The communities need impact projects for basic health, education and community livelihood projects," they said. The leaders also said they believe no proper due diligence was done for the tender and procurement of these assets purchased from the people's money. "We are very concerned that

the community funds are not managed in a transparent manner. OTDF has lost sight of its core business," the three MPs said. "Many mothers and young women are dead due to a mysterious illness that is affecting them along the Fly River system. OTDF was established as the implementing agency for community projects but it has failed the 70,000 people by not responding quickly to address the issue," Messrs Kondra, Ganasi and Biyama said.

## **Cost Of PNG Gas Project Soars By \$3.9 Billion**

*Esso says various factors lead to increase*

By Gynnie Kero

PORT MORESBY, Papua New Guinea (The National, Nov. 13, 2012) – The national government and other equity partners in the PNG LNG project will have to fork out an additional US\$3.3 billion (K6.9 billion) to pay for the country's largest ever resource undertaking. LNG operator Esso Highlands yesterday announced that cost for the project had increased to US\$19 billion (K39.6 billion) from the original estimate of US\$15.7 billion (K32.7 billion). Esso had indicated that the project cost estimate had risen due to foreign exchange factors, delays from work stoppages and land access issues and adverse weather conditions. The increased cost was expected to be met in line with the project's existing financing terms, the company said. PNG government, landowners and Petromin would be required to pay according their equity stake in the project.

Prime Minister Peter O'Neill was briefed on arrival yesterday from Bali, Indonesia, on the announcement by Esso. O'Neill said last night: "It will not only be the PNG government but all equity partners, including landowners, who will bear this cost. "There are many factors which have blown out the cost. This includes delays caused by landowners. "The more this project gets delayed, the more it will cost for everybody involved." A statement by the government would be made following a cabinet briefing today. Share prices of Oil Search and Santos, who are joint venture partners, fell on the Australian Stock Exchange in response to the news. "The increase in the estimated final costs of the project is disappointing," Oil Search managing director Peter Botten said.

Botten, however, said the company had ample liquidity to absorb the additional US\$300 million (K626 million) it would be required to pay for its 29% stake in the project. Santos was expected to contribute an additional US\$130 million (K271 million) in equity. Santos, Japan's JX Nippon Oil and Gas Exploration, a unit of JX Holdings as well as ExxonMobil would also be required to pay addition in direct proportion to their stake in the project. Botten said OSL intended to fully review the revised estimates and was committed to working with the project operator (Esso Highlands) to mitigate this cost increase. "Nonetheless, even including the higher costs, the PNG LNG remains a highly robust economic project," Botten said.

Despite the increase in project cost, operator Esso Highlands announced yesterday that the PNG liquefied natural gas project capacity had increased by 5% from 6.6 million tonnes per year to 6.9 million tonnes. The company said the increase had been achieved through system-wide optimisations as well as some minor modifications. Esso Highlands assured co-venturers that the PNG LNG project remained on schedule with first deliveries expected to start in 2014.

## **Nautilus Minerals halts construction in Papua New Guinea**

StockMarketWire.com, 13 Novemer 2012

Nautilus Minerals has decided to preserve its cash position by terminating the construction of the equipment for its Seafloor Production System. It announced in June 1, 2012 that it was in dispute Papua New Guinea as to the parties' obligations to complete the agreement entered into in March

2011. To date, an agreed commercial resolution has not been achieved and Nautilus believes the avenues for achieving such a resolution within the timeframe that Nautilus could reasonably continue to carry the total development costs for the project have now been exhausted. It has decided to terminate construction and all of the relevant supplier agreements contain provisions for termination without penalty. The company has also been forced to reduce staff numbers with approximately 60 positions being made redundant.

Nautilus' CEO, Mike Johnston, commented: "While terminating the equipment build for the Seafloor Production System and reducing staff numbers to this extent was a difficult decision, it was appropriate. Nautilus has a highly prospective ground position, which includes 19 identified prospects in Tonga, including the recent high grade discoveries in the NE Lau Basin and a 410m tonne Inferred Mineral Resource in the Central Pacific. "Despite this setback, the Company remains committed to maximising shareholder value by achieving its objective of developing the world's first commercial seafloor copper-gold project and launching the deep water seafloor resource production industry, whilst maintaining an environmentally and socially responsible approach."

### **Payabe warns MPs on Hides Gas politics**

Post-Courier 13.11.2012

CHAIRMAN of Hides 4 Umbrella Landowners Association (H4ULA) Chris Payabe has cautioned politicians associated with landowners to be weary of their (landowners) political affiliation. Mr Payabe said this while responding to certain landowner groups claiming to be funded by a senior minister in the O'Neill-Dion Government. He said the government or politicians must be careful with the way they align themselves with the so-called landowner groups from Hides project area. The situation on the grounds at Hides 4 Petroleum Development Licence (PDL) 7 is still volatile. The project has been repeatedly shut down by landowners because of outstanding issues. Therefore, any government minister or authority responsible for Hides project area must be mindful of their alignment," Mr Payabe said. The Chairman said he wants to make it clear that there is no other umbrella landowners association from Hides 4 PDL7.

"Hides 4 Umbrella Landowners Association is the legal entity recognized by the National Government through the Department of Petroleum and Energy, Southern Highlands and Hela Provincial Government and ExxonMobil. There is no other umbrella association. "It must be made clear that H4ULA is the signatory to the Kokopo Umbrella Benefit Sharing Agreement and the Licensed Based Benefit Sharing Agreement. By passing the established entities and trying to entertain political cronies for their own political gain will ignite already politically motivated tensions in the project area," the Chairman said. He said for the best interest of the project, the politicians should not interfere as to how the landowners are to be mobilised in order to participate in the LNG project and other socio-economic benefits.

### **LNG: Airport royalty money misused**

The National, 13th November, 2012

THE government has been called on to stop all royalty payments for the Tari Airport currently being redeveloped to international airport status. A statement from the Tiri Hondope tribes alleged that K11 million already paid had been squandered by those who were not legitimate landowners. The tribe wanted a stop on royalty payments and probe into the use of the initial K11.7 million and proper social mapping to identify the rightful landowners. Tiri Hondope representatives Luke Luja Tajbe and Palija Kobi said the people who picked up the money were from the state to pay for the costs of court battles they had incurred by using a 1989 government gazette. "These individuals do

not have approval and support of the genuine majority land holders in Tari,” Tajabe said.

“Lawyers or law firms acting on their behalf will not be paid by Tari airport principal landholder’s money,” Kobi said. He also called on the Hela provincial government to quickly identify the legitimate landowners of the airport area before further payments were made. Tajbe has also asked for assistance from Hela governor Anderson Agiru to look into this matter. “We want to be given equal opportunities to participate in spin-off businesses within the airport and township once we receive our outstanding funds,” he said. Meanwhile, the Tari district administration has confirmed the completion of boundary reviews for the eastern end of the Tari Airport customary landowners while survey and mapping for others are still to be done.

### **Misima Landowners want K5 million compo**

Post-Courier 13.11.2012

By *KONOPA KANA*

MISIMA mine landowners are calling on the National Government for an outstanding compensation of K5 million for environmental damages and destructions caused to their livelihood 15 years ago or they will seek redress at the United Nation. General Secretary of Magamega Landowners’ Association on Misima Island, Issac Jack said the association was formed to take up the landowners’ case but was dismissed by the National and Supreme Court on technical defaults. Mr Jack said the case was dismissed by the National Court on the grounds that the original writ of summons was not properly constituted. He said the case was brought to the Supreme Court but their lawyers didn’t attend to the matter that was held on December 29, 2012. Mr Jack said basically what the association wanted is to let the government and relevant authorities to consider that the people have not been compensated from the time the Misima mine developer left up until now.

“When we came to realise that our case involved scientists or experts like hydrologist who conducted research and established the cause of the depletion of water thereby causing environmental destruction.” He also said that the Mining Department has shown interest in their concern and they will take the matter up with the Solicitor General’s office who will advise them on what cause of action to take. Mr Jack said the truth of the whole matter remains and he request the Department of Mining and relevant authorities like Mineral Resource Authority (MRA) to help them. Mr Jack said according to the studies done by hydrologist and other scientists on the environment in Misima, the damage is valued at almost K30 million. “My people want a tribunal to basically look into this matter and that is what we are asking the government for,” he said.

### **Westpapua: Report: Mine affecting refugees**

The National, 12th November, 2012

ENVIRONMENTAL damage caused by copper mining has affected thousands of refugees from the Indonesian province of West Papua, according to the UN refugee agency (UNHCR) and non-governmental organisations. The refugees have not received any support from Papua New Guinea or the mining company, they said. “Some of the border settlements of West Papuan refugees have become severely affected by flooding associated with sediment build-up in the rivers due to the Ok Tedi mine,” Ben Farrell, a regional UNHCR spokesperson, said. A recent statement from Ok Tedi Development Foundation said the company was mindful of the health of people living within its areas of operation. It said it was fully committed to improving the primary health care and health standards.

The western half of New Guinea, West Papua, is an Indonesian province where separatists have fought for independence for decades. At least 1,500 West Papuan refugees live along Fly River – the second longest river running through the half-island nation’s western provinces. They have been affected by ongoing flood damage, according to Wren Chadwick, the former advocacy and information officer for Jesuit Refugee Service based in Port Moresby. “Flooding has destroyed food gardens and sago palms, the traditional food staple, “forcing people into the jungle to wait out the floods so they can access food sources,” Chadwick said.

### **Warning on deep-sea mining**

The National, 12th November, 2012

By STARZA PAUL

DEEP sea mining should be given more consideration before mining starts, the National Research Institute’s Dr Nalau Bingeding says. Bingeding made the comment last Friday in Port Moresby amid speculation by landowner groups, public, politicians and other concerned institutions that deep-sea mining was still not safe for marine life. “Amid the on-going debate on the pros and cons of deep-sea mining, there are still questions to be asked. “The concerned groups and public should ask if the government of Papua New Guinea is going ahead to allow Nautilus to carry out the world’s first deep-sea mining in the Bismarck Sea,” he said. He said Nautilus Minerals Ltd was adamant that it had spent millions of dollars exploring the floor of the Bismarck Sea and would mine the seabed regardless of concerns raised on the environmental consequences of such mining.

“Nautilus is determined to see PNG become the first country in the world to use state-of-the-art technology to do deep-sea mining because it has been given the green light to do so by the PNG government. “The government should consider the 2009 Coral Triangle Initiative that the Department of Environment and Conservation (DEC) agreed to on behalf of the government,” he said. “This is a 10-year regional action plan to protect coral reefs and other marine ecosystems and in line with the fourth goal and directive principle of PNG’s Constitution on natural resources and environment.” Bingeding said global warming should be given consideration as deep sea mining would contribute towards it. “Warming of the world’s ocean surfaces has resulted in bleaching of coral reefs in some parts of the world.” “In the Pacific, the warming of the oceans has not had any profound effect but it is predicted that these impacts will be more pronounced in the near future,” he said.

### **Marengo nears output stage**

The National, 12th November, 2012

MARENGO Mining Ltd is preparing for the production phase of the large copper-gold-molybdenum deposit at Yandera, according to outgoing board chairman John Horan. Speaking at the company’s annual meet last week, Horan said the company had come a long way after being incorporated in 2002. “Together with the proposed re-domicile to Canada, the company is now at a pivotal stage of its growth, as it prepares to set itself for the production phase of the large copper-gold-molybdenum deposit at Yandera.” Horan said the challenges Marengo faces in this next phase are not inconsiderable because the company’s performance provides grounds for reasonable optimism for a successful and rewarding outcome. “Marengo has so far been successful in its fundraising, initially to enable the company to get off the ground and then to move ahead putting together the pieces of the jigsaw to bring the picture to its present stage”.

Horan said much of the company’s capital was raised against the background of a difficult and uncertain economic climate. “We have been fortunate to have secured the support of sound financial



backers through our major shareholders, Sentient Global Resources Fund and Quantum Partners LDC (Soros), along with many other valued investors. “We have been welcomed and supported by the government and have established constructive working relationships with the government and with relevant government departments.” Horan said PNG’s support for Marengo was indicated in real terms in the investment and co-operation agreement that set up the framework for the government’s wholly owned subsidiary, Petromin PNG Holdings. “Marengo is proud to be regarded by the PNG government and the local communities as a responsible and respectful corporate citizen, doing our best to make a worthwhile contribution to their people’s lives and prosperity”, Horan said.

### **Momis Says Bougainville Has Legal, Moral Authority Over Panguna**

*ABG President declines invitation to Moresby to discuss mine*

PORT MORESBY, Papua New Guinea (The National, Nov. 9, 2012) – The Autonomous Region of Bougainville says it has a legal and moral authority – not the national government – to make decisions on the Panguna mine. ARB President chief Dr John Momis will not attend a meeting in Port Moresby tomorrow proposed by the national government to discuss matters related to the reopening of the mine in Bougainville. Momis said because the Bougainville crisis originated from the conflict over Panguna, it was the ABG that had a “clear moral authority” to make all decisions about the future of the Panguna mine. “Further, we are far advanced in the process of transferring mining powers to Bougainville agreed in 2008. The ABG envisages passing its own mining law before the end of the year,” Momis said. He said the ABG should be the one to initiate actions in relation to Panguna and urged the national government to “recognise that authority”.

He said the ABG was building its capacity to deal with mining issues by establishing a mining department, an office for Panguna negotiations and a cabinet committee on Panguna negotiations. “All decisions about the future of Panguna will be made utilising this home-grown capacity,” Momis said. He said they welcomed any suggestions from the national government on the mine but any discussions on these should be held in Bougainville, not Port Moresby.

The invitation for the Port Moresby meeting tomorrow came from the Minister for Petroleum, Oil and Gas William Duma in collaboration with Bougainville Regional MP Joseph Lera, Minister for Bougainville Affairs Steven Pirika Kamma and Minister for Communication Jimmy Miringtoro. The discussions are expected to be on: Possible Panguna mine ownership concepts; benefit-sharing models available for consideration by the ABG and the national government on the Panguna mine; and, options for possible mine developers from Brazil, Venezuela and other South American nations other than Bougainville Copper Ltd.

### **Highlands Pacific unveils stakes in Frieda and Ramu**

The National, 09th November, 2012

HIGHLANDS Pacific Ltd (HPL) announced its interest in the Frieda River copper-gold project and the Ramu nickel project, which has just gone into production. Managing director John Gooding revealed this in an interview with the Finance News network yesterday. He said Highlands already had three projects in the country and the Ramu nickel project alone can produce 31,000 tonnes of nickel annually. “We’ve got three projects in Papua New Guinea. We’ve got an interest in the Ramu nickel project which has just gone into production. We got an interest in the Frieda River copper/gold project with our joint venture partners Xstrata. And we’re involved 100% in some really extensive exploration just north of the Ok Tedi mine in Western. “Ramu nickel is in joint venture with Chinese partners, that was a US\$1.5 billion project and it’s just gone into commissioning.”

Gooding said to date the Ramu nickel/cobalt mine produced 24,000 tonnes of nickel/cobalt mixed hydroxide produced 24,000 tonnes. “We will be doing our first exports to China next month with hope to ramp up to 31,000 tonnes of nickel by 2013. “The Frieda River project is one that’s just getting to the end of a feasibility study. He said as part of Xstrata’s buying responsibilities into the joint venture they had spent about US\$300 million on a feasibility study for the project, and were expecting the final numbers at the end of this year. He added that Star Mountains was an exploration project they discovered a new porphyry province just north of Ok Tedi and are spending about US\$10 million a year. The next milestone for the project will be probably the third autoclave being commissioned and the second part of the acid plant. And then a month-on-month an increasing production profile. Gooding said Highlands also had more than 18% equity in the Frieda River copper/gold project and Xstrata is part of their farming.

“They’ve had to finance a feasibility study and because it’s such a large project, they’ve spent in excess of US\$270 million to date on doing that”. “The Frieda River project has three deposits which are the Horse, Ivaal and Trukai deposits. Outside of the feasibility study there are a couple of other targets very close to those feasibility study targets. “And we’ve got a 470 million-tonne deposit just sitting off to the side of a place called Koki, and another 170 million tons sitting in Ekwai. The Star Mountain project has four exploration licences and ELAs which is an application for licence. He said on one of those licenses, Xstrata had an option to buy back once Highlands produced a pre-feasibility study on a project. He said Xstrata would pay them three times to what they spent and also to carry it through to feasibility study. “Highlands Pacific priorities for 2013 are to see Ramu go through to full production and receiving the feasibility study from the Frieda River.”

### **PM O’Neill visits LNG sites in Sulawesi**

Post-Courier 9.11.2012

PRIME Minister Peter O’Neill on Wednesday visited three Liquefied Natural Gas (LNG) Project Plants in the South Sulawesi Province of Indonesia. The visit was on the invitation of one of Indonesia’s natural energy giants, Energy World, to tour its three plant sites and assess the similarities to the LNG project in Papua New Guinea. The three plants include a production site, a gas conditioning plant and a gas power plant. Mr O’Neill and his delegation travelled to Makassa, the capital city of South Sulawesi, where he was received by the Deputy Governor, Agus Arifin Nu’rang. First, he flew to the South Sulawesi LNG project plant, which is similar but smaller to that of PNG. The plant comprises of only four independent trains. He then travelled up to the well head where the gas conditioning plant is and later travelled another 28km to visit the 180 mega-watts gas power plant. “The plant sites are very similar to those in PNG, therefore I believe we can learn from Energy World’s experiences and try to avoid any shortfalls it has come across through its lifespan,” Mr O’Neill said. He was pleased with the progress of the plants and acknowledged Energy World’s commitment to developing the gas industry in Indonesia.

### **High stakes for PNG as Garnaut and BHP lashed**

Rowan Callick, The Australian, November 08, 2012

AUSTRALIANS have invested as much in Papua New Guinea -- about \$16 billion -- as in China. And much more is waiting in the wings, if a long list of exploration ventures progresses to feasibility studies and on to projects, mines and oil and gas fields. What does the extraordinary recent parliamentary assault by prime minister Peter O’Neill -- on whom so many hopes rest -- on BHP Billiton, and on Ross Garnaut -- one of the Australians with the most enduring involvement in PNG, 46 years -- mean in this context? Pacific Island Affairs Secretary Richard Marles has been in PNG this week, so we must presume that he has raised this question and will be able to inform our own parliament on his return. Miners and oil and gas corporations are not known as shrinking violets, easily

spooked. They operate in the world's most challenging environments, physically and sometimes socially. They produce gold, say, or liquid gold -- oil -- from within pools of rural poverty.

But they do have choices, for instance as Central Asia, Africa and South America open up to investors. And boards weigh carefully the challenges that each option throws up. Governance is a key measure. The governments of resource-dependent developing countries face three challenges of equal weight: making sure that revenues are maintained; that the benefits are spread effectively and fairly; and that other economic sectors are not squashed. Papua New Guinea has done well in recent years in attracting the exploration dollar. But great perils remain, including the risk of distributing and spending the anticipated income boost before it is even earned. The \$16 billion ExxonMobil-operated liquefied natural gas project is due to start producing in 2014.

But the Ok Tedi copper mine will continue, until then, to be PNG's biggest single source of revenue, providing the government with one in every six kina it receives. Many thought that the mine was closed a decade ago when its developer and operator, BHP, withdrew in the face of waves of assaults in the media and the courts after the tailings dam there failed due to earth tremors, and pollution spilled down the Ok Tedi river. But BHP negotiated with the government a structure whereby it handed control of the mine to a charitable trust -- PNG Sustainable Development Program (PNGSDP) -- which keeps two thirds of revenues ready for when the mine eventually closes, and a third is spent on development in the meantime. Garnaut last week stepped down from chairing that trust -- a role taken over by former prime minister Mekere Morauta, who has just retired from politics -- but remains chairman of Ok Tedi mine.

O'Neill said Garnaut "is no longer welcome to this country". Nor, it seems, is BHP, which he also attacked. The issue at stake would appear to be control of the Ok Tedi revenues. Where should this reside? What structure offers the best hopes for effective distribution? A recent review of PNGSDP by Australian and PNG academics said its "governance arrangements have served it well, and its independence from government, though sometimes a source of tension, is widely recognised as a strength". The O'Neill government has itself supported the creation of a sovereign wealth fund to hold some of the windfall revenues from the gas project -- whose aim is also to keep politicians' hands off. Garnaut told The Australian last week that politicians in PNG may be tempted "to think of better ways of using (the Ok Tedi dividends) right now rather than putting it into long-term development". It is very strange that such an uncontroversial comment should place the government at odds with its biggest source of revenue, and potentially with the wider sector on which its future depends.

### **PNG's Ramu NiCo mine: An environmental time bomb?**

Asia-Pacific Journalism, Pacific Media Centre, 8 November 2012

*The Ramu NiCo nickel mine in Papua New Guinea has only been functional since March 2012, but since 1999 has been embroiled in controversy over its waste disposal program, which pumps 14,000 tonnes of highly reactive waste into the Bismarck Sea on the coast of the Madang province. Highland Pacific Ltd, the mining company overseeing the project since 1999, has continuously claimed the program is not environmentally damaging, but independent reports have shown potentially catastrophic consequences for the marine ecology. There are dangerous implications of a new environmental disaster similar to the one at Ok Tedi mine, whose damage will continue to be felt by the people of PNG for centuries. An Asia-Pacific Journalism special report by Mohamed Hassan.*



The controversial Ramu NiCo nickel mine near Madang in Papua New Guinea. Image: ramunico.com

**ANALYSIS:** Papua New Guinea is home to some of the biggest gold, silver and nickel reserves in the world, and for decades has been the centre of attention for international mining giants. These companies have been accused by critics for years of abusing a corrupt political system in PNG to get cheap contracts, flexible labour laws and grossly deregulated environmental laws. While the new Peter O’Neill government is showing promising signs of change, much of the mining practices set up by previous governments are still in place, and every year, millions of tonnes of mining waste are dumped into landfills, rivers and seas, without accountability or oversight. One of the biggest mines accused of threatening a new environmental disaster is the Ramu mine.

The Ramu Nickel-Cobalt mine, 75km west of the provincial capital of Madang, has been the centre of much controversy since the project's inception in 1999 by the Australian, PNG-based, Highlands Pacific Ltd. The \$1.5 billion mine is run and fully funded by Chinese firm Metallurgical Group Corporation (MCC), and has been operational since March 2012, with plans to become fully operational by mid-2013 (Highlands Pacific, 2012). At the opening of the mine, John Gooding, managing director of Highlands Pacific, called it "very important milestone after the many delays that have been experienced by the project".

### **Bitter battle**

These delays are due to a bitter decade-long battle between the company and landowners in the Madang province, who claim the project will cause catastrophic environmental damage to the Bismarck Sea, where waste from the mine is being disposed. Alex Harris called it “paradise at risk”, describing the Bismarck Sea as "an expanse of water described by marine biologists as having the highest diversity of corals, fish, crustaceans, molluscs and marine plant species in the world", an ecosystem in grave risk of destruction at the hands of PNG's booming mine industry (Harris, 2012). The sea also provides a livelihood for 30,000 local fishermen, who fear the damage the project will have on the marine life.

*"In its own review of the Ramu Environmental Plan 1999 (EP), the National Fisheries Authority of PNG determined the project to be 'unsustainable socially, economically and environmentally and cannot be allowed to proceed.'" Thirteen years on, and the Ramu NiCo mine is up and running, after winning a tedious legal battle with local landowners attempting to stop Highlands Pacific from dumping 14,000 tonnes of toxic waste into the Bismarck Sea per day for the next 20 years.*

### **Ok Tedi disaster**

The same year the Ramu project was launched, 1999, the Ok Tedi environmental disaster was beginning to unravel, highlighted the chilling consequences of mining deregulation. BHP-Billiton, the world's largest mining company, dumped 80,000 tonnes of mining waste into the Fly and Ok Tedi rivers every day for over 20 years. The environmental damage that resulted devastated the lives of 50,000 people in 120 villages downstream, poisoning 2000 sq km of forest, destroying the land of thousands of farmers and depleting fishing stocks (*The Age*, 2007).

A United Nations report released last month says thousands of refugees in West Papua, whose livelihoods were ruined by the disaster, are still left unaccounted for, and have not received compensation for the damages (IRIN, 2012). The Ok Tedi mine is still in operation today, and contributes roughly 18 percent of PNG's annual GPD (UN, 2012). The effects from the disaster will take 300 years to clean up, according to mining experts (*The Age*, 2007).

### **Submarine tailings**

According to the project outline published by Highlands Pacific in August 2009, a thorough environmental assessment of the Ramu NiCo project was completed, aiming to "minimise and/or mitigate emissions and discharges". With regards to waste disposal, it outlines briefly the use of the Submarine Tailings Disposal method: *"The marine geomorphology of Basamuk has been confirmed by detailed bathymetric surveys conducted to one metre, identifying the area as suitable for the safe placement of tailings at depth in ocean canyons."*

*"Well-designed sustainable tailings disposal strategy based on submarine disposal of neutralised tailings into a deep ocean basin. High natural sedimentation rate (80 mtpa) is a feature of the basin."* (Highlands Pacific, 2009) The submarine tailings disposal method is ideal for waste disposal if the location of the mine is close to the coast. It offers an alternative to land-based disposal techniques, and is supposedly a more environmentally-friendly approach to tailings disposal. In cases where sulphide mining takes place, as with the Ramu Nickle mine, this method disposes the reactive tailings deep below sea level, in areas with low oxygen levels. This avoids oxidised reactions to occur, which result in highly acidic discharges (Ellis et al, 1995).

*"The basic submarine tailings disposal (STD) design consists of a tailings line to a deaeration/ mixing chamber, with a seawater intake line, and discharged to location and depth allowing gravity flow of a coherent density current to final sedimentation area. Such STF systems can place mine tailings at locations and depths constraining environmental impact to (1) restricted areas of seabed, and (2) deep water turbidity. At some coastal and island locations, STD provides a tailings disposal option that can have less cumulative environmental impact than the alternatives of disposal to pit, surface (dam impoundment), or river or lake. There needs to be minimal risk of tailing suspension, or resuspension, and upwelling to surface waters."*

Because of the nature of the Ramu nickel mine, the excavation process results in acid mine drainage (AMD). This is caused due to the reaction of water and oxygen with the sulphur in rocks due to weathering, generating high levels of sulphuric acid. Since the mine became fully operational in May 2012, reports show that local residents have complained from the smell caused by excavation (PNG Mine Watch, 2012). So far no proven technology prevents acid mine drainage (AMD), or eliminates its adverse effects, and sulphide mining has been shown in the past to be dangerous to the environment and have devastating social and economic impacts on the wider community.

### **Acidic waste**

The Environmental Protection Agency has identified AMD as one of the largest issues facing the mining industry (Babcock et al, n.d.). Apart from the irreversible damage caused during excavation to the local environment through drainage, the majority of this acidic waste, combined with the oth-

er waste products generated from mining, form what is called tailings. This generally consists of the following sources:

- Natural rock
- Added process chemicals
- Explosives
- Fuels/oils and greases/antifreeze
- Water treatment, sewage facilities, and laboratories
- Miscellaneous operations.

Due to the high acidity or high basicity of the combination of these materials, most companies prefer to use the submarine tailings disposal method in order to keep the materials from reacting with oxygen. However, there are many flaws with this method, and especially so when it comes to subtropical regions such as PNG. This is due to the chemical extremes of the tailings, as well as the warmer climates, both of which favour the increased solubility of numerous metals and metalloids. Early estimates suggested up to 14,000 tonnes of tailings are disposed of each day from Ramu mines (IMO, 2008).

### **‘Fatally flawed’**

However, a report by Mining Watch in 2002 highlighted several serious issues surrounding the use of STD at the Ramu nickel mine (Mining Watch Canada, 2002).

1. *Thermoclines and upwelling*: Bottom currents and internal waves in the region can push STD slurry up to much higher levels, significantly impacting the ecology
2. *Metal Solubility*: Cooler surface waters in the Bismarck Sea and deeper mixing of the surface waters off the north coast of PNG means the oxygenated layers in which metals more readily leach out will penetrate more deeply than currently modelled by NSR consultants.
3. *Seabed slope*: The seabed at Ramu mine does not have a steep slope in sections. This means that tailings are likely to pile up in places rather than flow together in a density current to the deeper parts of the ocean.
4. *Dispersion of tailings*: Many models exist for predicting movement in the marine environment; however, most of these are virtually untested and are indeed based on inappropriate parameterizations

Since 2000, six “independent” studies were commissioned by MCC, all of which found no environmental risks associated with the use of STD at Ramu mine. It was on this basis that the Somare national government granted MCC a special lease to use STD. However, in 2001, the Evangelical Lutheran Church of Papua New Guinea commissioned another independent analysis conducted by the Mineral Policy Institute. This analysis found that the environmental plan outlined by Highlands Pacific Ltd to discharging tailings into the Bismarck Sea was “well-presented but fatally flawed”. The report criticised the plan for “inadequate data collection, faulty methodology, models that are contradictory, highly optimistic scenario development and problems in the presentation of the evidence in the Environmental Plan” (MPI, 2001). The report concluded that:

“There can be no doubt that disturbance on the scale of a Submarine Tailings Disposal operation will have significant biological impacts. If such a mining operation is to proceed, the potential consequences should be weighed against the environmental degradation which could result from both Submarine Tailings Disposal and other tailings disposal methods. The government of Papua New Guinea did not have this option in regard to the Ramu Nickel Project as the Environmental Plan prepared by Natural Systems Research gave no indication of the likely impacts or risks associated with the proposal and did not thoroughly examine alternatives to marine discharge.” The report also found that the description provided for the expected behaviour of the tailings was inaccurate and improbable.

The Somare government rejected the report, which had been put on hold until 2006, on three separate occasions. In 2008, 1.2 million Lutherans signed a petition demanding the government consider the environmental risks of the Ramu mine. The petition also received support from the Fisheries Minister Ben Semri, who said pollution caused by the tailings disposal would cripple the local fishing community. In June 2008, the government agreed to conduct another analysis of the concerned effects, which was to be run by the Scottish Institute of Marine Science, but in March 2010 approved the STD programme before the new report had come out (Act Now PNG, 2010).

### **Landowners vs government**

Ramu Nickel is no unique example of international mining companies pushing strongly for the use of STD in excavations, and to no surprise; it is easy and cheap to set up, and does not create a constant visual reminder of the environmental costs of mining. However, precisely in contradiction to the rhetoric of safety and stability that is used to argue feverishly for its implementation, the use of STD in many developed countries such as the US, Canada and Australia, who are also of the biggest mining countries in the world, is effectively banned under strict environmental regulation. As a Greenpeace International report points out, this presents the hypocritical nature of environmental regulation (Greenpeace, 2008).

*“Most often, such STD operations are conducted offshore of developing countries, by companies headquartered in developed countries. Such disposal methods would generally be politically unacceptable within the exclusive economic zones of those developed nations.”* In fact, these countries often push for deregulation in developing countries in order to allow for these methods to take place. In May 2010, the Somare government passed an amendment to the Environment Act protecting resource companies from being prosecuted over environmental damage, and allowing the Department of Environment to approve risky environmental investments and “may not be challenged or reviewed in any court or tribunal” (PNG Mine Watch, 2010).

This amendment in effect allowed MCC to go ahead with its implementation of STD without being held accountable for any outcome. However, this amendment was revoked in January 2012 by the current O’Neill government in response to a campaign by landowners (Rheeney, 2012). In a parliamentary address on 20 January 2012, Environment Minister Thomson Harokaq’veh said: *“Repealing the Environment Act Amendments is a big first step for myself and the O’Neill-Namah government in restoring the proper rights of landowners to be able to protect their interests.”* (Harokaq’veh, 2012) In June 2011, the National Court overruled an application by landowners attempting to prevent MCC from dumping tailings into the sea at Ramu NiCo’s Refinery at Basamuk, in Rai Coast district of Madang province.

An appeal was taken to the Supreme Court of PNG, but was rejected on December 2011. A statement from MCC said: “After a 21-month legal battle, this comprehensive victory is finally achieved through patience and persistence, along with strong support from the community and the PNG Governments.” (Ramu NiCo Ltd, 2011) Speaking in a radio interview on 21 January 2012, Tiffany Twivey, who represented the landowners in the case, said: *“The national court judge accepted the landowners’ scientific evidence it was going to be an environment disaster this dumping and rejected the scientific evidence from the consultants to the mining company who said they’d be negligible damage and that’s why he held nuisance was proved.”*

*“Now the mining company appealed that and the Supreme Court, the judge in the minority who wanted to stop it said that greed with the scientific evidence that there would be an environmental catastrophe and the other two judges who refused to grant an injunction on a technicality really didn’t touch that finding at all. So the fact of the matter is the National Court judge’s finding that it’s going to be an environmental catastrophe stands.”* (ABC, 2012) A PayDirt report released in

September 2012 criticised the role of international mining companies in PNG. In it, Pascoe pointed to the amendments to the Environmental Act in order to allow Highland Pacific Ltd to continue with its STD program as an example of how Australian companies are willing to work with corrupt states for their benefit (Pascoe, 2012).

*"The concerns of landowners have tended to be the biggest casualties of the recent new push for investment, as a weak regulatory environment makes the corporate social responsibility requirements set by government more opaque."* On 9 October 2012, Prime Minister Peter O'Neill admitted the Ramu NiCo deal was not done in favour of the people of PNG, and that much needed to be learnt from it (Post-Courier, 2012). *"We have not done a good deal with Ramu Nickel but I'm certain that we will learn from that mistake and for the other projects that are on-stream, I am certain that we will do a better deal... Our country is not going to disappear, but we will not let people come in and just take our resources away."*

### **Conclusion: A lesson to be learnt?**

The effects of Ok Tedi are still being felt today in Papua New Guinea and neighbouring West Papua. Thousands have been displaced, their livelihoods devastated due to the actions of mining giants and corrupt government officials, who chose to overlook the certain dangers of irresponsible mining practices, creating the worst environmental mining disaster ever. Mining regulations in PNG have been improving under the government of Peter O'Neill, but bad practices are still happening, and the on-going controversies surrounding the new Ramu NiCo mine is another environmental time bomb that threatens to destroy the Madang coastline. Of the most important improvements is changing laws that prevent landowners, who legally own 95 per cent of land in PNG, from pursuing legal action against mining companies operating on their land.

This is also changing, but more important still is the enforcement of government regulations on environmental pollution and mining practices, in order to prevent another environmental disaster from happening in pursuit of short-term economic benefit. The gross inconsistencies in the environmental assessment of Ramu NiCo need to be highlighted and taken seriously by regulators, but by no means are these concerns limited to the Ramu mine. In a country overrun by international mining giants, it is only a matter of time before bad decisions surface. This is the task Peter O'Neill and his government face today.

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Source: <http://www.pmc.aut.ac.nz/articles/pngs-ramu-nico-mine-environmental-time-bomb>

## Gold Anomaly uncovers even larger potential at PNG project

November 08, 2012 by Angela Kean, <http://www.proactiveinvestors.com.au>



Gold Anomaly has uncovered the potential for a much larger gold deposit at its Nevera prospect in Papua New Guinea, outlining a target of up to 4 million ounces. The exploration potential for the Main Zone at Nevera is 100 to 200 million tonnes at 0.5 to 1 gram per tonne (g/t) for 2 to 4 million

ounces of contained gold. The Main Zone already hosts an Inferred Resource of 24 million tonnes at 1g/t for 790,000 ounces of contained gold, but additional drilling has demonstrated the potential for much more. Anomalous economic gold intersections were returned from drill holes outside the identified Main Zone envelope. The Nevera Main Zone is a low-sulphidation epithermal carbonate – base metal sulphide – gold deposit of the “mixing zone” style.

Other Pacific Rim examples include Kelian in Indonesia and Hidden Valley and Wafi in the Morobe Goldfield of Papua New Guinea. Three distinct zones of mineralisation – the gold mixing zone, high grade zone and porphyry copper-gold zone – have now been identified at the Nevera prospect, part of the company’s flagship Crater Mountain project. The company also revealed today it has received a final report on the petrology and mineralogy of drill core from one hole at the Nevera Prospect, confirming the hole’s proximity to a nearby major porphyry copper-gold system.

The study verifies and highlights the presence of strong porphyry copper-gold mineralisation underlying the northern end of the prospect. An area of at least 800 metres long by 400 metres wide lying at depth under the northern end of the prospect ridge is interpreted as being proximal to a porphyry copper-gold system. The widest intersection of strongly anomalous copper and gold values in the recent drill hole is 124 metres from 704 metres down-hole, with average values over the interval 900 parts per million copper and 0.38g/t gold. Gold Anomaly is planning to undertake detailed airborne geophysics as well as further drilling to convert the mixing zone mineralisation into defined resources.

## **Real estate boom ups shanty living**

Post-Courier 8.11.2012

FOREIGN Investment into the country due to the K50 billion LNG project has seen an increase in the Gross Domestic Product (GDP) in the last five years. The real estate sector had surpassed total development in the last 15 years transforming the once peripheral real estate market into one of the regions best performing sectors, but such growth has come at a cost. New investments, disproportionately favouring high-end residential and commercial properties offering the highest returns, have ultimately exacerbated the pre-existing shortage of affordable housing and rent for upmarket units, for example, have more than doubled in just four years to between K5500 (\$2629) and K8000 (\$3824) per week. This has led to a migration into shantytowns and informal housing settlements across the country, and rocketing construction costs have further eroded investor interest in lower-market rungs.

The lucrative returns of 10-15 per cent for high-end residential developments, with the LNG project’s construction scheduled for completion in 2014, fears of a property bubble are threatening to become a reality in key urban locations and this could see the real estate market return to PNG’s latent mass market, which should serve to benefit the country as a whole. PNG’s most-prolific property investors, superannuation firms NASFUND and Nambawan Super, saw record losses in 2011, largely attributed to peaking property values and demand and given NASFUND’s seven-fold slump in profits from K308.6m (\$147.49m) in 2010 to K44.6m (\$21.32m) in 2011 and Nambawan Super’s 11-fold drop from K263m (\$125.7m) to K24m (\$11.47m) in the same period.

It came as little surprise when the International Monetary Fund (IMF) raised its own warning flags in May 2011, noting that exposure to potential corrections in the property market – particularly in Port Moresby and Lae – constituted key market risks for banks and authorised superannuation funds. The Managing Director and Chief Executive Officer (CEO) of Bank South Pacific (BSP) PNG Ltd, Ian Clyne said that signs of an overheating market in August 2011, as the bank revealed a trebling of real estate lending in Port Moresby alone to K906.8m (\$433.42m) in the past five years. Mr Clyne said that developers remain ambitious, investors are heeding the warning signs and have

become increasingly cautious, responding to the influx of supply with softer rental demands, as rental prices drop toward K4500-5000 (\$2151—2390).

Meanwhile, according to Australia-based LJ Hooker Real Estate, one-third of Port Moresby's population, including almost 50 per cent of the middle-class work-force, is affected by housing shortages, and opens up the opportunity for growth particularly in the lower and middle-class real estate segments. A widely anticipated reduction in construction costs post-2014 may help realise the sector's nascent potential, with assistance from both public and private sectors and the fledgling Office of Urbanisation's ambitious blueprints to provide affordable housing nationwide could provide the necessary catalyst for change. Some 27 cities and urban centres, including five designated "mega-cities", with projected populations of over 1m people, including Port Moresby, Lae, Wewak, Tari and Kokopo, have been earmarked for urban renewal and expansion under the "National Urbanisation Policy 2010-30". Two affordable housing pilot developments are already underway in Port Moresby's Taurama Valley and Goroka Valley, located in the Eastern Highlands Province. However, their success is tied to private sector collaboration, following the effective collapse of the state-mandated National Housing Corporation (NHC).

### **LNG: LABA outlines new plans**

Post-Courier 8.11.2012

LABA Holdings Limited (LHL) the umbrella Company of the PNG-LNG project plant site in portion 152 in the Hiri Coast of Central Province farewell the workers for their contribution during the construction phase. LHL Executive Chairman Raho Kevau said that demobilisation phase has started and workers at the PNG LNG Plant Site should see their time on the project as a positive achievement where valuable skills and knowledge have been attained and the workers should be encouraged to move forward with confidence. Mr Kevau said that Laba will be challenged to seek work into the future to sustain their families and communities and it is with this in mind that Laba Board and Management have initiated a strategy to review and update manpower database with all the new skills and training people have gained to allow them to effectively promote their people to opportunities outside of this project.

He said that as a responsible landowner umbrella company, Laba is diversifying its customer base by offering its service of labor hire to other projects in Papua New Guinea. According to Mr Kevau, Laba will make every effort to actively source new employment on other projects in PNG for those workers who have all the necessary qualities and work experience developed during their time on the PNG LNG project. Mr Kevau said as a labour hire company, Laba will identify which workers to be put forward based on a good attendance record, good work attitude and experience, coupled with the knowledge and new skills that are in demand by any other projects they identify. He said that the advantage of their strategy is that with the creation of new labour supply database it can be a 'win-win' situation for skilled workers and Laba Holdings.

### **Yandera clan backs gold plan**

The National, 8th November, 2012

A GROUP of landowner leaders in Yandera, Usino-Bundi district in Madang, has come out in support of Marengo Mining Ltd to develop the Yandera copper molybdenum gold project. In a media statement signed by 16 clan chairmen, they said there were no land issues regarding the project. "What we have seen in recent days are all misinformation and false claims," the clan chairmen said in their statement. They said the issue had come about because twice, the Investment Promotion Authority registrar had cancelled the registration of their association. "We, the landowners and the Madang provincial administration, have clarified and sorted out all statutory requirements in rela-

tion to registration of our landowners association. “There are no outstanding issues,” the statement said.

According to the landowners, their local MP Anton Yagama had met with IPA managing director Ivan Pomalieu on Oct 30 who told him that “it is hard to understand how the registrar can issue the landowner certificate and cancel it on the same day”. They said claims that there was also a clan known as Kurunogoi was not true. “Since prehistory down to the colonial times, and even now, there has never been a clan by the name of Kurunogoi in Yandera village or anywhere in the Bundi area. “Even Laura Tamokoshi, an American anthropologist who conducted research for her doctorate degree for about 20 years, never came across such a clan. “Tamokoshi has been here long before Marengo Mining Ltd came on the scene. She is the very person who was engaged by Marengo Mining to conduct the community social study which is part of the social mapping.

“When Tamokoshi first came to Yandera, she was adopted by Gregor Rugei of the Bamdi clan and became a family member. “Recently, when Marengo conducted exploration, a few disgruntled members of Bamdi clan, who lived away from the village, complained about not receiving damage payments. This row got bitter and they cooked up a story and told businessman Peter Yama that he was a clan member of Bamdi. “The issue progressed towards the formation of the Kurunogoi clan. “We sincerely hope that Mr Yama does not believe those people who have been telling him lies,” the statement said. “No one in Bundi has ever heard of the Kurunogoi clan until the middle of last year. “

All clans within the SML area own large tracts of land. “In our Gende culture, we respect each other and do not promote ourselves above others by calling ourselves principal landowners. In fact, Bamdi clan owns only a very small block of land that is in no way comparable to the landmass of other clans. “In Gende culture, we do not have chieftainship. It is a foreign culture. “This is a world-class mine and the relevant minister must take ownership of the issue and sort it out once and for all.” “All landowners within the Yandera project stand united and will not allow any foreigner to hijack our God-given heritage. “ We give our member of parliament and Marengo Mining Ltd our undivided support to continue with this project so that we and our future generations can benefit from our resource,” the clan chairmen said in the statement.

## **Oceanographer questions analysis of PNG seafloor mine data**

Radio Australia, 8 November 2012

An Australian scientist has raised further concerns about the environmental impact statement for the world's first seafloor mine off New Ireland in Papua New Guinea. Oceanographer questions analysis of PNG seafloor mine data (Credit: ABC) The Canadian company, Nautilus Minerals, is set to begin mining operations at the Solwara One Project next year, despite concerns from people in the New Ireland region about cloudy water, dead tuna, and a lack of response of sharks to an age old tradition of shark calling. John Luick an oceanographer from Austides Consulting - a firm which works on mining projects around the world - was engaged by the Deep Sea Mining Campaign to examine part of the environmental impact statement. Dr Luick told Alexandra Wake, he found nothing wrong with the field work, but has major concerns with the quality of the scientific analysis, particularly as it relates to currents and the dispersion of mine waste material.

Presenter: Alexandra Wake,

Speaker: Dr John Luick, the general manager of Austides Consulting, who completed the report for the Deep Sea Mining Campaign; Link: [here](#)

## Highlands Pacific advancing PNG projects

Finance News Network, November 08, 2012

Transcription of Finance News Network Interview with Highlands Pacific Limited (ASX:HIG) Managing Director, John Gooding

**Joel Spreadborough:** Hello I'm Joel Spreadborough for the Finance News Network and joining me from Highlands Pacific Limited (ASX:HIG) is its Managing Director, John Gooding. John thanks for talking to us.

**John Gooding:** Thanks Joel.

**Joel Spreadborough:** Firstly can you introduce us to Highlands Pacific. What is your focus and where are your projects located?

**John Gooding:** We've got three projects in Papua New Guinea. We've got an interest in the Ramu nickel project which has just gone into production. We've got an interest in the Frieda River copper/gold project with our joint venture partners Xstrata PLC (LON:XTA). And we're involved 100 per cent in some really extensive exploration just north of the Ok Tedi mine, in the Western Province.

**Joel Spreadborough:** What experience does Highlands have on its Board?

**John Gooding:** Oh look we've got a great Board. And just recently one of our directors retired after seven years and we appointed Bart Philemon, who is a previous treasurer in the Papua New Guinea Government and we are really pleased to have Bart on board. And in July an organisation called the PNG's Sustainability Development Program, took a large equity cornerstone interest in Highlands and their representative on our Board is Professor Ross Garnaut, who you may recall. So we've got a really good background of legal, mining, exploration, commercial and political nous sitting there now.

**Joel Spreadborough:** Turning now to Papua New Guinea where Highlands has three main projects. Could you introduce us to each and tell us what they're prospective for?

**John Gooding:** The Ramu nickel project is a plus twenty year project; it's going to produce something like 31,000 tonnes of nickel every year. It's in joint venture with Chinese partners, that was a \$1.5 billion project and yeah, it's just gone into commissioning. Next month we're actually exporting our first lot of concentrate into China. So that's been the culmination of about 35 years since it was discovered, so that's really exciting.

The Frieda River project is a project that's just getting to the end of a feasibility study. And as part of Xstrata's buying responsibilities into the joint venture, they've had to spend about \$300 million on a feasibility study for the project, and we're expecting the final numbers for that at the end of this year. And Star Mountains is an exploration project; we've discovered a new porphyry province just north of Ok Tedi and we're spending about \$10 million a year there.

**Joel Spreadborough:** Looking closer now at the \$US1.5 billion Ramu nickel/cobalt mine, what are the latest developments?

**John Gooding:** Yeah well we've just been commissioning since about March this year, we've commissioned two of the three autoclaves. We've produced about 24,000 tonnes of nickel/cobalt mixed hydroxide to date. As I've said earlier, we're doing our first export run in a couple of weeks' time and we'll be gradually ramping up to 31,000 tonnes of nickel, we hope, by about the middle of next year.

**Joel Spreadborough:** So what do you expect will be the next milestone for the plant?

**John Gooding:** The next milestone for the project will be probably the third autoclave being commissioned and the second part of the acid plant. And then a month-on-month an increasing production profile.

**Joel Spreadborough:** You also have the Frieda River copper/gold project where Xstrata is your joint venture partner. What is your stake in the project and your working relationship with Xstrata?

**John Gooding:** Yeah, we've got over 18 per cent equity in that project. Again that was a Highlands project, but a very big project and Xstrata is part of their farming. They've had to finance a feasibility study and because it's such a large project, they've spent in excess of \$270 million to date on do-

ing that. Look, our working relationship with Xstrata is very good; you know they're a very big mining house. They're very experienced at copper/gold mining in particular; especially big porphyries and they've been a good partner.

**Joel Spreadborough:** Can you tell us a little bit more about the project. How many deposits does it consist of, and what is your overall resource estimate?

**John Gooding:** At Frieda River, the joint venture or the project is actually concentrating on only three deposits which are the Horse, Ivaal and Trukai deposits. Outside of the feasibility study, there are a couple of other targets very close to those feasibility study targets. And we've got a 470 million tonne deposit just sitting off to the side of a place called Koki, and another 170 million tonnes sitting in Ekwai. But the main resource that we're studying at the moment is over 2 billion tonnes of material, so that will give a mine life in excess of 20 years. We also have another deposit called the Nena deposit and Xstrata elected to bring that into the joint venture in January of this year, and paid us \$10.8 million to do that. And that deposit is 53 million tonnes, but a really high grade copper deposit so that at some stage or another, that'll become an important part of the process.

**Joel Spreadborough:** John let's look now at Star Mountains project. How many exploration licences does it include, and what are they prospective for?

**John Gooding:** We've got four exploration licences and ELAs which is an application for licence. On one of those licences, Xstrata have an option to buy back in once we've produced a prefeasibility study on a project, by paying us three times what we've spent and also to carry it through to feasibility study. But the other licences we have are 100 per cent in our own name.

**Joel Spreadborough:** And what is your strategy for the Star Mountains project?

**John Gooding:** In the last couple of years we've done a lot of drilling up there, we've been concentrating on one particular target called Olgal. This area was first discovered about 40 years ago before Ok Tedi was discovered, and we're really the first company to go back in there and be drilling there. It's quite isolated but it's a new porphyry deposit. We've found some really great targets, we've got over a dozen targets and in fact, one of the intersections we had there was almost 600 metres of mineralisation from surface. So it gives us a lot of excitement for going forward.

**Joel Spreadborough:** Turning to your financials. What's your current cash position and for how long are you funded?

**John Gooding:** We've got \$18 million at the moment; we've got no debt or hedging at all. We believe that's probably satisfactory to take us through to the end of next year. But having said that, you know the economic situation at the moment in the world is a bit uncertain and we monitor that very closely to make sure that it's sustainable.

**Joel Spreadborough:** Lastly John looking ahead, what are Highland Pacific's main priorities for the coming year?

**John Gooding:** Yeah, look really to see Ramu go through to full production by the end of next year. Receiving the feasibility study from Frieda River and then I think during 2013, there'll obviously be discussions with Xstrata and other parties and other stakeholders, including the Government regarding carrying that forward. And with Star Mountains, it's just go and find a great ore deposit that the market will give us some recognition for.

**Joel Spreadborough:** John Gooding, thank you for the introduction to Highlands Pacific.

**John Gooding:** Good, thanks very much for the opportunity.

### **Porgera: Mine review overdue**

The National, 7th November, 2012

THE government will speed up the new Porgera gold mining review, Prime Minister Peter O'Neill has told parliament. O'Neill said he was aware the review was well overdue and that it was necessary. Responding to questions from Laiagam-Porgera MP Nixon Mangape, O'Neill said 25 years without a review was not acceptable. The Department of National Planning had been instructed to lead the consultation with the Department of Mining and have the review done immediately. Man-

gape told parliament that the first agreement was signed in 1989 when the project was first developed. No review had been done by successive governments. He said the mine had supported the country over the years but the government and the developer had to hold a round-table discussion and review the process.

## **Reopening of Panguna**

Post-Courier 7.11.2012

By *WINTERFORD TOREAS*

PRESIDENT of the Autonomous Region of Bougainville Chief Dr John Momis has been invited to attend an urgent mining meeting in Port Moresby this Saturday. The purpose of this meeting is to discuss the issue on the possible reopening of the Panguna Mine. This meeting has been organised by the National Minister for Petroleum, Oil and Gas, William Duma, Bougainville Affairs Minister and South Bougainville MP Steven Pirika Kamma, Communication and Information Minister and Central Bougainville MP Jimmy Miringtoro and Bougainville Regional MP Joe Lera. The issues that will be discussed during this meeting include;

nThe possible Panguna Mine ownership concepts.

nThe benefit sharing models available for consideration by ABG and the National Government on the Panguna Mine.

nOptions for possible mine developers from Brazil, Venezuela to see and consult with possible South American based developers.

nOther issues relating to mining.

According to the copy of the invitation letter which was given to President Momis by Mr Lera, the above issues that will be discussed is another alternative that the ABG and National Government can consider other than the one with BCL which the ABG is currently pursuing. Mr Lera said this is an opportunity for the National Government and the ABG to explore other mining options available to PNG through partnership with other mining companies in other countries especially South America. ABG Mining Minister Michael Oni and ABG Finance Minister Albert Punghau are also expected to accompany Mr Momis to this meeting.

## **Garnaut moves out of PNGSDP but stays at Ok Tedi and Highlands Pacific**

Ex-PM steps in as Garnaut bows out at Ok Tedi trust

Rowan Callick, The Australian, November 06, 2012



Ross Garnaut in Brisbane with former PNG prime minister Mekere Morauta, who will take charge of the Ok Tedi trust. Picture: Kidston Liam Source: The Australian

Leading Australian economist Ross Garnaut has stepped down after a decade as inaugural chairman of the trust into which BHP Billiton placed the ownership of the controversial Ok Tedi mine when it quit control. He will be replaced by Mekere Morauta, former prime minister, former finance de-

partment head and former governor of the Papua New Guinea central bank, the board of PNG Sustainable Development Program decided. Professor Garnaut will remain as chairman of Ok Tedi Mining, which is by far the biggest source of revenues for the PNG government, last year providing \$543 million, or about 16 per cent of the total income. Managers of the Ok Tedi gold and copper mine, which its original developer BHP left when it was confronted by considerable environmental challenges, are in the final stages of deciding whether to apply to extend its mine life.

It was due for closure next year, but after 109 village meetings in the mine area, and other consultations, it appears more likely that the mine will continue, although mostly underground and with lower output. It is owned 63.4 per cent by the PNG Sustainable Development Program, 24.4 per cent by the PNG government, and 12.2 per cent by the Western provincial government. The net assets of PNGSDP reached \$1.36 billion at the end of last year. It keeps two-thirds of the dividends from the mine in a fund for use after the mine's closure, while a third goes into a development fund, which in turn spends a third on projects in the Western province and two-thirds on projects elsewhere in PNG. Professor Garnaut told *The Australian*: "I think Ok Tedi is the main single reason why PNG has in the last five years had some fiscal freedom."

Sir Mekere said that PNGSDP, which was established when he was prime minister, was not modelled on any other structure, but has "grown beyond my expectations, into a very important development partner with government in PNG". It now has, he said, a series of massive national projects on its plate, including a hydro-electric scheme for the Purari River jointly under consideration with Australia's Origin Energy, an international port at Daru where the Fly River enters the Coral Sea, a model for sustainable forestry in which all products are processed in PNG, and the development of the mining township of Tabubil into a major technical university centre. "These are potentially transformational for the country as a whole," said Sir Mekere, who achieved some key privatisations as prime minister, including that of the country's biggest bank, as well as the reform of the superannuation industry and the independence of the central bank.

"The challenges facing PNG are massive, and the government alone can't do everything." Professor Garnaut said it was crucial that PNGSDP, whose board includes Patricia Caswell, former head of the Australian Conservation Foundation, had been established with exceptionally strong governance requirements, and that these had been maintained. He said senior management had been crucial in this. For the first half, former chief government secretary Robert Igara had been chief executive, and since then former tax commissioner David Sode. "Naturally, with such an accumulation of wealth in a poor country, it's very tempting for political figures to think of better ways of using it right now rather than putting it into long-term development," Professor Garnaut said.

He said that the chief alternatives facing BHP when it decided it did not wish to keep running the mine were to reach agreement with the PNG government on a new structure to run it, as happened, or to close it immediately. "If the mine had suddenly closed, that would have been much worse for the environment" because otherwise the \$970m out of mine revenues spent on remediation over the past decade would not have been available. "A premature closure would also have been very damaging for the communities around the mine, who were among the poorest people on earth," he said. Professor Garnaut said that in 46 years of involvement in and with PNG, he was especially pleased to have had the chance to lead PNGSDP.

## **Prof Garnaut not welcome in PNG: Prime Minister**

Post-Courier 6.11.2012

Australian climate change adviser and chairman of the OK Tedi mining company, Ross Garnaut, is no longer welcome in Papua New Guinea, after the Prime Minister accused him of insulting the nation's leaders. Prime Minister Peter O'Neill told PNG's parliament that Mr Garnaut, who until re-



cently was also chairman of the PNG Sustainable Development Fund (PNGSDF) trust, would not be allowed back until control of the mine was given back to the PNG people. The trust was given ownership of the OK Tedi mine, located in PNG's Western province, by mining giant BHP Billiton. "I will put (Mr Garnaut) on notice that he is no longer welcome to this country," Mr O'Neill told the house during a grievance debate on Friday.

"He can stay out of PNG and conduct himself. I want it out on record in this parliament that we will not tolerate people of such standing coming in and disrespecting leaders of this country." Earlier, Mr O'Neill referred to a report in The Australian newspaper which quoted Mr Garnaut as saying that with such an accumulation of wealth in PNG, it was "tempting for political figures to think of better ways of using it right now rather than putting it into long-term development". Mr O'Neill, who was elected in August on a platform of improving the nation's ailing infrastructure, said BHP was running the PNGSDF by remote control from Melbourne and questioned whether PNG had benefited from the project.

"Has it delivered to the expectations of our people, particularly the people of western province?" he said. "What have they delivered? We have given them a blanket cover, blanket insurance, protection from this parliament that we will never sue them for the damage they have caused to our people. "We have seen many big announcements about major projects that will change the course of this country over the past 10 years, and yet we have yet to see one of those projects being delivered." PNG's former prime minister and finance minister, Mekere Morauta, has been named as chairman of the PNGSDF, replacing Mr Garnaut.

### **Mining Minister Chan attends conference in China**

Post-Courier 6.11.2012

MINISTER for Mining Byron Chan in his keynote address at the Ministerial Forum session at the China Mining conference held in Tianjin, highlighted the immense mineral exploration prospects and opportunity that PNG can offer the global market. Mr Chan said that Asia and particularly China is having a profound impact on the way business is being conducted globally and this is where mining investment and exploration funds are sourced to develop the resource sector globally. "I'm leading a delegation from PNG to position ourselves to be able to attract these investment funds here by one of the largest international premier mining events worldwide," Mr Chan said.

Minister Chan is also scheduled to hold bilateral discussions with his Chinese counterpart Minister for Natural Resources to discuss prospects for technical assistance and cooperation between China and PNG to further enhance the development of the mining and exploration sector through the exchange of knowledge, skills and technology. Mr Chan is expected to witness the signing of the first of such technical co-operation between the China Geological Survey and the MRA Geological Survey. Among other co-operation activities, the MOU will allow for a comprehensive assessment of the mineral potential of PNG. This information is currently vague and once developed will no doubt enhance our understanding and appreciation of the country's mineral potential.

He will also update his Chinese counterpart on the operations of the Ramu nickel project and the opportunity to develop additional impact projects such as infrastructure to service both the mine and the Madang province as a whole. "The O'Neill-Dion Government now has a full five year term and is committed to enhancing the responsible development of PNG's exploration and mining sector," Mr Chan said. "As Minister responsible for Mining, I will be introducing amendments to Parliament on the reviews to the mineral policy and legislations to position PNG to be competitive globally in the mineral sector and some of these changes will include the following

1. Consideration to increase tenure of exploration licences to 3 or 5 year terms.
2. Introduction of mining retention licences to enable developers to apply for land that will be required for their purpose.
3. Expeditious processing of tenement applications within a specified time frame that will be internationally competitive.
4. Social mapping and landowner identification to be included as a legal requirement.”

The Minister will also be introducing additional policy on relocation, offshore mining, coal seam methane and geothermal. The Minister confirmed that further work is being done to improve outlook on fiscal provisions, equity, royalty and compensation and work is in progress on many of these additional policy initiatives to be delivered over the next 6-12 months. This is the third year in a row that the Mineral Resource Authority (MRA) has organised participation at the China mining conference and already there are indications that Chinese interest in the mineral sector in PNG is high evidenced by the number of official meetings that the Minister has held since arriving in Tianjin over the last two days. “Mining continues to be the driving force of the PNG economy and it is important that the government is out here at investment forums such as this to attract new investors into the mineral sector,” Mr Chan said. Prior to China, Minister Chan also delivered a similar keynote address at the Ministerial forum for the Asia Indaba mining conference in Singapore which was held from October 29-31.

### **Pundari speaks out on Deep Sea Tailings**

Post-Courier 6.11.2012

By *JASON GIMA WURI*

MINISTER for Environment and Conservation John Pundari has expressed concern over the issue of Deep Sea Tailings placement and its potential impact on the marine environment and fisheries recently. Mr Pundari made these comments in his Ministerial Parliament Statement during the Parliament session last week. “I understand that it is probably the safest method of waste disposal for most mining projects in PNG, given the difficulty of land-based waste management in areas of high seismic activity and complex terrain. However we need to be confident that the practice will not harm the environment. “I have directed my Department to work with the Department of Mineral Policy and Geohazards and the Mineral Resources Authority to finalise new guidelines for deep sea tailings placement. “The guidelines will assist us to better understand the potential impacts of mining waste disposal and to have improved monitoring systems in place,” Mr Pundari said.

### **Ok Tedi trust a leader**

Post-Courier 6.11.2012

THE Investment Trust for the Star Mountains people of Western Province is to be a role model and leading landowner trust in the country. For the trust known as the Ok Tedi Landowners Royalty Investment Trust (OTLRIT) to be realised, the Board of Trustees and the Trust management have been working closely to make sure that they fulfil the vision of the Landowners Trust. OTLRIT is an Investment Trust established under a 'TRUST DEED' in November, 2004, upon approval by the landowners of the Ok Tedi Mine, Ok Tedi Mining Ltd and the Government to manage the 20 per cent royalties of the mine villages. The OTLRIT's management team from Port Moresby were in Western Province last week to create awareness for the beneficiaries of the 12 mine villages on their investments. The 12 mine villages are Finalbin, Bultem, Wangbin, Migalsim, Ankit, Ok Tedi Tau, Kavorabip, Nioksikwi, Kumkit, Atemkit, Korkit and Kawentikim.

Trust Business Development manager Joseph Kanol told the communities that the landowner trust could only achieve its vision through good governance, transparency and proper management of their resources. He said the board had approved in 2008 a moderate diversified investment strategy

for the years 2009 to 2013 and aimed to have K100 million by 2013 and based on the strategy, they had undertaken various investments onshore (Papua New Guinea) and offshore (Australia) which included two residential complexes and a commercial building in Port Moresby while investments overseas included the 42-room Quality Inn Airport Heritage and two apartments in Brisbane, 32-room Colonial Motor Inn in Campbelltown, Sydney, and the recent addition of the 63-room Madang Star International Hotel in Madang. The trust also has a twin- otter leased to a major PNG airline and PNG listed equities.

Group General Manager of the Trust Aubrey DeSouza explained to the mine village leaders at a meeting at the Golf Club last Friday that being an investment trust, the objective was to acquire and maintain capital assets that would retain or exceed their capital value. Mr DeSouza revealed to the leaders that as of September 30, 2012, the current total investment portfolio for all investments were valued at K93.5 million and was on target for K100m by 2013. This means that each of about 4000 beneficiaries would have K25,000 of value in the trust. Mr Desouza informed the meeting that the trust was currently working on a plan for the investment of future royalties based on OTML's mine life extension. The Deputy Chairman for the Trust Joel Dangkim told the leaders that all OTLRIT investments were 100 per cent owned by the trust and communities should be appreciative of the work of the board and management of the trust.

### **Oceanographic assessment blows Nautilus out of the water**

PNG Mine Watch, 6.11.2012

A new report finds that the Environmental Impact Assessment (EIS) for Nautilus Mineral's Solwara 1 deep sea mining project seriously downplays the risks facing local communities and the marine environment. The report released by the Deep Sea Mining Campaign reviews the oceanographic elements of the EIS. Its focus is on currents and upwelling that may bring pollutants into contact with local populations and marine species. At only 30km away New Ireland is especially at risk, with the possibility of upwelling and currents carrying mine-derived metals towards its coastline. The report finds that the oceanographic aspects of the EIS suffer from a lack of rigour. There are many errors and omissions in the modelling, presentation and analysis of data. The report's author is oceanographer, Dr John Luick, who has many years experience working for mining, gas and oil companies in Australia, Papua New Guinea, Saudi Arabia, California and Alaska.

Dr Luick said: "The physical oceanography and hydrodynamic components of the EIS are second-rate. The shortcomings in these elements of the Solwara 1 EIS are so basic that I could have written the same review 27 years ago while still a student. The modeling is completely unacceptable by scientific standards." Dr. Luick continued: "The People of PNG deserve better. They should be able to feel confident that the approvals process is open and based on the best available science." The EIS for the Solwara 1 Project was the key document considered by the PNG National Government in granting the 20 year operating licence to Nautilus in 2011. Professor Chalapan Kaluwin, of the Environmental Science & Geography department at the University of Papua New Guinea emphasised: "The EIS should have provided a solid basis for the Government of PNG to decide whether to approve this project and if so, under what conditions. The findings of this new report suggest these important decisions were made on the basis of junk science."

Professor Kaluwin adds: "We know an earlier review of the oceanographic aspects of the EIS was conducted by an Australian company, Cardno Investments. We don't know what that review found or even if that review itself was of high quality. The key elements of this project's approvals process are not in the public arena. They must now be made available in a form that can be easily understood, especially by the people of New Ireland and East New Britain who are most at risk from Solwara 1." Dr. Helen Rosenbaum, campaign coordinator for the Deep Sea Mining campaign in

Australia and author of *Out of Our Depth: Mining the Ocean Floor in Papua New Guinea* states: “Solwara 1 is the world’s first deep sea mining experiment. As such it demands extremely careful attention to scientific detail and transparency in decision making. This new report indicates that both of these elements have been lacking. Important next steps are to make available the full data set behind the EIS, the earlier Cardno review of oceanographic components of the EIS and the conditions of the permits issued by DEC.”

## Papua New Guinea leads the world in mine pollution of waterways

PNG Mine Watch 6.11.2012

In February we reported on an investigation by Earthworks and MiningWatch Canada that reveals mining companies dump more than 180 million tonnes of hazardous mine waste each year into rivers, lakes, and oceans worldwide, threatening vital bodies of water with toxic heavy metals and other chemicals poisonous to humans and wildlife. But what has not previously been highlighted is that of the world’s waters that are suffering the greatest harm or are at greatest risk from dumping of mine waste – six out of twelve are in Papua New Guinea!

The offending mines are Ok Tedi, Porgera, Ramu nickel, Lihir, Simberi and Tolukuma.

BODY OF WATER	MINES AND LOCATION	TYPE OF ORE	TYPE OF DUMPING	COMPANY OR COMPANIES RESPONSIBLE
Bosamuk (Astrakhe) Bay, Bismarck Sea	Ramu Nickel and Yandera mines, Papua New Guinea	nickel-cobalt; copper-gold	Marine (proposed)	Metallurgical Construction Corp., Highlands Pacific (Ramu); Mawingo Mining (Yandera)
Norwegian Fjords	Kirkenes, Kvannevaan, Stjernaya, Hustadmarmor, Skafand, Engabefjellet, & Repparfjorden	iron, industrial minerals, titanium, copper	Marine (proposed & actual)	Northern Iron Ltd., LNS AS, Sibelco Nordic, Omya Group, Nordic Mining, Nussir
Canadian lakes	Across Canada	gold, nickel, copper, copper-gold, copper-zinc, iron, diamonds	Lakes (proposed & actual)	Agnico-Eagle, BHP Billiton, Cleveland Cliffs, Crowflight Minerals, De Beers, Goldcorp, Taseko Mines, Imperial Metals, Jalu Central Gold, Marathon PGM, Mitsubishi Metals, Newmont, Rio Tinto, Teck, Tyhee NWT, Vale, Xstrata
Senuru Bay	Batu Hijau mine, Indonesia	copper-gold	Marine	Newmont Mining, Sumitomo Mining
Laise Harbor	Lihir mine, Papua New Guinea	gold	Marine	Newcrest Mining
Pigipi Bay	Simberi mine, Papua New Guinea	gold	Marine	Allied Gold
Black Sea	Cayeli Bakir, Turkey	copper-zinc	Marine	Inmet Mining
Oromina and Ajkwa Rivers, Arafura Sea	Grauberg mine, West Papua	copper-gold	River	Freeport McMoran, Rio Tinto
Porgera River, Fly River system	Porgera mine, Papua New Guinea	gold	River	Barrick Gold
Ok Tedi River, Fly River system	Ok Tedi mine, Papua New Guinea	copper-gold	River	Ok Tedi Mining Ltd.
Auga River	Tolukuma mine, Papua New Guinea	copper-gold	River	Petromin Holdings
Lower Slate Lake	Kensington mine, USA	gold	Lake	Coeur D'Alene Mines Corp.

Just a shocking is the fact three of PNG’s mines are among the six worst water polluting mines in the world!

MINES, LOCATION	TYPE OF DUMPING	TAILINGS DUMPED EACH YEAR (TONNES)
Grasberg, West Papua	River	> 80 million <sup>1</sup>
Batu Hijau, Indonesia	Marine	> 40 million <sup>2</sup>
Ok Tedi, Papua New Guinea	River	> 22 million <sup>3</sup>
Wabush/Scully, Labrador, Canada	Lake	13 million <sup>4</sup>
Lihir, Papua New Guinea	Marine	> 5 million <sup>5</sup>
Pargera, Papua New Guinea	River	> 5 million <sup>6</sup>

Mine processing wastes, also known as tailings, can contain as many as three dozen dangerous chemicals including arsenic, lead, mercury and processing chemicals such as petroleum byproducts, acids and cyanide. Waste rock, the extra rock that does not contain significant amounts of ore, can also generate acid and toxic contamination. The dumping of mine tailings and waste rock pollutes waters around the world, threatening the drinking water, food supply and health of communities as well as aquatic life and ecosystems.

Full report: [http://www.earthworksaction.org/files/publications/Troubled-Waters\\_FINAL.pdf](http://www.earthworksaction.org/files/publications/Troubled-Waters_FINAL.pdf)

### **Australia: Mining boom forecasted**

Post-Courier 5.11.2012

BRISBANE: Australia needs to prepare for the next mining boom by giving tax breaks to start-up resources companies, the head of the nation's stock exchange says. Australian Securities Exchange (ASX) chief executive Elmer Funke Kupper wants the federal government to spend \$150 million a year on an exploration tax credit scheme. He argued this would allow resources start-ups to share their losses with investors rather than having them wait up to seven years for a mine to start operating. "Any projects that are starting to become marginal may not get up so this is about the next mining boom," Mr Kupper told AAP on the sidelines of the Queensland Exploration Breakfast in Brisbane. "I'm more thinking seven years from now."

But Mr Kupper accepted that the federal government's plan to deliver a budget surplus in 2013 would make it harder to convince Treasury. "I fully appreciate that this is very difficult but sometimes at the more difficult times, these things are even more important," he said. "I appreciate it's a difficult time for the federal purse strings." Earlier, he told the breakfast that a similar exploration tax credit scheme in Canada had been "extremely successful". Of the \$220 billion raised in mining equity capital between 2007 and 2011, 35 per cent was raised in Toronto, 24 per cent in London and only 14 per cent in Australia, he said. "I don't think that's good enough," Mr Kupper said.

The ASX boss also ruled out his previous idea for the Australian market to close two hours later at 1800 AEDT, arguing fund managers were not keen on the idea. "We have to be very disciplined and say, 'That idea we shelve'," Mr Kupper told AAP. "I've toyed with the idea but I didn't get a lot of votes from my clients." A day after the Senate passed legislation allowing the trading of commonwealth government bonds on the securities exchange, Mr Kupper told the breakfast the ASX was a "strong supporter" of the policy. "We will work with government agencies and get the necessary flows to start trading government bonds on the exchange," he said.

### **Local leaders: get out Ok Tedi Mining and Morauta**

Post-Courier 5.11.2012

THE people of Ok Tedi mine, impacted areas, and leaders of Western Province are demanding the immediate closure of the mine because of the environmental destruction the mine has caused. They also totally reject the appointment of Sir Mekere Morauta as their representative on the board of PNG Sustainable Development Program (PNGSDP) Ltd. The leaders have made this call in support

of Prime Minister Peter O'Neill, who told Parliament on Friday that PNGSDP board chairman Prof Ross Garnaut was not welcome in Papua New Guinea (see story on page 6). The people's representatives made their demands in a press release last night. They are MP for North Fly and Minister for Arts, Culture and Tourism Boka Kondra, Member for Middle Fly Roy Biyama, South Fly MP Aide Ganasi, and president of Ok Tedi Mine Impacted Area Association Nick Bunn.

"As president of Ok Tedi Mine Impacted Area Association (OTMIAA) representing 165 villages of over 70,000 people, I would like to say that we totally reject and do not recognise the appointment of Sir Mekere Morauta as a representative of any of the affected landowners or the people of Western province," association president Mr Bunn said. "We also totally support the government's stand as stated by the Prime Minister Peter O'Neill in parliament on Friday, that Prof Ross Garnaut and BHP are not welcome in PNG, and definitely not in Western province. The four leaders said: "We know full well that Sir Mekere Morauta was the main architect of the 9th Supplemental Act 2001 that legalised continued dumping of mine waste into the Fly River system that continues to cause serious devastation to the livelihoods of the people. "In fact he allowed the State to indemnify BHP and OTML from any legal liability and set them free of any future claims against any or all future environmental damage. "By continually dumping mine waste into the Fly River system, which has been the source of our livelihood, OTML has put the people's health at serious risk.

"The four leaders said the boards of both OTML and PNGSDP do not have anyone from Western Province representing the people and Sir Mekere does not represent them and their interests. We, the people of Western province, demand the immediate closure of OTML and all monies payable to the people of Western province be made immediately available to us so we can start to reconstruct our lives from this environmental devastation. "We are now calling on the world to come to Western province to fully investigate the massive destruction that was perpetrated by BHP with the full support of the Mekere Morauta government in 2001 by the passage of the 9th Supplemental Agreement Act that legalised environmental destruction. "We will not sign and do not agree to any more mine life extension. We demand the immediate closure of the Ok Tedi mine," the leaders said.

### **O'Neill: Prof Garnaut not welcome in PNG**

Post-Courier 5.11.2012

PRIME Minister Peter O'Neill has told the chairman of OK Tedi Mine Ltd board Professor Ross Garnaut that he is not welcome in Papua New Guinea. Mr O'Neill said during Grievance Debate in Parliament on Friday that Prof Garnaut who was former chairman of PNG Sustainable Development Program (PNGSDP) was undermining the leadership and the people of Papua New Guinea. The Prime Minister who has recently called on BHP to review its position on how it manages PNGSDP on behalf of the people of PNG was aggrieved by comments by Prof Garnaut during the handing over of the chairmanship. Mr O'Neill said the comments he made was undermining the political leadership and the people of this country. "Let me quote that he goes on to say that "naturally with such accumulation of wealth in a poor country, it is very tempting for political figures to think of better ways of using it right now rather than putting it into long-term development."

Mr O'Neill said nobody alluded to the fact that the government wanted to use the money right now. "Nobody told BHP or Ross Garnaut that this was a fact. I will put him on notice that he is no longer welcome to this country," the Prime Minister said. "He can stay out of Papua New Guinea and conduct himself. I want to put it on record in this parliament that we will not tolerate people of such standing coming in and disrespecting leaders of this country. "I am aggrieved by the fact because he has no care, he thinks that he is above everybody and he is not accountable to anybody. "I want to put it on record that he will be no longer welcome in this country until BHP surrenders that control of PNGSDP to the government and people of Papua New Guinea. We will maintain that position," Prime Minister O'Neill said. He said PNGSDP was designed when BHP exited the country due to

environmental and many other issues. “However, looking back now 10-years later we ask ourselves, did we get a better deal. It is perceived that the mine was given to the PNG government and the government now owns it 100 percent. “Do we really control that mine or not? Has it delivered to the expectations of our people, particularly the people of Western Province?”

Mr O’Neill said a few days ago, he mentioned publicly that it is time that BHP review its position on how it manages PNGSDP on behalf of the people of Papua New Guinea. “What have they delivered? We have given them a blanket cover, blanket insurance, protection from this Parliament that we will never sue them for the damage they have caused to our people,” Mr O’Neill said. “We have seen many big announcements about major projects that will change the course of this country over the past 10 years and yet we have yet to see one of those projects being delivered.” Mr O’Neill said BHP does not want to come back to PNG but are running PNGSDP by remote control from Melbourne. “For them PNG is not an investment destination, but why do they try and continue to run these organisations for and on behalf of the people of this country by remote control from a place called Melbourne in Australia by directors who do not live in Papua New Guinea; by directors who do not know what we need in this country. “They don’t know what our people’s daily lives are, but they continue to dictate the management of these particular organization.”

### **LNG landowners query decision to defer budget**

The National, 5th November, 2012

LANDOWNERS in the oil head areas and the liquefied natural gas projects in Hela have called on the national government to explain the deferral of the 2013 national budget. They said the budget could not be deferred anymore because many government departments, state entities and government ministries were operating on minimal budgets. Speaking from Hides and Moro yesterday, landowner representatives James Koma, John Kila and Michael Andakali said while they took into account the weekend’s visit of the Prince of Wales and the Duchess of Cornwall, the government should not be sidetracked by such events. “We respect the Queen, as head of the Commonwealth, and Prince Charles but the PNG government cannot use this as an excuse,” Kila said.

“We, the landowners, have concerns and problems that we hope will be dealt with in the 2013 budget, especially the integrated development grants relating to our oil and gas projects. “Treasurer Don Polye cannot come out now and give excuses. He has to ensure this session of parliament deals with the 2013 national budget so that we will know if our IDG payments are included,” he said. “Prime Minister Peter O’Neill and Petroleum Minister William Duma were there at the Kokopo signing of the umbrella and licensed-based benefits sharing agreements and are aware of the kinds of commitments that we made.” Kila said of a K50 million commitment made to the well head landowners, K35 million was still outstanding. Landowners from the gas fields said any outstanding financial commitments regarding the project must be settled in the 2013 national budget.

### **Opposition wants more funding, staff for environment ministry**

The National, 2nd November, 2012

DEPUTY opposition leader Sam Basil has called on the government to increase funding and staff for the Department of Environment and Conservation. “The department does not have the capacity to look after all the resource projects but yet we are giving licence to investors,” Basil told parliament yesterday. He asked if new Minister for Environment and Conservation John Pundari was aware of that and if appropriate measures could be taken to make sure proper procedures were followed when issuing licences to mining companies. “Why do the officers from the department of environment and conservation want to protect mining companies?” he asked. “Did the government

protect its people at Wafi gold mine and gold mines at OK Tedi and Misima? “Let’s fix the problem before giving new licences.”

Basil, the member for Bulolo who had been passionate about his people affected by mining companies operating in his electorate, particularly Wafi and Hidden Valley, said that his people faced problems. Basil said there was a case before the courts and they were pushing on and would not give up the fight against mining companies. He said the environment department’s structure was not suitable for the little people affected by mine companies and called for its restructuring. Milne Bay Governor Titus Philemon and member for North Fly Boka Kondra supported the call for change to the department’s issuing of mining licences.

### **LNG: War of words over fresh poultry imports**

The National, 01st November, 2012

By EMMANUEL MAIPE

FARMERS in the country are being denied participation in the wealth created by the country’s vast gas reserves, the Poultry Industry Association (PIA) president said. Stanley Leahy, the association president, said PIA was greatly disappointed to see that Esso Highlands had not supported Papua New Guinea farmers throughout its development by not buying fresh and frozen produce, instead, importing from overseas. However, Esso Highlands has responded in a statement, saying that it does source fresh food and frozen poultry products locally in addition to imported food. Leahy said the vast majority of fresh produce and frozen products procured by the LNG project were imported from overseas rather than from local farmers in the country. “In doing so, Esso Highlands Ltd has robbed PNG farmers of the opportunity to participate in the wealth generated by PNG’s vast gas reserves,” Leahy said.

“Why should foreign farmers reap the rewards of PNG’s gas reserves while PNG farmers struggle?” Leahy added that more sinister had been the exploitation of the country’s bio-security protection by the mineral and gas industry. “Both Esso Highlands Ltd and Newcrest Mining Ltd import large volumes of uncooked poultry products,” he said. He said uncooked chicken had been scientifically proven to be linked with the spread of virulent disease, which could hurt the country’s poultry industry. Esso Highlands responded: “Where price, quality, quantity and reliability of supply meet expectations, PNG LNG project contractors responsible for catering do source local fresh food for our camps and worksites.” The statement said the project’s food requirement for the several thousands of workers in work camps was enormous and gave an example of about 2,000kg of chicken being consumed each day at the LNG plant site alone.

### **LNG: New investment plan for villages**

The National, 2nd November, 2012

THE PNG LNG project has established another community investment programme (CIP) to identify opportunities to help communities near the onshore pipeline construction activities. The project was established by the onshore pipeline team to support more than 30 villages from Gobe to Hides to help build needed community infrastructure, such as water catchments, markets, classrooms and community centres. Manager Suresh Batra said empowering local communities was a key element of CIP. “By involving individuals from the villages in the building of the new infrastructure, we hope to create a sense of pride and ownership within the communities in the project area. “In addition, the programmes provide an opportunity to open dialogue between the project and the community, fostering a friendly relationship and demonstrating the long-term cooperative partnership we aspire to,” Batra said.



Each project draws mostly on local labour and is overseen by a third-party Papua New Guinean company that has been hired to implement the projects. Feedback from the six projects completed to date suggests that the programme is already having positive impacts on the community and their relationship with the project. “The greatest effect that the programme has is the positive impact on local communities,” construction manager Mike Marks said. “In addition, we are seeing benefits with regard to minimising and mitigating pipeline work disruptions.” Prior to starting the project, the programme team visited the villages to find out community needs, held discussions with village leaders and community members, and assessed the accessibility of work project.

## **LNG II: Indonesian group in gas deal**

The National, 2nd November, 2012

By GYNNIE KERO

INDONESIAN investor PT Keito Pont Jot Energy will bring in expertise and investment in the Gulf LNG project in a deal signed with the Ihu Landowner Co yesterday. President and director Dedie Rachaju said the company has the technology and expertise to facilitate the Gulf project. The Indonesian group engages in innovative, cost-effective rig manufacturing solutions and comprehensive field services. “You have the resources ... we will bring in scientists and our experiences to transfer technology for petroleum, oil and gas exploration ... and formula to teach people involved with agriculture,” he said. Rachaju said resource owners will receive 49 % of the Gulf project’s output while participating fully in its operations. He said Indonesia was happy to share its knowledge and technology with closest neighbour because of the business climate in PNG.

“The company will be responsible for setting of plant, drilling, laying of gas pipeline and the upstream and downstream processes in Gulf. “We have the expertise and technology for the upstream and downstream processes for the Gulf project.” Rachaju said the partnership will strengthen the bilateral relationship with PNG, thus opening the gateway for future investments between the two nations. Ihu Construction Development Ltd president Steven Mela said the resource owners will fully participate in the country’s second biggest project and benefit from spin off activities. “We want full participation so we went to Indonesia and secured the investor (PT Keito Pont Jot Energy). “The company has the technology and finance for the project,” he said. Mela said Indonesia had the market for products such as gas and it was cost effective with compared with other markets.

## **Coppermoly focuses on West New Britain**

The National, 2nd November, 2012

COPPERMOLY Ltd is focused on exploring and developing copper, gold, molybdenum and gold deposits on West New Britain. The Mt Nakru copper-gold system is near the town of Kimbe and close to essential infrastructure including roads, an airfield and a deep water port.

Through an agreement with Barrick Gold Corp their projects are being assessed for the economic mineral potential through an on-going drilling programme. Drilling confirms a major copper mineralised system at Nakru. The Nakru-1 Prospect drilling intersected 213.75m grading 0.92% copper and 0.33 g/t gold. Drilling in 2010 confirmed mineralisation extending to over a 500m strike length to at least 200m depth.

The Nakru-2 Prospect is 1km to the west of Nakru-1. In 2008, Coppermoly Ltd drilling intersected 54m grading 1.22% copper from 30m depth. This included an upper zone of primary massive sulphide of 8m grading 3.8% copper. In a drill hole 100m further west, Barrick intersected 64m of 0.59% copper. The Simuku porphyry copper system has an Inferred Mineral Resource of 200 million tonnes grading 0.47% copper equivalent (0.3% cueq cut-off) for 700,000 tonnes of copper (1.5

billion pounds). An overlying secondary enrichment blanket of copper mineralisation occurs in eleven drill holes including a 16m thick intersection at 1% copper.

### **PNG expats score goals in Australia's outback**

ABC, Radio Australia, quoted by PNG Mine Watch 1.11.2012

PNG workers in Australia's outback have a lot more to offer than just their skilled labour. About 3,000 PNG expats are believed to be working in Australia in mining, oil and gas, and the associated industries. A record number have travelled to the outback Western Australian city of Kalgoorlie where their skills are being rewarded with high wages. Because there are so many workers, they've managed to form two touch football teams called the Kalgoorlie Papua New Guineans. "We're hoping to win the finals, we've got two teams, one is C grade, the other is A grade and they're basically kids who are playing really good footy, so we hope to win the finals, Ekas Ohuma told Radio Australia. Mr Ohuma, is a senior mining engineer with Kalgoorlie Consolidated Gold Mines, who has been in Australia since 2008. Due to work commitments, the Kalgoorlie Papua New Guineans have chosen touch footy rather than league, which would require trips away to Perth.

### **Yandera signs deal with Chinese firm**

Post-Courier 1.11.2012

THE 100 per cent Yandera Marengo Mining Limited Project, in Madang Province, signed a Memorandum of Understanding (MoU) with China Nonferrous Metal Industry's Foreign Engineering and Construction Co Ltd (NFC), for the financing, construction and development of the Yandera Project this month. As part of its MoU with NFC and Arcon (WA) Pty Ltd (Arcon), NFC's Australian engineering partner, these parties have agreed with Marengo to undertake the key phase of process plant design work, in addition to other areas, as agreed. This work will be undertaken at one of NFC's design institutes in China, which employ some 2500 engineers, who are focused on the many offshore engineering and construction projects being undertaken by NFC at any one time. Arcon will provide supporting engineering services to NFC. Marengo entered into the Yandera Project Investment and Co-operation Agreement (the Agreement) with Petromin PNG Holdings Limited. Petromin is a resource and investment company established by the PNG Government to hold the Government's interest in, and invest in the development of mining, and oil and gas projects in PNG.

This Agreement establishes the process by which a Mining Equity Agreement (MEA) will be developed by the parties under which Petromin may acquire a 30% contributing interest in the Yandera Project, once the Feasibility Study has been completed. Following this, the Mining Development Contract is entered into and a Financial Investment Decision is made. At the time of entering into the MEA, Petromin will be required to reimburse Marengo a pro-rata sum of Marengo's sunk costs on the Yandera Project. The primary activity during the quarter was to continue activities relating to the completion of a Feasibility Study (FS) on the Yandera Project. This work is running in parallel with the completion of an Environmental Impact Assessment (EIA) for submission to the PNG Department of Environment and Conservation.

It is anticipated that these documents will be completed following internal reviews during the current quarter, ahead of pricing an Engineering Procurement and Construction contract (EPC), to be submitted by the Company's Chinese strategic engineering partner, NFC. The Yandera Project development concept is for a full open-cut mining operation and subsequent processing operation to be sited at Yandera, with copper concentrate, being delivered to a port facility, in the Madang area, by way of pipeline. Molybdenum concentrate will be delivered by road transport due to the smaller volumes of this high value product from the proposed mining operation. An integrated rock waste

and process tailings management facility (TMF) is being designed to be located in the vicinity of the Yandera deposit, under stringent criteria, to ensure that the highest levels of environmental integrity are retained. A power station, also located in the Madang area, is contained within the study, with power being reticulated to site, close to existing roads and then along a planned road, which will extend up to the Yandera site from these existing roads.

### **Kula Gold applies for mining lease**

The National, 01st November, 2012

KULA Gold is advancing closer to its goal of becoming the next gold producer in Papua New Guinea with the lodging of a mining lease application for its Woodlark Island Gold Project. The application was lodged with the government in conjunction with the feasibility study and development proposal for the project. With the mining lease application now lodged, Kula Gold can now focus on the pre-construction aspects of the project. The company is targeting the start of production by the end of 2014. The recently-completed feasibility study indicated strong economics for the Woodlark Island Gold Project including a pre-tax net present value of US\$237 million, based on a US\$1,600 per ounce gold price, and a pre-tax internal rate of return of 34%. The metrics are based on a 1.8 million tonne per annum gravity and carbon in leach operation with a nine-year mine life and total production of 813,000oz. Operating costs for the first six years have been estimated at US\$730 per ounce. The Woodlark Island Gold Project currently hosts a total resource of 45.1 million tonnes at 1.5 grams per tonne (g/t) for 2.1moz of contained gold, and ore reserves of 10.4 million tonnes at 2.1 g/t for 700,000oz of contained gold.

### **Ok Tedi: Sir Mekere is new PNGSDP chairman**

The National, 01st November, 2012

THE board of directors of Papua New Guinea Sustainable Development Ltd on Tuesday noted the retirement of Dr Ross Garnaut, and appointed Sir Mekere Morauta as chairman. The changes were made under the arrangements agreed with BHP Billiton in early September. At that time, Prime Minister Peter O'Neill was advised of the arrangements. Dr Garnaut served as chairman of the PNGSDP board from 2002 until his resignation. He has a long connection with PNG since serving as first assistant secretary in PNG's Department of Finance, responsible for financial and economic policy at the time of independence. Sir Mekere was the sixth prime minister of PNG between 1999 and 2002 and has had a distinguished career in politics as Member for Moresby North-West holding various ministerial portfolios, the most recent being the minister for public enterprise in August 2011. He retired from the national parliament at the recent national elections.

### **Wafi Golpu: MRA backs exploration firm**

The National, 01st November, 2012

THE Mineral Resources Authority (MRA) has thrown its support behind exploration company Wafi Golpu Services Ltd (WGSL) – operator of Wafi Golpu exploration project in Morobe – for initiating a concept called “community participation agreement” (CPA). The CPA is a concept of delivering benefits to impacted communities during exploration stage. It is a component of a broader community engagement programme designed to get the support and cooperation of communities living within the footprints of Wafi project so that good relations are maintained with one another to enable WGSL to undertake the pre-development activities expeditiously. The concept is the first of its kind in Papua New Guinea where a community is given an opportunity to receive benefits when a company is merely exploring for resources. Under normal circumstances, resource owners and

impacted communities receive benefits only after a company starts mining.

Recently, WGLS and one of the 16 impacted communities of Timini in the Mumeng local level government in Bulolo district signed the CPA at Timini village. In the agreement among other things, WGS� committed to provide:

- n Preferential employment opportunities with Wafi Golpu Joint Ventures (WGJV) and its contractors, for suitably qualified and skilled community members;
- n Skills training for locally hired employees to enhance long term employability; and Participation in the WGJV education assistance programme and sponsorship of eligible students through tertiary studies.
- n In exchange for the company's commitments, the Timini community committed to Support and cooperate with WGLS in its pre-development activities;
- n Maintain peace and good order in the community and in particular in the company's "activities area" in order to facilitate the conduct of the pre-development activities;
- n Deal with each other and WGS� fairly and with honesty and respect with regards to all matters that are the subject of the agreement; and
- n Not take any action or support any action that may impact negatively on the conduct by WGS� of its pre-development activities.

A total of 16 communities surrounding the Wafi Golpu project are expected to sign similar agreements with WGS�. It is understood that this agreements will cease in 2017. The MRA's exploration coordinator for Wafi Golpu project Jesse Banamu signed as a witness on behalf of the national government. Banamu told the community and the WGS� that the agreement both parties had signed must be honoured. He urged the local community to support WGS� and work together to progress the Wafi project. Banamu said the government would support the company's initiative as it would benefit its people of Timini and similarly 15 other impacted communities.

### **Resource Mining renews tenement**

The National, 01st November, 2012

RESOURCE Mining Corporation has been granted a renewal of the tenement covering its Wowo Gap Nickel-Cobalt project in Northern for a further two years. The project is located about 200km east of Port Moresby and 35km from the villages of Safia, near the Musa River and Wanigela on Collingwood Bay. The company has also been granted two additional exploration licences adjacent to the Wowo Gap project, adding to the potential for the company to increase the current resource. Wowo Gap has a significant nickel and cobalt deposit near surface which lends itself to open cut mining. The project hosts a resource of 125 million tonnes at 1.06% nickel and 0.07% cobalt based on drilling along the 12km strike length of the project. The resource remains open to the north and south. The project is located at the south eastern end of the Papuan Ultramafic Belt.

### ***Press Release***

### **Nautilus Minerals Discovers More High Grade Systems in Tonga**

Nautilus Minerals Inc., 1.11.2012

TORONTO, ONTARIO--(Marketwire - Nov. 1, 2012) - Nautilus Minerals Inc. (the "Company" or "Nautilus Minerals") is pleased to announce the discovery of two (2), high grade, Seafloor Massive Sulfide ("SMS") systems on its wholly owned exploration tenements in the territorial waters of the Kingdom of Tonga ("Tonga"). Grab samples from these discoveries assayed up to 11.9% copper, 59.8% zinc, 28.6 g/t gold and 673 g/t silver. Mike Johnston, Nautilus Minerals' CEO commented,

"These discoveries further highlight the prospectivity of our Tongan exploration tenements, particularly the high precious metal grades we continue to encounter in the NE Lau Basin. They will be added to the 17 SMS systems, as previously reported on our Tongan prospecting licenses\*, which are being considered for further evaluation." The SMS systems were sampled during an 18 day marine scientific research cruise between the 9th and 26th of September 2012. The samples were collected as a part of a broader research effort in the NE Lau Basin.

#### About Nautilus Minerals Inc.

Nautilus is the first company to explore the ocean floor for polymetallic seafloor massive sulphide deposits and is developing its first project at Solwara 1, in the territorial waters of Papua New Guinea, where it is aiming to produce copper, gold and silver. The company has been granted all necessary environmental and mining permits. Nautilus also holds more than 500,000 km<sup>2</sup> of highly prospective exploration acreage in the western Pacific; in PNG, the Solomon Islands, Fiji, Vanuatu and Tonga, as well as in international waters in the eastern Pacific. A Canadian registered company, Nautilus is listed on the TSX:NUS and AIM:NUS stock exchanges and OTCQX:NUSMF. Its corporate office is in Brisbane, Australia. Its major shareholders include Metalloinvest, the largest iron ore producer in Europe and the CIS, which has a 21% holding, global mining group Anglo American, which holds an 11.1% interest and MB Holdings, an Oman based group with interests in mining, oil & gas, which holds a 16.9% interest.

Neither the TSX, London Stock Exchange, nor the OTCQX accepts responsibility for the adequacy or accuracy of this press release.

Source: <http://www.stockhouse.com/news/canadianreleasesdetail.aspx?n=8655657>

#### **Ok Tedi mine: No relief for flood-affected refugees**

IRIN, United Nations; quoted by PNG Mine Watch, 18.10.2012

Environmental damage caused by copper mining in Papua New Guinea has affected thousands of refugees from the neighboring Indonesian province of West Papua who have not received any support from PNG or the mining company, according to the UN Refugee Agency (UNHCR) and NGOs. "Some of the border settlements of West Papuan refugees have become severely affected by flooding associated with sediment build-up in the rivers due to the Ok Tedi mine," said Ben Farrell, a regional UNHCR spokesperson, referring to a mine that has operated in PNG's western provinces since 1984. The western half of New Guinea Island, West Papua, is an Indonesian province where separatists have fought for independence for decades. The 1984 Indonesian government crackdown on the Free Papua Movement of West Papuan separatists led to thousands of West Papuans fleeing to neighbouring PNG.

At least 1,500 West Papuan refugees hosted by PNG along Fly river – the second longest river running through the half-island nation's western provinces – have been affected by ongoing mine-induced flood damage, according to Wren Chadwick, the former advocacy and information officer for Jesuit Refugee Service (JRS) based in the capital, Port Moresby. Flooding has destroyed food gardens and sago palms, the traditional food staple, "forcing people into the jungle to wait out the floods so they can access food sources," said Chadwick. In a 2009 JRS assessment, more than 3,200 refugees living along the river cited pollution from the mines as the main obstacle to growing food. "Die-back" sludge The Ok Tedi mine dumps roughly 90 million tons of waste into the Ok Tedi and Fly rivers annually, according to the company's environmental assessments. Mine sediment causes river beds to rise, forcing mine-contaminated water onto surrounding fields where it has killed up to 3,000sqkm of vegetation in a phenomenon known as "die-back".

"In PNG mines have polluted rivers, damaged agricultural land and displaced communities from their homes and farmland," said Chris Albin-Lackey, Human Rights Watch's senior researcher on

extractive industries based in New York. The Ok Tedi mine contributes to roughly 18 percent of the country's annual GDP, according to a 2012 World Bank report. Compensation, but not for refugees. While Ok Tedi mine has paid out nearly US\$980 million to affected communities, West Papuan refugees do not qualify because they are living outside the area designated for them under amendments made to the 1987 Migration Act which restricts them to East Awin camp, 6,000 hectares in the country's northeast. Relocation plans are under way for local communities, but refugees living alongside those communities are not included, according to UNHCR. "West Papuan refugees without Permissive Residence Permits and [other] non-Melanesian asylum seekers and refugees have no access to documentation or some basic rights such as access to the labour market," said Farrell.

Refugees continue to live along the rivers due to kinship ties, despite the lack of working papers in a place where even subsistence farming for survival requires documents. As of 2010 there were some 9,700 West Papuan refugees in PNG, of whom nearly 2,300 were in the designated East Awin area, 5,000 in border areas and some 2,400 in cities. The 1996 Limited Integration Policy for West Papuan refugees stipulated that only refugees who have lived in East Awin for at least six months can get Permissive Residency Permits, which entitle them to freedom of movement, the right to work, and access to health services and education. Those who decline relocation to camps in East Awin bear the impact of flooding without assistance as well as "run-down shelters, lack of adequate water and sanitation facilities, and lack of security of land tenure and the threat of forced eviction," according to UNHCR's Farrell. "The biggest issue is lack of a national refugee policy that realistically deals with refugees who refuse to move to East Awin," Chadwick said. An official with the government-funded think-tank Consultative Implementation and Monitoring Council Secretariat, which has helped draft national refugee policy, said no refugees should be refused humanitarian assistance.

### **Taxing times in Timor... and the Pacific?**

Pacific Institute of Public Policy (Vanuatu), 17.10.2012; By Benjamin Sims

There have been several interesting pieces of information in the media recently that have highlighted the importance of international tax revenue in terms of development. We have seen documentaries like the recent Four Corners on East Timor, and also the leak from Papua New Guinea Mine Watch on how mining companies are avoiding tax in PNG. The Timor documentary and example of PNG tax avoidance demonstrate that for Melanesia the amounts international companies are not paying in tax might eclipse even the aid money they receive. The PNG leak, for example, explains how a South African mining company can get away with paying a tax of just three per cent rather than the official rate of 30 per cent.

This is not a new issue. An ex-government official from PNG recounts the following story: In the nineties, PNG officials checked the Stock Market declaration of Rimbunan Hijau. At the time, the largest logging company in PNG. This company ... never [paid] income tax in 20 years. More shockingly, their stock market record showed that they made USD 120 million profit in the previous year. After issuing Rimbunan Hijau with a tax bill, within 24 hours the Ambassador of Malaysia came to the tax office to declare the information provided to the Malaysia stock exchange was incorrect. The tax owed was never received.

These stories raise an important question: Instead of giving aid, why don't countries like the US and Australia make sure their companies pay the correct taxes to our nations? What is true of mining and petroleum is also true of other natural resources, such as fish. PiPP has long supported the ideas being developed in the north Pacific about getting a greater share of the revenue from tuna, a key source of revenue for Micronesian countries. As with mining, tuna fishing is capital intensive, and Pacific countries do not have the advanced fleets and facilities required to efficiently fish their huge

ocean territories. Again, the income that the Pacific could derive from fairer fishing arrangements may even eclipse donor assistance and thus have the potential to provide long-term funds for development.

The key message seems to be that the major countries will not necessarily act in the interests of the Pacific if one of their own is avoiding tax. Worse still, the region cannot always rely on donors to fill the budget gap, due to geo-political maneuvering. It is clear that countries in the region need independent specialist help in terms of managing their natural resources, but it is hard to find people who do not have vested interests in this interconnected world. These stories also highlight the importance of countries signing up to initiatives like the [Extractive Industries Transparency Initiative \(EITI\)](#). Whilst Timor and Solomon Islands have signed on, PNG is still considering it. EITI aims to make resource revenues more transparent, improving governance and reducing corruption, but more assistance is required for ensuring foreign resource extractors are compliant.

If developed countries really want to help small islands in the Pacific, then one step would be to get bodies like the Australian Tax Office (ATO) to hand over vital information they have on the revenue made by their companies in our territory – or better still help ensure that international companies pay the taxes they should do. Contrast this with the stance of bodies like the ATO, which are willing to lobby for Vanuatu to be grey-listed by the Organisation for Economic Co-operation and Development (OECD) for not helping collect tax revenue they feel is due to them, but are not as willing to assist Melanesian states in improving domestic tax compliance. This apparent double standard does little to alleviate the notion that aid is simply a token gesture used by the major powers to gain a larger share of developing country resources. Even though those working in development know that this is arguable at best, it is easy to see how such conclusions can be formed. Source: <http://www.pacificpolicy.org/blog/2012/10/17/taxing-times-in-timor-and-the-pacific/>