

**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>

Solomons gold mine up for sale

Radio New Zealand, 27 February 2015

The owner of Solomon Islands closed Gold Ridge gold mine says it is still getting third party interest in buying the mine despite ongoing negotiations to transfer ownership to the Solomon Islands government. Negotiations between the previous Solomons government and Australian based St Barbara were well advanced last year but the company has had to start from scratch with the new government coming into power in November. St Barbara's chief executive Bob Vassie told Koroï Hawkins he is keeping an open mind in considering the future of the mine.

BOB VASSIE: We still have plans to see if we can transfer the assets to the Solomon Islands government. Obviously there has been a change in government in November so we are having to sort of reinitiate that with a new government and new ministers.

KOROÏ HAWKINS: Also you spoke very strongly about the tailings dam facility and being concerned about dealing with that. So far it seems it hasn't overflowed, what is the situation now?

BV: You are right it hasn't overflowed and you are also correct I remain very concerned about that and in fact am more concerned with each passing day. I think it hasn't been the high level rainfall that you would normally get over the November, December, January time but if we recall the big floods of April last year which actually ceased the operation at that time. It just shows you that you could be a day away from the tailings storage facility overflowing. Probably one that may be of interest is that the World Health Organisation has been engaged by the Solomon Islands Government. We think that is a very positive step, they are due to deliver their report shortly. And we are hopeful that it will support release of the water but we will have to see the final report.

KH: I spoke with Prime Minister Sogavare before coming back to Wellington while I was still in Honiara and he seemed to be keen to separate the tailings dam from the issue of the transfer of ownership. Is that something St Barbara is happy with?

BV: Look I think that is entirely rational, I guess they need to understand what a transfer might mean and that it would take some more time I agree. And the tailings water facility issue is an urgent, current issue. If we are able to get that sorted out it does not weaken either sides position on a transfer but I am just not happy with the mounting risk of an overflow with the tailings storage facility.

KH: So it is not that case the St Barbara is trying to push both subjects sort of through the pipe, getting the tailings dam sorted and the transfer of ownership done at the same time?

BV: We are pushing both aspects but the tailings facility is more urgent and our main push has been on the tailings storage facility.

KH: How long are you prepared to wait on the Solomon Islands government before you decide maybe to put it out on the open market?

BV: The property itself was on the open market, you know ideas or interests from third parties has always been ongoing before, into the second half of last year. There actually is still some interest out there given that the gold price has increased in recent times so we would still consider third party interests and it is quite possible that the government would want to go that way as well if it meant there was a prospect of the operations coming back on line.

Letter to the editor

Boera's Business Development Grants misused

Post-Courier, February 27, 2015

I express my concern and disgust over the manner in which some directors of Boera Holdings Limited have unfairly distributed dividend payouts to its shareholders in Boera recently. What has happened recently and during the course of the construction phase of the PNG LNG project, has prompted me to air my disgust over selfish and greedy actions. Each of the 14 directors, as representatives of the clans were given K25,000 to K40,000 to distribute evenly to its clan members over the age of 18. Unfortunately, some members were not given their share of the cake and mind you this is not the first time.

Their lame excuse why these people missed out was because they were witnesses and signatories with the village clan leaders to documents, pertaining to the final Clan Vetting Process CVP spearheaded by the Department of Petroleum and Energy late last year. What a lame and illogical excuse! As a result of their greed and selfish acts, so many mothers and young girls missed out on what was their rightful share of the dividend payout. Imagine their boss is a lady and also a women's rep who represents the bulk of the womenfolk from Boera, who hails from the same village as well. So where is women's rights?

Another thing that disturbs me about this organisation is, over the last five years they have failed miserably to table detailed financial reports, advising shareholding structures, about assets and liabilities and balance sheets and yet they continue to operate in the dark. Unless the above reports are

made public, than I assume this company is owned by just a few individuals. Be reminded this organisation capitalised five years ago from taxpayers money converted to Business Development Grants earmarked for the four impacted villages at portion 152. Hence, you all are duty bound to report to the shareholders at the end of the day. From my perspective, I see PNG LNG as a curse in disguise for the people of Boera, I say this because there is nothing to show to the outside world that reflects to the millions of kina flowing in as BDG. Fed Up

Tailings dam at Solomon Islands' Gold Ridge mine near collapse

ABC Radio Australia, 26 February 2015

The tailings dam at the Australian-owned Gold Ridge mine in the Solomon Islands is close to failing, according to a researcher who visited the site recently. The mine's owner, company St Barbara, and the Solomon Islands government have been at loggerheads for several months over how to deal with the situation. St Barbara wants to release untreated water from the tailings dam into a nearby river, but the government is insisting it must be treated first. Matthew Allen visited the mine late last month, and says the water level in the tailings dam is rising fast.

Seabed Mining: Long on Promises, Short on Delivery

by Stuart Burns, Metal Miner on February 26, 2015

If you think miners or developers on land struggle with environmental legislators, spare a thought for those looking to develop resources under the ocean via seabed mining.

The International Seabed Authority, a UN agency, has so far issued 26 exploration licenses to governments and companies enabling them to operate in international waters but none of them have reached commercial realization. Even in national waters governments are coming down on the side of the environmental lobby when new applications are being put forward. After leading the way in supporting early proposals, the New Zealand environmental regulators have recently turned down an application from an ocean mining firm Chatham Rock to develop a site off the coast, some 450 kilometers southeast of Wellington, the FT reports. The site in question is said to be rich in phosphate, used in fertilizer manufacturing, and said to hold enough to meet 25 years of New Zealand's current consumption. Chatham Rock have invested \$33 million over seven years researching the environmental impact and developing the extraction processes. It is not hyperbole to say the ocean floor is the last great mineral reserve on the planet. Polymetric nodules, sometimes called Manganese nodules, sea floor massive sulfides and cobalt rich ferromanganese crusts between them hold many times the availability of certain metals as there is on land. One of the largest deposits is the Clarion-Clipperton Zone. The CCZ covers an area of around 9 million square kilometers, approximately the size of Europe, and is located in the Pacific between Mexico and Hawaii according to World Ocean Review.

Although concentration of nodules varies on average, one square meter in the Clarion-Clipperton Zone contains around 15 kilograms of manganese nodules (33 lbs. per 10 square feet). Especially rich areas can have up to 75 kilograms. The total mass of manganese nodules is calculated to be around 21 billion metric tons. Environmental bodies worry that too little is known about fragile seabed ecosystems and allowing seabed mining could cause environmental damage on an unprecedented (and mostly unseen) scale. Sediment stirred up by dredging processes would be returned to the seabed after separation of the nodules but could cause plumes that would settle over a wide area. They may well be right, but that probably won't stop the industry from eventually moving forward.

Metallic resources are too finite on land and the quantity available for exploitation in the oceans is too vast for an effective moratorium to last. Technology will play a part as ways are found to collect

nodules, typically between the size of a potato and a football, but leave minimal disturbance of the surrounding seabed. It's a tall order; some of the richest resources are up to 6500 meters (20,000 ft.) below the surface. New technologies are being developed but investment is hampered by uncertainty among investors over environmental hurdles. Ultimately a way forward will have to be found, as available resources on the surface are exhausted but leaving mining companies to their own regulation is not the way forward as anyone who has witnessed the degradation caused by Canada's tar sands projects or China's rare earth mining will acknowledge.

Oil Search receives K2.26bn (US\$850mio) from LNG exports

The National, February 26th, 2015

By GYNNIE KERO

OIL Search Limited has received K2.26 billion as its first share of cash flow from the liquefied natural gas project, it has been revealed. The amount (\$US850 million) covers the period from May last year to this month - February, a company spokesperson says. It could not be confirmed yesterday whether the Government had received its first LNG project revenue. Efforts to get a confirmation yesterday were not successful. When Parliament last Wednesday voted 82-0 to set up the Sovereign Wealth Fund, Prime Minister Peter O'Neill had said the Government was expecting the cash flow from the project to start flowing in from last Friday, February 20. "Because of that, we see some urgency in the establishment of this particular Sovereign Wealth Fund," he said. Oil Search showed on its financial statement that it had received more than US\$850 million (K2.26b) in the first project distribution. "It is our share of cash flows from May (2014) to February (2015)," the spokesperson said.

On whether the company was expecting a similar amount, or higher, this year, the spokesperson said: "We will see a full year of production from the project. But cash flows will depend on oil prices, as our LNG price is related to the (world) oil price. Clearly if current low oil prices continue, it will negatively impact revenues." The Government has 10.1 per cent shareholding in Oil Search, while the National Superannuation Fund Limited has about six million shares in it. The company says it has about 45,000 shareholders, of which around 10,000 are located in PNG. Managing director Peter Botten announced this week that Oil Search was paying 44 per cent of last year's core profit as dividends to shareholders. The core profit for 2014 was \$US482.8 million (K1.2b) – an increase of 135 per cent on 2013. He told the Australian Broadcasting Corporation yesterday that Oil Search was interested in getting the benefit streams from the PNG LNG project "distributed properly and evenly across the whole country".

NZ Decision on Seabed Mining should set a Standard for Pacific Countries

Hera Hoi, EMTV via PNG Mine Watch, February 25, 2015

Following the denial of the second sea bed mining proposal in New Zealand by the Environmental Protection Agency (EPA) this month, the mining industry has called on the government to reconsider, rather 'soften' their new legislation on the matter. EPA had appointed a Decision-Making Committee (DMC) which announced its decision earlier this month, rejecting Chatham Rock Phosphate's application 'for a marine consent to mine phosphorate nodules on the Chatham Rise'. They were rejected on the grounds of posing high risk to the natural ecosystems in the undersea world. While the rejection was welcomed by environmentalists and many other local groups which are highly concerned about the vulnerable 'undersea ecosystems', Chatham Rock Phosphate was not as overjoyed considering the monetary losses they had made in the process.

Chatham Rock Phosphate's managing director Chris Castle expressed his grave disappointment when the decision was announced. "To say we are bitterly disappointed is an understatement. This will make it even harder, if not impossible for companies to attract capital for new projects in New Zealand," a shocked Castle said in statement. A Greenpeace report contributor, Richard Page via Financial Times, in the simplest way explained the dangers of seabed mining. "It is difficult to contain mining waste on land. Imagine the problems of stopping the spread of pollution in an ocean environment. The local communities have every right to be, and indeed should be, concerned." Rejecting the second seabed mine application in less than one year is considered risky, as in a span of seven years there was about \$100 million spent on both projects put together. Considering they had to reel in investors for this two failed projects is merely disappointing for the business world and their confidence in doing further businesses in New Zealand. Phil McCabe, the chairman of Kiwi's Against Seabed Mining, New Zealand Herald, proposes two reasons for the companies over-estimating their ability to obtain marine licenses for this untested industry, and losses occurring for investors.

"First, the companies could not prove their proposals were environmentally and economically acceptable," said McCabe. "Second, the government underestimated the complexities involved in introducing into the marine environment what has been a wholly terrestrial commercial activity. It might be that large-scale mining in the marine environment is inappropriate for New Zealand altogether." Meanwhile the UN agency, International Seabed Authority, has so far issued about 26 exploration licenses to governments and companies enabling them to operate in international waters. Whilst the seabed mining industry is still in its development stages, New Zealand, Namibia and Papua New Guinea have already awarded national licenses. So far New Zealand has been successful in denying two applications for Sea Bed mining in their waters. Canadian-based company Nautilus were, however, successful in getting a licence from the Papua New Guinea Government for their Solwara 1 project in the Bismarck Sea. Despite vocal protests from around the world, Nautilus is well underway to opening the first ever sea bed mine.

Nautilus commissions auxiliary cutter in UK

Post-Courier, February 25, 2015



The operator of the world's first deep sea mine, Nautilus Minerals Inc (Nautilus), has announced the commissioning and factory acceptance testing of its third and final seafloor production tool (SPT), the auxiliary cutter, commenced at soil machine dynamics' facility at Newcastle upon Tyne, UK, for the Solwara 1 project in PNG. In a statement released yesterday by Nautilus, chief executive officer (CEO) Mike Johnston said; "We are very excited that the commissioning of the final of the three SPTs has begun. "With the bulk cutter and the collecting machine having already begun factory acceptance testing and now with the auxiliary cutter underway, we are on track to complete this testing phase and take delivery of the three SPTs in Q4 2015." Mr Johnston said the auxiliary

cutter will weigh in at 250 tonnes when fully assembled. He said that it is a preparatory machine that deals with rough terrain and creates benches for the other SPTs to work.

It will operate on tracks with spud assistance and has a boom mounted cutting head for flexibility. Explaining the functions of the SPT; the CEO said the excavation and collection of mineralised material has been split into three individual tasks, which will each be carried out by a different SPT. Mr Johnston added that the auxiliary cutter is designed as the pioneering tool which prepares the rugged sea bed for the more powerful bulk cutter. "These two tools gather the excavated material; the third, the collecting machine, will collect the cut material by drawing it in as seawater slurry with internal pumps and pushing it through a flexible pipe to the subsea pump and on to the vessel via the riser and lifting system" Nautilus said. The Solara 1 project is the world's first deep sea mining that will be operated by the Canadian based company. The national Government through Eda Copper; a subsidiary of Petromin PNG Holdings Limited, is nominated to hold 30 a percent equity in the project. The project on the waters between the New Ireland and New Britain islands is expected to commence its development starting 2016 onwards.

Landowner wants Mt Victor mine deal for his people

The National, February 25th, 2015

A LANDOWNER in Eastern Highlands wants the provincial government to stay out of customary land registration arrangements for Mt Victor Gold Mine. Joe Bumbandy, a principal landowner in Saiora, Kainantu, made the call after learning that the provincial government was engaging a company to process the Integrated Land Group (ILG) registration of Mt Victor. "I, Joe Bumbandy and the customary landowners of Mt. Victor would like to object to the Eastern Highlands government to do the ILG registration for our customary lands," he said in a letter to the provincial government. "The main reason is that ILG is not traditionally, customarily and constitutionally recognised. "The ILG is a foreign concept and is against the landowners' interests."

He said the provincial government had allowed Nuigini Mining Company to operate at Mt Victor in 1987 without proper landowner benefits for the people. He said there were many outstanding landowner issues since Nuigini Mining Company ceased operations in 1992. "My people will sort themselves out first before they engage their own consultants to process their land registration and ILGs," he said. He said he did not want his people to be spectators on their land. "Proper documentation and legality should be installed and heeded so that the resource owners, EHP government and national Government do not miss out on benefit sharing," he said. Efforts to get a comment from the provincial government were unsuccessful.

NEC approves revised MOA for Tolukuma Gold Mine

Post-Courier, February 25, 2015



The National Executive Council has approved the revised Memorandum of Agreement on the Tolukuma Gold Mine along with the outcomes of its negotiations. Prime Minister Peter O’Neill said the Tolukuma MoA will be reviewed every five years. The Tolukuma Gold Mine is located in the Goilala District of Central Province and can only be accessed by helicopter. The revised MoA relating to the Tolukuma Gold Mining Project was signed in 2007 between the State, Central Provincial Government, Waitape Local Level Government, Tolukuma Gold Mine Limited and the Yulai Landowners Association. “The current MoA review began in October, 2012, and was completed in December 2013 and has been agreed upon by all the stakeholders, whereby the royalty rate will be applied at 2 per cent.

“Cabinet has further directed the Department of Personnel Management to assist in establishing the Tolukuma Infrastructure Development Committee (IDC) and an office as the vehicle of the projects under the Central Provincial Government structure,” Prime Minister O’Neill said. He said Cabinet also deliberated on the outstanding National Government commitment of constructing the Tolukuma Highway, which is part of the National Building & Road Network Program and directed relevant agencies to provide funding and start work immediately. “Part of the agreement also comprises of the company’s Business Development Plan and its three year employment and training plan,” Mr O’Neill said. He said Cabinet approved for the projects to be funded under various national government programs during the lifetime of the project.

Phil McCabe: Seabed mining rebuffs send right message

The New Zealand Herald, Feb 24, 2015



People at Piha beach raise awareness of the threat of seabed mining. Photo / Michael Craig

Among the fallout from the Environmental Protection Agency denial of a second application to mine the seabed for minerals in New Zealand waters, there have been cries from the mining industry and friends that our new legislation needs softening. Really? Let's go back a few steps. The exploitation of mineral resources in our exclusive economic zone (EEZ) has been a major part of this Government's economic growth plan. It established the Environmental Protection Agency (EPA) as an independent body to create public confidence in the decision-making process for activities such as mining, and its EEZ legislation was, in part, written to enable the industry to establish itself here. The Government was aware of potential environmental effects. Then-Environment Minister Amy Adams described the new laws as sending "a clear message to companies operating in the EEZ that New Zealanders value their oceans".

When Trans Tasman Resources failed the EPA test in its bid to mine the ironsands in the South Taranaki Bight, both then-Conservation Minister Nick Smith and Energy and Resources Minister Si-

mon Bridges defended their "robust" framework. Mr Bridges said our "world best practice" legislation had led to a decision that "shows that we have a strong process with very high environmental hurdles that have to be met". But he also warned: "Not everyone can jump that high." This was the case with both seabed mining applications. Globally, the industry called "seabed mining" is still very much in development, an untested technology with no comparable projects anywhere else on Earth. The New Zealand Government opened our waters to this novel industry and the high levels of uncertainty have shone through with these negative decisions, at the expense of investors.

About \$100 million was spent over seven years on the two failed proposals, during which time they reeled in willing investors. But did the companies over-promise their ability to get marine licences for this untested industry? In the light of two failed applications under a regulatory framework designed to enable them, there are only two possible conclusions that can be drawn. First, the companies could not prove their proposals were environmentally and economically acceptable. Second, the Government underestimated the complexities involved in introducing into the marine environment what has been a wholly terrestrial commercial activity. It might be that large-scale mining in the marine environment is inappropriate for New Zealand altogether. The EPA's Chatham Rise decision states that the environmental effects on a rare and vulnerable ecosystem were a "major concern" and that economic benefits to New Zealand were "modest at best". In both applications, the EPA found the economic benefits wanting. The royalties payable would have been minimal for a resource 100 per cent owned by New Zealand.

What of the future investor in all of this and of the cries of New Zealand being "closed for business"? Such scaremongering by industry groups is disingenuous and self-serving. Yes, these two decisions send a signal - but not that New Zealand is "closed for business". That's insulting to the many sustainable businesses operating successfully in New Zealand. They send the right signal: that New Zealand will not accept high-risk developments that damage the environment and ecosystems while providing relatively little economic benefit. New Zealand is, and should be, open to smart, sustainable, value-adding investments that provide jobs and livelihoods well into the future without compromising our values, environment, and our way of life. The regulators and the legislation have done their job and delivered the best long-term outcome for New Zealand in fending off two unacceptably inappropriate and risky ventures. Given Mr Smith has confirmed he is considering amending the legislation, we trust he will consult with all stakeholders across the community, from iwi to fishing interests and coastal communities.

- Phil McCabe is the chairman of Kiwis Against Seabed Mining

Timor hopeful of LNG project

Post-Courier, February 24, 2015

SYDNEY: Woodside's decision to shelve its Sunrise LNG project has not dented East Timor's desire for the resource to be developed. Woodside last week walked away from plans to develop the Sunrise gas field off East Timor, citing regulatory and fiscal uncertainty in relation to the five trillion cubic feet resource. The move put pressure on East Timor to consider using floating LNG technology or run the risk the project will not be built. But East Timor's Minister of State Agio Pereira says the government still prefers to have an onshore LNG plant. "The pipeline to Timor-Leste has been proven to be economically and technically viable and will be used when Greater Sunrise is developed," he said. He remains hopeful that the world-class gas reserve will be developed one day. "We have no doubt that it will be exploited in the coming years and be an important resource for the further development of our nation," he said.

Mr Pereira also reiterated his government's desire for Australia and East Timor to come to an agreement on their maritime boundaries. The Sunrise gas field lies in the Joint Petroleum Develop-

ment Area, which is jointly administered by Australia and East Timor. But the pair have been unable to agree on tax issues and development plans. "We do understand that fiscal certainty is important for business and believe that the best way to achieve long-term fiscal certainty and an optimal investment environment is to 'draw the line'," Mr Pereira said. The most straightforward way to achieve this would be by friendly engagement in this process by both countries under the norms of international law."

Solomons gold mine still up for sale

Radio New Zealand, February 24, 2015

The Australian owner of the close Gold Ridge gold mine on Guadalcanal says there is third party interest in buying the mine even as it negotiates a possible sale to the Solomon Islands government.



Gold Ridge in Solomon Islands, Photo: AFP

Negotiations between the previous government and Australian-based St Barbara were well advanced last year but the company has had to start from scratch with the new government coming into power in November. The government wants extensive research and feasibility studies done into the viability of it acquiring the mine. St Barbara's chief executive, Bob Vassie, says he is keeping an open mind in considering the future of the mine. "There actually is still some interest out there given that the gold price has increased in recent times or at least in the Australian dollar terms. So we would still consider third party interests. And it is quite possible that the government would want it to go that way as well, if it meant there was a prospect of the operations coming back on line."

More Nickel Than Expected Discovered In Solomons

Axiom Mining exploring potential of Isabel Province mine

WELLINGTON, New Zealand (Radio New Zealand International, Feb. 24, 2015) – The Solomon Islands government says Axiom Mining Limited has discovered there is a lot more nickel at the Isabel Province site than previously thought. The company's initial exploratory drilling has also found the nickel is of a high grade. The prime minister, Manasseh Sogavare, says it's a significant finding and brings Solomon Islands closer to much-needed economic recovery, following the closure of the Gold Ridge Mine.

[PIR editor's note: RNZI reported that 'The Australian owner of the close Gold Ridge gold mine on Guadalcanal says there is third party interest in buying the mine even as it negotiates a possible sale to the Solomon Islands government. ... Negotiations between the previous government and Australian-based St Barbara were well advanced last year but the company has had to start from scratch with the new government coming into power in November.'] Axiom is facing a legal bid by the Japanese mining giant Sumitomo over its ownership of the Isabel nickel deposit.

British mining company optimistic about takeover

The National, February 24th, 2015

A BRITISH mining company is set to take over the Kainantu mine, in Eastern Highlands, from Barrick Gold Corporation. K92 Holdings International Ltd will acquire the gold-copper mine from Barrick Kainantu Ltd (BKL) through its subsidiary K92 Holdings (PNG) Ltd after BKL had its mining leases renewed by the Mineral Resources Authority. K92 Holdings chief executive officer Ian Stalker said that the renewal of the mining lease was a new beginning for the company. "Today's mining lease renewal news is in many ways a starting point for K92," Stalker said. "K92's focus is to fast-track the restart of mining and milling operations on site and start exploration with the goal of identifying and defining further high grade resources. "Our business model, developed by an outstanding team of mining professionals, is based on a foundation of low and well defined capital expenditure requirements, high grade resources and a strong existing infrastructure." The company stated that it plans to refurbish the existing mill and Irumafimpa mine underground infrastructure which would see commencement of production in the third quarter of 2015. Kainantu mine was previously closed down by Barrick in early 2009 after it was deemed unprofitable, two years after it purchased it from Highlands Pacific Ltd in 2007.

Ramu Nico: Mine still running at loss

President Jicheng: '2015 is a fight for survival'

Freddy Mou, PNG Loop via PNG Mine Watch February 24, 2015

Despite the technical, social, economic and cultural challenges faced in 2014 by Ramu Nico, company president Wang Jicheng set this year's production target at 83 percent capacity rate in line with requirements from the MCC-Group. Speaking at the 2015 Ramu NiCo Annual Work Report Conference in Madang recently, Mr Jicheng said even though confronted with such problems as the complicated investment environment in PNG and laterite mining and processing challenges, Ramu Nico had followed the ramping-up requirement from MCC Group. "We have closely stuck to the strategic targets of 'ramp up and control deficit' to orient development, change management mode, concentrate on productivity increase, remedy the shortfalls, regulate marketing operation, reinforce capital expense, enhance HSE and community affairs management, to achieve the effective outcomes on management improvement and technical breakthrough," he said.

With the fluctuating nickel and cobalt world prices and other uncontrolled external and internal factors, Mr Jicheng said the project would still make a loss in 2015 with the deficit control within the set target even though 83% design capacity was achieved. "Currently, we are faced with the development of quality, challenging process bottlenecks, team stability and cross-cultural management and other aspects. To increase production capacity and operational management level, we have established a '12345' management approach, to complete various tasks centering on cash flow and ramp up," Mr Jicheng said. The '12345 approach' includes: manage cash flow, ensure competition and health, safety and environment, make changes in operation philosophy, innovative development and step up progress in production. Mr Jicheng said 2015 was not only a challenging year but also a year to fight for survival and explore potentials to increase benefits.

Ramu: Highlands cashed up

Post-Courier, February 24, 2015

By GLORIA BAUIA

Highlands Pacific Limited (Highlands Pacific) has conditionally exercised its right to begin receiving its share of the cash operating surpluses commencing January 1, 2015 from the giant Ramu Nickel project in Madang in which it holds an 8.56% interest. The company in a statement said this decision by Highlands to participate in the operating results of Ramu comes after the operator, Metallurgical Corporation of China (MCC), revealed that the project achieved its first annual operating surplus of approximately \$US67 million (K177.39m) in 2014 (unaudited) with an after capital expenditure of \$US23 million (K60.9m) and the net cash surplus being \$44 million (K116.5m). Highlands Pacific said that under the joint venture agreement in place for the Ramu project, it was entitled to nominate, at a date of its choosing, when it wished to begin participating in the operating results, effectively shielding it from losses incurred during the commissioning stage; hence this decision. "We are obviously delighted to see the project reach profitability," said Highlands Pacific Managing Director John Gooding.

"First discovered in 1962, it has taken great technical skill and dedication from the many participants in the project over the past 50 years to reach this development milestone. Highlands took over management of the project in 1992, and in the ensuing period we have worked tirelessly with our partners MCC and PNG's Mineral Resource Development Company which represents the landowners to deliver the project to production and profitability." "Our hard work is now beginning to be rewarded, and the cashflows we expect to receive from the project in the future will underpin our further development plans at Frieda River and Star Mountains, providing the potential to generate significant returns to our shareholders," he continued. Gooding said the decision to nominate was great news for Highlands, providing the company with access to cashflow from the project, which is expected to generate significant returns for its shareholders and for the State of Papua New Guinea over the next 30 years.

Following this decision to participate, Highlands' will begin receiving its pro-rata share of operating surpluses, and will continue to contribute its share of on-going capital expenditure requirements. Of the funds to be distributed to Highlands, commencing in the June quarter 2015, 80% initially will be applied to repay its 8.56% share of a capped Ramu capital cost of \$US1.010 billion (approximately \$US86 million). The remaining 20% will be available to Highlands for other purposes. Highlands' nomination is conditional on MCC completing audited joint venture accounts for the 2014 year, confirming the operation has moved to profitability. Highlands also mentioned that based on a nickel price of approximately \$20,000/tonne, it is anticipated that it will have repaid its share of the capped project capital by 2025, at which point its share in the project will increase to 11.3% at no cost. During that time it expects to receive approximately US\$50 million (K132.39m) in cash flow, after debt repayments. Highlands also holds a further option to acquire an additional 9.25% interest in the project at fair market value, increasing its interest to 20.55%.

Palau Governor Calls For Quick Approval Of Oil Exploration

Kayangel State, energy company want expedited environmental review

KOROR, Palau (Island Times, Feb. 23, 2015) – Kayangel Governor Jeffrey Titiml and Palau Energy (PE) Pte. Ltd. Director Howard James Smith have written Environmental Quality Protection Board (EQPB) Chairman Benjamin Adelbai requesting EQPB to expedite its review of their application to drill an exploration test well in the Palau North Block (PNB) off Kayangel State. In their February 23, 2015 letter to Adelbai, Titiml and Smith noted that they jointly submitted to EQPB their application (which consisted of an application for an earth moving license permit together with

an Environmental Assessment and Oil Spill Response Plan) to drill one fifteen day exploration test well "Northstar-1X in the offshore Palau North Block, within the State of Kayangel. The letter stated that it has been 35 days (five weeks ago) since they submitted their application to EQPB on January 19, 2015. "While we fully understand EQPB's prudent requirement to involve and solicit comments from various concerned agencies, officials, and experts, but to date, five weeks later, neither the State of Kayangel nor Palau Energy Pte. Ltd. has received any formal feedback from EQPB in regards to our application," the letter said.

Titiml and Smith said that PE and Kayangel State would be most grateful for EQPB to expedite its review and grant its permit. "In that regard, we hereby request for EQPB to submit to us any clarifications/comments you may have in regards to our Environmental Assessment, so that we can quickly respond to EQPB, in order for EQPB to complete its review and grant us our permit/license," they stressed. The letter pointed out that the agency has previously granted a permit to another company to conduct exploratory oil drilling in the same area. "We would like to call the EQPB's attention to the fact that EQPB has already, previously issued a permit to drill two exploration test wells in the waters of Kayangel State, dated February 2, 1996 to TMBR Sharp Drilling Inc. of Midland, Texas, U.S.A.; this EQPB Permit # 081-96, expired on March 5, 2002," the letter stated. Titiml and Smith said that in light of this earlier permit approval, EQPB has set the legal precedent and that they believe that their application to drill one exploration test well in the same area as the previous permit (# 08 1-96) with a far more environmentally friendly and technically advanced DP3 drillship, the "Norshore Atlantic", should be approved by EQPB.

In approving the previous application by TMBR Sharp Drilling, EQPB noted that the proposed exploration should not have significant effects on the environment. The reasons for this determination include the following: 1) Videotape of the ocean bottom in the area of the proposed drilling shows that there is little coral in the area which could be disturbed by the legs of the drilling platform. If necessary, applicant will shift the exact location of the platform to avoid damaging any live coral; 2) No production or pumping of oil will be performed by the applicant without the preparation of an Environmental Impact Statement by an independent third party; 3) The applicant shall prepare a Spill Prevention Control and Countermeasure (SPCC) Plan which will describe the equipment and procedures which shall be used in the drilling operation to minimize the chances of oil spills. The Plan shall be reviewed and approved by the Director of Bureau of Resources and Development and EQPB prior to beginning drilling operations. The applicant shall comply to the fullest extent with the plan throughout the drilling activities; 4) The applicant has no feasible alternatives to determine the presence of oil deposits; 5) The project should not curtail the range of beneficial uses of the environment; 6) The project can be constructed without conflict to the Republic's long term environmental policies and goals as expressed in the Environmental Quality Protection Act and the regulations promulgated thereunder; and 7) The project should not affect any environmentally sensitive area.

"Palau Energy Pte. Ltd. and the Kayangel State Government hereby request for EQPB to expedite its review of our application and Environmental Assessment, in order to conclude your review in a timely manner, as time is of the essence. Unnecessary delay will make it difficult, if not impossible, for Palau Energy Pte. Ltd. to discover once and for all whether the people of Palau and Kayangel in particular, are blessed by nature with the precious gift of hydrocarbons, which if found will forever change the economy of everyone in Palau in an unprecedented way," the letter concluded. Earlier, two lawmakers-Senators Mlib Tmetuchl and Phillip Reklai-have written EQPB urging it to take timely action on exploratory drilling application. Palau Energy Pte, Ltd. based in Singapore took the project over as Operator of the Palau North Block Concession from Texas based Palau Pacific Energy who now only retains a 15% interest in the project. Palau Energy has an 85% stake and has committed around \$15 million for the project. The EQPB looks into the environmental impact of the project, while the Minister of MPIIC approves and issues the exploration permit. The findings

and recommendations of the EQPB carry much weight on whether the MPIIC Minister approves or denies the application. Island Times was not able to get the comment of EQPB Chairman Adelbai as of press time.

Solwara-1 seabed mining project brings controversy to Papua New Guinea

Precise takes a look at the proposed Solwara-1 seabed mining project and the potential detrimental effects on the environment.

Precise Consultants/UK, February 2015

There's a battle going on today in the oceans surrounding Papua New Guinea. In the red corner – the native population, and in the blue – the renowned mining company Nautilus Minerals. Let's set the scene. Deep, deep down on the sea floor, according to researchers Helen Rosenbaum and Natalie Lowrey (Deep Sea Mining – the Pacific experiment), “lie thousands of hydrothermal vent formations...like underwater hot springs, spouting black clouds of metal sulphides. The foci of Deep Sea Mining are the deposits laid down over thousands of years around the hydrothermal vents. The metal sulphide particles settling around the vents develop into huge mounds. These are known as Sea-floor Massive Sulphides. They can grow to millions of tonnes in mass. They are rich in zinc, copper, silver, gold, rare earths and other minerals.”

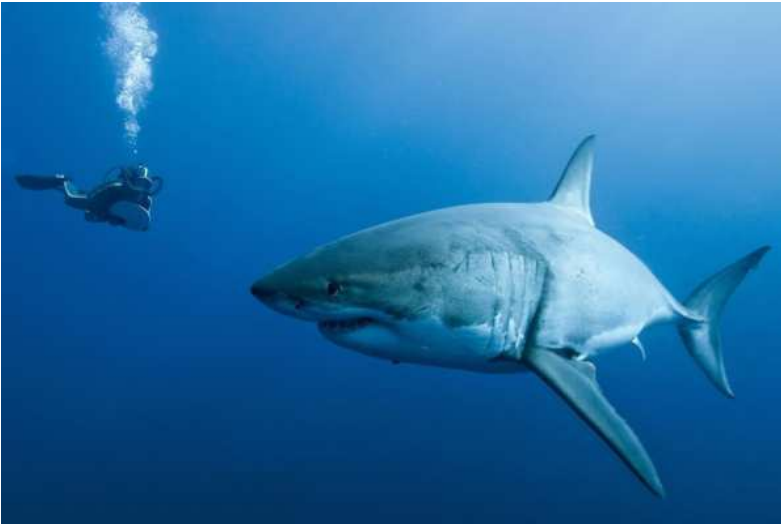
And that's is what Nautilus Minerals wants. The world's first licence to operate a deep sea mine has been granted in Papua New Guinea to the Canadian company. It has established project Solwara 1 which aims to mine the Bismark seabed for high grade copper and gold. But the Papua New Guineans are far from happy about the project, and their campaign has attracted international support. One petition to the PNG government calling for it to ban experimental DSM contains over 24,000 signatures. The issue was presented to the Rio+20 conference in Brazil, has attracted support from New Zealand communities and the Pacific Conference of Churches 10th General Assembly voted to pass a resolution to stop south Pacific deep sea mining altogether.

So why are the local communities up in arms about the project? To be blunt, according to Rosenbaum and Lowrey, “No study to date has investigated the effects of high pressure on the toxicity of chemicals in organisms.” Those organisms include a veritable wealth of incredible sea life – sharks, dolphins, turtles, tuna, octopus and many many others. Dan Jones, a Melanesian studies advocate said, “From Bougainville to Ok Tedi, to Porgera and Ramu Nickel in Madang, the extractive industry continues to cut corners purely to maximise profits causing massive environmental damage and social upheaval which continues to spark social uprising, ecocide and serious conflicts.” Environmentalist David Gwyther says if it goes ahead, potential risks include, “Stocks of tuna and other migratory species (which) may become contaminated by heavy metals and the health of communities and ecosystems across the Pacific could be affected.” Fish is the main source of protein for all New Islanders.

It isn't fair to suggest that Nautilus is not concerned about the impact its mining would have. In fact the company proposed recolonizing species that would not be able to withstand the temperatures created by DSM, in an area two km upstream of Solwara 1. It's also created a special mining tool that significantly reduces the escape of material during cutting, thereby reducing the risk of exposure to toxic fumes. Currently the operation is progressing despite the concerns of environmentalists. Nautilus announced last week that orders are going ahead for completion of the operational base for Solwara 1. The vessel will be 227m in length and 40m wide, able to accommodate 180 people. It is expected to be delivered by the end of 2017.

Seabed mining dreams shattered by New Zealand latest decision

Cecilia Jamasmie, mining.com, February 22, 2015



The latest setback to seabed mining has alarmed companies involved in deep sea mining projects. New Zealand's recent decision to oppose another deep sea mining venture off its coasts has poured cold water on advocates of searching for and digging up valuable minerals including copper, gold and manganese from the ocean floor. A decision-making committee appointed by the country's Environmental Agency (EPA) thwarted Chatham Rock Phosphate Limited's plans on Feb. 11. The authority argued that mining off the coast of Canterbury — where the operation was proposed — would cause "significant and permanent adverse effects" on the location's seabed. The case became the second mine application refused in less than a year. Last June the same body refused Trans Tasman Resources' (TTR) application to mine iron sands off the North Island's west coast, which would have become the country's first operation of its kind.

While applauded by environmentalists, the latest setback to seabed mining has alarmed companies involved in the resources extraction model. While applauded by environmentalists, the latest setback to seabed mining has alarmed companies involved in the resources extraction model and pushed the New Zealand government to consider changing legislation to ensure it doesn't block economic development. "To say we are bitterly disappointed is an understatement. We are aghast," Chatam Rock's managing director Chris Castle told *The New Zealand Herald*. "The entire government process, and the EPA in particular, seems afraid to say yes to any project that involves any kind of environmental impact and that is simply not good enough if we are to provide a future for our country's young people."

UN support

Meanwhile, the United Nations' International Seabed Authority (ISA) continues supporting the activity. It has so far issued 26 exploration licences to governments and companies, authorizing them to operate in international waters. According to the Sunday edition of *Financial Times* (subs. required), New Zealand, Namibia and Papua New Guinea have also granted licences for seabed mining exploration, while diamond giant De Beers uses ships for extracting the precious gems off the coast of Namibia, at depths of up to 140 metres. But it is Canada's Nautilus Minerals the one leading the race to open the first seabed mine. In a deal arranged outside the ISA system, the company overcame several difficulties until it reached last year an agreement with the Papua New Guinea government to move forward with its Solwara 1 gold, copper and silver underwater project, located in the Bismarck Sea.

Deep sea mining hopes hit by New Zealand decision

Jamie Smyth, Financial Times, February 22, 2015

A decision to block a deep sea mining venture off the New Zealand coast has cast a shadow over an emerging global industry that proponents say could revolutionise how minerals are extracted. The sea floor is rich in copper, nickel, manganese, cobalt, zinc and a host of other minerals used in technology products. Improvements in undersea extraction technology have now put these within reach of miners. New Zealand has led the way in developing sea floor mining. But progress has now stalled following this month's rejection by environmental regulators of a proposed project by Chatham Rock Phosphate off the coast of Canterbury, the second mine application refused within a year. The decisions were welcomed by green groups, who fret that mining would damage vulnerable undersea ecosystems, which are relatively underexplored. But their delight is not shared by companies eyeing deep sea prospects. "To say we are bitterly disappointed is an understatement," said Chris Castle, Chatham Rock Phosphate's managing director. "This will make it even harder, if not impossible for companies to attract capital for new projects in New Zealand."

For almost 20 years deep sea mining has been flagged as a commercial opportunity. David Cameron, UK prime minister, claims it could be worth £40bn to the UK over a 30-year period. The International Seabed Authority, a UN agency, has so far issued 26 exploration licences to governments and companies enabling them to operate in international waters. New Zealand, Namibia and Papua New Guinea have awarded national licences for seabed mining exploration. De Beers uses ships to recover diamonds off the coast of Namibia at depths of up to 140 metres. But scant deep sea mining has taken place. The world's largest mining groups are sidelined, apparently deterred by the uncertainty of both economics and the environmental impact of the activity, which has prompted authorities to order moratoriums on mining in Namibia and the Australian state of Northern Territory. Richard Page, contributor to a Greenpeace report on sea floor mining, says:

"It is difficult to contain mining waste on land. Imagine the problems of stopping the spread of pollution in an ocean environment. The local communities have every right to be, and indeed should be, concerned." Campaigners say cutting into the ocean floor or dredging to recover minerals that will be pumped on to a floating processing vessel will kill marine life and smother neighbouring areas with sediment or plumes. New Zealand's Environmental Protection Agency concluded that Chatham Rock's proposed phosphate mining project near Canterbury would cause "significant and permanent adverse effects on the existing benthic [sea floor] environment". The decision has alarmed proponents of sea floor mining and prompted the New Zealand government to consider amending legislation to ensure it is not a barrier to economic development.

"The act is flawed," says Alan Eggers, chairman of Trans-Tasman Resources, a company proposing to mine iron sands off the New Zealand coast. Last year the EPA blocked it from mining the sea floor — the first time the regulator had ruled on a seabed mining application. The setback to seabed mining in New Zealand comes as a plan to begin mining copper and gold off the coast of Papua New Guinea moves a step forward. This month Nautilus Minerals, the first company to be awarded a deep sea mining lease anywhere in the world, signed an engine contract for a mining support vessel, which will process minerals off the coast of PNG. The Canadian company, which counts Anglo American among its shareholders, has partnered the PNG government and is on schedule to begin mining at a depth of 1,600m by 2018. Mike Johnston, chief executive of Nautilus Minerals, says: "I believe 30 per cent of the world's mineral production could in the future be mined from the sea floor."

Nautilus Minerals has also been awarded exploration licences in international waters by the ISA. The UN agency is working on a legal framework to begin issuing sea floor mining leases — a process that could start by 2016. Mining royalties under these licences would be paid to developing

countries. Michael Lodge, ISA legal counsel, says: “We have issued exploration licences for areas that cover 1.2m sq km of ocean — about the size of Mexico. In the past, state organisations were the main applicants but in the last three years private companies have become more active.” US defence group Lockheed Martin and G-TEC Sea Mineral Resources, a Belgian company, have both received licences. But companies hoping the ISA is likely to favour commercial exploitation above environmental protection may be disappointed. “We are legally bound to protect the environment, which must take precedence,” Mr Lodge says. “We can only allow commercial exploitation to take place provided there are safeguards.”

Otterburn Target K92 Receives Mining Lease Renewal Notification From Barrick Gold Corp.
VANCOUVER, BRITISH COLUMBIA--(Marketwired - Feb. 20, 2015) - Otterburn Resources Corp.

- Otterburn Resources Corp. announces Mining Lease renewals
- Mining lease renewals trigger sale completion between Barrick and K92
- Project includes existing mill, mine development and substantial infrastructure

Otterburn Resources Corp. ("Otterburn") is pleased to announce that K92 Holdings International Limited ("K92") has received notification from Barrick Gold Corp ("Barrick") that the Kainantu Mine mining lease renewals sought by Barrick's wholly owned subsidiary Barrick Kainantu Limited ("BKL") have been obtained. With the mining leases now renewed for 10 years from June 14, 2014, as per BKL's application to the Mineral Resource Authority (MRA) of Papua New Guinea, and with all required cash payments from K92 to Barrick having been made to complete the transaction, the sale of BKL to K92 Holdings (PNG) Limited (wholly owned by K92) has been triggered. The sale completes in ten business days and the control of the Kainantu Mine Property transfers to K92 at the end of the ten day period.

The Kainantu property covers a total area of 410.74 square kilometres and is located in the Eastern Highlands province of Papua New Guinea, approximately 180 kilometers via paved road, west-northwest of the town of Lae, Papua New Guinea. Papua New Guinea is a democratic commonwealth country with a population of approximately 7.4 million people, and a land area of 462,840 km². Mining is a major source of economic activity with multiple large mines operated by major mining companies. Mining and petroleum contribute more than one-third of all government revenue. While there is constant investment news from the mining sector in Papua New Guinea, including the recent announcement of Anglo America's proposed multimillion dollar joint venture with Highlands Pacific Limited at Star Mountains, the most recent news garnering attention is the recent decision by Newcrest to proceed to feasibility of its Golpu copper-gold deposit with a proposed life of mine capital expenditure of approximately USD \$3.1 billion. The Golpu deposit is situated approximately 110 km east south-east of the Kainantu Mine.

Within K92's mining lease, there is an historical inferred resource of 1.8Moz at 11.8 g/t Au Eq. and an indicated resource of 340,000 oz. Au at 17.7 g/t Au Eq*. Please refer to the Company's news release of August 25, 2014. Otterburn has commissioned a NI 43-101 compliant technical report to review and confirm these historic resource estimates, and anticipates filing this report shortly. Otterburn will be embarking on an expansion drilling program designed to target additional mineralization throughout 2015 and 2016, via the expansion and definition of previously drilled mineralized areas. Onsite, there exists fully developed infrastructure including an operational mill, camp, offices, access roads, reliable hydro supply via a dedicated power line, a life of mine tailings facility, and extensive underground mine development. Barrick purchased the project from Highland Pacific Ltd in December 2007 for USD \$141 million and invested capital in regional exploration, definition drilling of the Kora deposit and mine development at the Irumafimpa deposit.

Mineralization on the property includes gold, silver and copper occurring in intrusive related gold telluride veins; copper-gold-silver sulphide veins and related porphyry copper-gold systems; and alluvial gold. The Irumafimpa-Kora vein deposit is the most advanced project at Kainantu, with past modern mining activity in the Irumafimpa area. The Irumafimpa-Kora deposit occupies a broad northwest-trending mineralized zone more than 2.5 kilometres long and up to 60 metres wide. Mr. Doug Kirwin, K92 Advisor, notes "The structures hosting the lodes strike for several kilometers and have known vertical extents of hundreds of meters, and are open beyond this. This indicates significant potential to add to the existing resource, and the probability of discovering parallel lodes is high."

Upcoming activities planned by K92 onsite include the refurbishment of the existing mill and the Irumafimpa Mine underground infrastructure; underground and surface drill testing from Irumafimpa to Kora; definition drilling in other zones of mineralization discovered but not yet defined as a resource; and exploration targeting the discovery of new high grade deposits. Future plans, dependent on available financing, include an underground incline drive from the Irumafimpa deposit to the Kora deposit, and additional upgrades to the mine and mill.

K92 Chief Executive Officer, Mr. Ian Stalker, states "Today's mining lease renewal news is in many ways a starting point for K92. However, it is also the culmination of a period of hard work by both our team in Papua New Guinea and by Barrick personnel. I thank both groups for their dedication to this process to this point and to the upcoming transition process onsite. K92's focus is to fast track the restart of mining and milling operations onsite, and commence exploration with the goal of identifying and defining further high grade resources. Our business model, developed by an outstanding team of mining professionals, is based on a foundation of low and well defined Capital Expenditure requirements, high grade resources and a strong existing infrastructure."

Porgera Landowners petition PNG Government with Ultimatum regarding Barrick's intention to sell Porgera Mine Porgera Alliance, February 20, 2015

Today, Porgera Landowners petitioned the PNG Government with an ultimatum in response to Barrick's announcement that it intends to sell off its stake in the Porgera Mine. According to the petition, the government has until Feb 25, 2015 to respond to the landowners request that the government deal with unresolved issues at the mine before allowing its sale. These issues are outlined as follows:

1. SML Resettlement The relocation issues not being fully addressed by the Developers and the State in the due processes since 24 years of mine life as of 1989 to 2015 this year.
2. Landowner Resettlement Issues The major resettlement issues not being addressed even though the matter was raised at different avenues. The major resettlement program is still pending with Barrick being the key player.
3. Disposal of Tailings The PJV's continuous discharging of mine waste into the main riverine system especially at Anawe waste dump site and Anjolek creek are causing a serious damages to the environment, improving plants and permanent loss of traditional customary land starting from the mine site then flows into the main Kaiya and Pogema River Systems respectively. Its then proceeds down to the main Porgera River and on to Fly River system resulting in causing tension cracks with high flooding of the debris with mixture of sands, gravels and toxic chemicals reactions are taking place. Then it also causes with huge landslides along the either sides of the riverbanks. Reference – Parama Association of Lower Porgera is now taking legal actions and seeking Human

Rights International assistance against the PJV-Barrick Gold Ltd and Independent State of Papua New Guinea.

4. Human Rights Currently the SML Landowners are now living within the vicinity of the special mining lease areas are seriously affected as due to air and dust pollution causing from the hauling of mine Ore body and toxic fume or steams that evaporates through the milling chimney that goes up into the air. And it really affects the human lives when drinking of rain water catchment from the tanks and other air pollutions within the PJV relocation homes and other surrounding areas of SML Porgera mine. Also a number of local landowners and domestic animals being carried away by the high flooding river currents while penning of alluvial gold along the main Kaiya and Porgera River System; a traditional or customary land owned by the Tieni, Tuanda and Kewai landowners. Reference – Porgera Landowners Association is dealing these matters at the high level of both government authorities and other international community's support and assistance.

5. Porgera Agreement After more than 24 years of mine life there was no tangible developments were taking sharp into the relocation areas such as electricity connection into the relocation houses, access road links into the relocation villages. Also there is no proper Aid-post or Health centers and any form of educational services such as elementary to primary schools within the relocation areas of SML Porgera mine. Reference – The Porgera Landowners association has raised these praising issues and graveness at the various avenues during the 24 years of mining life. Thus, no formal review was done between the STATE, DEVELOPER (Barrick Gold Ltd) and Porgera Landowners Association for and on behalf of the silent majority with an estimate population of ten thousand (10 000) plus people of SML Landowners of Porgera mine.

6. Mine Lease Issues Papua New Guinea is a land owned by the traditional landowners oppose to state ownership. We the traditional landowners own the land through inhabitants from generation to generations. The mine lease Barrick will expire in (2019) that is after three years' time, but, we still have the issues of permanent damages to our land and environmental damages caused due to mining operations.

7. Socio-economic Issues The socio-economic liabilities including outstanding obligations and claims for sustainability are at stake.

With these underlying issues which has been prolong for well over 24 years of mine life, the PJV Barrick Gold went ahead and sold out its 95% share from Porgera mine without the landowners concerns as we are the part shareholder of 2.5% and another 2.5% belongs to the Enga Provincial Government. Also the State and the Barrick Gold Ltd are well aware that we the people of SML area of Porgera mine are wholly own this customary land territories of the current mining operations are taking place. The State and the Barrick Gold Ltd had deliberately removed our rights and freedoms as part of ignorance and selling out of 95% stake to an unknown mining company. Under that circumstance we the landowners are very much frustrated and anger over the manner in which the PJV/Barrick Gold Ltd the immediate manager of the Porgera mining operation had deliberately by-passing the landowners from further negotiation on Barrick take-over. Also PJV/Barrick had left behind all the above pressing issues yet to be addressed and just wanted to sneak out. With these terms and conditions, we have no choice but to declare the mine operation to be CLOSED for indefinite period if no positive responses are coming forthwith.

Miner confirms sale of PJV shares

Post-Courier, February 20, 2015

Canadian Miner Barrick Gold Corporation (Barrick Gold Corp) finally confirmed that the Company is actively pursuing the sale of its subsidiary Barrick (Niugini) Limited which holds 95 percent interest in the Porgera Joint Venture (PJV). The miner, responding to various issues raised by Parliamentarians and aggrieved landowners, said yesterday that the company will be inviting expressions of interest from potential purchasers of Barrick Niugini. The company has stated that proceeds of any sale would be used to reduce debt, as the Company refocuses on core assets in the Americas. Barrick Niugini executive general manager in Papua New Guinea Greg Walker said the industry was experiencing challenging times, as gold mining companies worldwide experienced a lower gold price environment and pressure to reduce company debt. "Over the past year, in response to these challenges, Barrick has been changing the structure of its operations portfolio with an increasing focus on operations in North and South America," Mr Walker said.

"The company has implemented a strategy to divest the mines and properties that are not best-suited to the new strategic direction of the company. "For this reason, Barrick has announced that in the coming months it will be evaluating options for the potential sale of Porgera, and will be inviting expressions of interest in the purchase of the mine. "We expect this will be an ongoing process and it may take several months. There is no certainty that a sale will occur as a result of this process. "Barrick will only proceed with a sale that recognises the inherent value of the PNG operations. "Should a sale occur, the mine's obligations to its employees and communities, including legal commitments and local contracts – will continue to be respected, even under a new owner," Mr Walker said. Barrick (Niugini) Limited, on behalf of the Porgera Joint Venture, is the operator of the Porgera Gold Mine in Enga Province. The Porgera Mine employs over 2500 Papua New Guineans, and contributes approximately 11 percent of PNG's total annual exports.

Porgera landowners: State must intervene

Post-Courier, February 20, 2015

THE National Government has been urged to intervene in the Porgera landowner issues before the sale of Barrick Niugini's shares so that another Ok Tedi legacy is not repeated. The Porgera landowners made the call after learning of Toronto based Barrick Gold Corporation's proposal to sell its 95% share in the Porgera gold mine to a company reportedly from Asia. The Porgera gold mine is one of 29 world class gold mines owned by Barrick around the world and it is believed to be the most successful and low cost operation among those mines. It was revealed in Parliament by Mining Minister Byron Chan this week that news of the intention to sell the 95% had reached his office but the government cannot interfere as it was a commercial decision.

However the landowners called on the government to intervene as a signatory to the mining development agreements, as several major outstanding liabilities and issues like resettlement, cost to environmental damages, human rights abuses both physical and emotional as well as several MOA clauses were yet to be addressed by the developer. Landowner chairman Tony Mark Ekepa said the State has a duty to make sure that the interests of the landowners are protected. He said although it is a commercial decision, the damages are far greater and Barrick's intention to sell its shares is questionable. The government should not take it lightly as the issues are similar to the Ok Tedi mine during BHP's operation.

Porgera Landowners not aware of funds given for relocation program

Post-Courier, February 20, 2015

THE resettlement of landowners from the special mining lease area of the Porgera gold mine is a new clause in a new mining agreement yet to be completed, according to the Porgera landowners association. Spokesman and chairman of the landowner association Tony Mark Ekepa said from Pogera in response to Mining Minister Byron Chan's statement in Parliament this week. Minister Chan told Parliament this week in response to questions without notice from the member for Laigamp Porgera Nixon Mangape that Barrick, the operator of the Porgera gold mine has allocated funding (amount not disclosed) for relocation of the SML landowners but landowner issues of acquiring land has to be addressed first before the program starts. However, Mr Ekepa said that the resettlement agreement is a new clause added in a revised mining agreement because their concerns for resettlement hadn't been addressed by Barrick and Placer Dome for the last 25 years.

He said the announcement by mining minister Byron Chan in Parliament this week that Barrick has given money for the relocation was a surprise to the landowners. "We are not aware of any attempt to resettle the landowners from the SML areas. "The announcement by the minister is news to us as we only understand that the resettlement program is a new clause in the revised agreement underway. Therefore we want the minister to explain to (us) the landowners the amount allocated, where the money is banked, whether in a trust account or not and the bank holding the funds," he said. The issue has been outstanding and the resettlement program was only accepted in a revised agreement underway and therefore we the landowners have not been informed.

Clan vetting into second phase

Post-Courier, February 20, 2015

THE Petroleum and Energy Department will soon launch the second phase of its clan vetting project designed to resolve the issue of equal distribution of LNG benefits to landowners. The project aims to establish a transparent, pathway that would allow the Government to equally distribute LNG benefits to respective beneficiaries and third party entities in affected areas. The first phase was completed in May last year and was the identification process which established beneficiary clans and entities and a report was published and presented to the NEC last year. The second phase would be the finalising and setting up of physical mechanisms such as administrative posts and mitigations offices that would allow for the process of payment to parties identified in phase one. More than K14 million would be needed for the phase two.

Petroleum and Energy Minister Nixon Duban voiced his concern last week in the matter of land entitlement payments, saying that the problems associated with them were not being addressed properly. "Clan vetting when completed will render the government and it will be able to make benefit payments and curb the epidemic of land payment disputes that have been a thorn in the PNG LNG's side since its beginning," he said. Accounting house Deloitte would be solely responsible for managing funds payable to respective clans identified under the clan vetting project and that a uniform method of payment would be used. He said he hoped project is completed by May 24 this year to coincide with the anniversary of the first PNG LNG cargo shipment.

Barrick Gold Corp suffers monster US\$2.8 billion writedown, plans asset sales, layoffs and major debt reduction

Peter Koven, Financial Post, February 19, 2015

Barrick Gold Corp. is putting its Porgera and Cowal operations up for sale and setting a major debt reduction target for 2015 as the company starts to implement a long-discussed strategy to become

leaner and less centralized. The Toronto-based miner also reported a monster fourth quarter loss on Wednesday evening of US\$2.85 billion. Barrick took a US\$930-million writedown on the Lumwana mine (which is poised to close), and a US\$778-million impairment on Cerro Casale, a project that would be tough to justify at current metal prices. There were also writedowns on other assets. Barrick shares rose more than 7% just before 11 a.m. Back in the summer, chairman John Thornton talked about a plan to take Barrick “back to the future” with a leaner model that would empower managers at the mine level. The company provided more details of that plan on Wednesday, noting that it will cut head office jobs by nearly half.

Barrick also said it will continue to repair its balance sheet in the short term, with a plan to reduce net debt by “at least” US\$3 billion in 2015. The gold miner acknowledged that it got away from its roots by taking on too much debt in recent years. “Prudent financial management was a bedrock principle of the company. Our current level of debt is inconsistent with that principle, and that inconsistency is reflected in the company’s share price,” Barrick said in a statement. It sounded exactly like something Mr. Thornton would say. Barrick said it has “a number of options” to meet this debt reduction target, but did not elaborate. Selling the large Porgera mine in Papua New Guinea, which produced nearly 500,000 ounces in 2014, would provide an immediate boost to the balance sheet. However, that operation is plagued by social problems that could deter any bidder from paying a full price. Cowal is a much smaller operation and would not fetch a high price.

New Ireland government stops extension over moratorium

The National, February 19th, 2015

A WARDEN hearing for the extension of Bismark Mining Corporation’s exploration licence in New Ireland will clash with an existing moratorium that is in place in the province. The seabed mining company had lodged an application to the Mineral Resources Authority (MRA) to extend its Exploration Licence No.1887 that will be deliberated during a mining warden hearing next week Thursday. However, the New Ireland administrator Moses Makis told MRA that there was a moratorium in place that the National Government has yet to honour. The moratorium regarding new prospecting licences in New Ireland came into effect after the provincial executive council received an update on the Lihir memorandum of agreement dispute and other issues relating to mining in the province. Makis told MRA that the provincial government, its administration and the Nimamar local level government have objected the application for extension by Bismark Mining Corporation Ltd of its exploration licence.

MP blames Tolukuma mine over river floods

Post-Courier, February 19, 2015

By JACOB POK

THE people of Mekeo in Kairuku-Hiri district of Central Province continue to be affected by flood during wet seasons, causing destruction to food gardens and properties. Kairuku-Hiri MP Peter Isoaimo blamed the Tolukuma mine for the ongoing flood, citing sediment buildup in on riverbeds as a result of mining upstream. The MP brought the issue before parliament during Question Time last week, highlighting the struggles faced by his people as a result of continued flooding in the area. Mr Isoaimo said West Mekeo was the most affected where many homes were either washed away or submerged under water. He said the flood disaster had also caused havoc to section of Beireina to Gulf road along the Mekeo plain. Mr Isoaimo said there was need for the drainage of water along the road to clear the road passage for vehicles to pass through. He appealed to the government to look into the situation and assist his people.

Porgera: Mining agreement yet to be completed

Post-Courier, February 19, 2015

By JEFFREY ELAPA

THE resettlement of landowners from the special mining lease area of the Porgera gold is a new clause in a new mining agreement yet to be completed, according to the Porgera landowners association. Spokesman and Chairman of the landowner association Tony Mark Ekepa said from Pogera in response to Mining Minister Byron Chan's statement in Parliament this week. Minister Chan told Parliament this week in response to questions without notice from the member for Laigamp Porgera Nixon Mangape that Barrick, the operator of the Porgera gold mine has allocated funding (amount not disclosed) for relocation of the SML landowners but landowners issues of acquiring land has to be addressed first before the program starts. However Mr Ekepa said that the resettlement agreement is a new clause agreed in a revised mining agreement after their concerns for resettlement has never being addressed by Barrick and Placer Dome for the last 25 years. He said the announcement by mining minister Byron Chan in Parliament this week that Barrick has given money for the relocation was a surprise to the landowners.

"We are not aware of any attempt to resettle the landowners from the SML areas. The announcement by the minister is news to us as we only understand that the resettlement program is a new clause in the revised agreement underway. Therefore we want the minister to explain to the (us) landowners the amount allocated, where the money is parked, whether in a trust account or not and the bank holding the funds," he said. Mr Ekepa said, The minister must tell us the truth of how much has been given by Barrick for the exercise and whether it is parked in a trust account and the bank where it is parked. The issue has been outstanding and the resettlement program was only accepted in a new revised agreement underway and therefore we the landowners or the association, the mouth piece of the 7 clans have not been informed.

Wealth fund bill passes first reading

Post-Courier, February 19, 2015

By ISAAC NICHOLAS

PAPUA New Guinea's future generation will benefit from revenue extracted today from non-renewable resource projects with the first passage of the historic Sovereign Wealth Fund Bill in Parliament yesterday. Both the Government and Opposition were unanimous in a 82-0 vote. The Bill has jumped its first hurdle to safeguard the nations wealth from its petroleum and mineral resources. The second reading and final vote for the law establishing the SWF to take effect will be taken in April. Opposition Leader Don Polye supported the Bill even though earlier he had been critical of the delay in the legislation and also raised questions about transparency. Prime Minister Peter O'Neill introduced the Bill, saying it was urgent to pass the law because the first LNG revenue will be paid on March 20, as advised by operator ExxonMobil. He said since 2012 when the House passed the Constitutional Law on the establishment of the SWF, it also needed to put in an enabling (Organic) law which would in turn make sure the SWF became operational

"Under the SWF, we have established two funds, one is the future's fund and the other is the stabilisation fund," Mr O'Neill said. "I know our business community, landowners and our people are waiting to see the establishment of this fund, there are some cynicism out there thinking that we are not committed to establishing this Fund." Mr O'Neill said it had taken some time but there needed to be consultation among all stakeholders. "The SWF will be established under the Constitution," the prime minister said. "The objective of the fund is to have macro-economic stability of the country and the economy, make sure that there is inter-generational or future generation financial security of our country – they must have equity in this as well and making sure we manage the receipts of all

mineral and petroleum assets in the country." Mr O'Neill reiterated that the legal owner of the SWF was the state, and this was clearly defined in the Bill.

An island destroyed: From tropical paradise to ghostly mining town

By Belinda Cranston, SBS, 18 Feb 2015



A largely abandoned island, overgrown with tumble weeds, broken and rusted machinery, and other remnants of a former mining town. Welcome to Banaba – a once rich in phosphate island not many have heard of with a complex past largely buried in archives. Located east of Nauru, the tiny island has an area of just six square kilometres. Access is limited – occasionally people arrive by boat, otherwise, there is no official way of getting there. For Dr Katerina Teaiwa, a Fiji-born academic at the ANU College of Asia and the Pacific, the urge to visit Banaba, part of a group of atolls and islands across the central Pacific known as the Republic of Kiribati, was instinctive. From 1945, the first wave of migrants including her grandfather left Banaba for Rabi in Fiji, home to many of her relatives and childhood stories. “We celebrated the landing of Banabans in Fiji every 15 December,” she says. “Hundreds of people would get together in community halls and churches. And in other places. Wherever they could gather; and just remember the big move of people from one country to another.”

She learned of the harsh reality behind the relocations, while researching the history of phosphate mining in the Pacific during postgraduate studies at university. In 1997, her father, then the Chairman of the Rabi Council of Leaders, the same body that administers Banaba, visited the largely abandoned island as part of his official duties. Teaiwa went with him. Arriving in darkness on a government boat with women and children passengers, freely wandering chickens, ducks, dogs, canned food and other goods, she recalls the island resembling “the hump of a whale in the middle of the ocean”. On waking the next morning, she was overwhelmed by the desiccated field of rock pinnacles, bush, broken glass, stark buildings, abandoned bulldozers, and old, rusted trucks. “You think of an island as being this tropical paradise with coconut trees and white sandy beaches,” says Teaiwa, astonishment and sadness still apparent more than 15 years later. “But then you get to Banaba and it looks like an old, dead, broken ghostly mining town.” Beginning in 1900 and ending 80 years later, phosphate rock mining stripped away 90 per cent of the island’s surface. Initiated by New Zealander Albert Ellis, mining rights were initially bought for 50 pounds a year, for 999 years. After World War I, the island was placed under the British Phosphate Commissioners (BPC) - a board of Australian, British, and New Zealand representatives who also managed extraction of phosphate from neighbouring Nauru and Christmas Island.

Based on royalty rates per tonnage, Banaba's Indigenous population was promised a share of profits reaped from the venture. "Of course the BPC came up with figures that were nothing like the profits that were coming out of the mines," says Teaiwa. The consortium also failed to deliver on a promise to replant trees destroyed by mining activity. "The landscape used to be 80 metres above sea level. And the (mining operators) cut it down by 20 to 30 metres," Teaiwa says. The major ingredient in superphosphate fertiliser, farms in Australia and New Zealand were major beneficiaries of the phosphate strip-mining, guaranteeing food security in both countries. As part of its operations in the Pacific War during World War II, the Japanese attempted to exploit Banaba's phosphate resources, while rebuilding military defences in the area. Meanwhile locals were moved into war camps in other parts of the Pacific. After Japan's defeat, the British convinced survivors their home island was not worth returning to, offering them with Rabi island instead. In the decades that followed, Australian and New Zealand employees of the mining industry lived it up on Banaba – the remains of what used to be a golf course are still there, along with empty swimming pools and movie projectors.

"They shipped in water and amazing food from Melbourne," Teaiwa says. "It was a wonderful place to live and work." The party ended around the late 1970s, by which time Banaba had been mined into exhaustion, 22 million tons of land removed. The destruction rendered the island unlivable, with just 300 residing there today in challenging conditions. Unprepared for their new life, many of those who migrated to Rabi struggled to make ends meet. A group of Banabans eventually sued Britain, with a 1976 London based High Court case lasting 221 days. The court found Britain had no legal obligation, but did have a moral debt. In a new book on the island's calamitous past, *Consuming Ocean Island*, Teaiwa pays a tribute to her ancestral past, and shares lessons for future populations facing human-induced environmental displacement. If there is anything to be gained from Banaba's history, she says it lies in others not taking commodities like wheat, meat, cheese and other dairy products for granted. "We don't think about how such commodities came into being," she says. "Because of this chain of fertiliser which makes it possible for you to have mass agriculture. "I think it is important for humanity to think about what the trade-off is for all of these things we take for granted."

News Release

Tuvalu, Kiribati Enact Laws For Responsible Seabed Mining

Secretariat of the Pacific Community, Suva, Fiji, February 18, 2015

While deep sea mining is yet to commence in the region, Pacific Island countries are proactively developing legal instruments to ensure appropriate management of their deep sea mineral resources, with particular attention to the protection of the marine environment. Tuvalu has become the fourth Pacific country to enact specific legislation for deep sea mineral activities, alongside the Cook Islands, Fiji, and Tonga. With technical assistance from the Secretariat of the Pacific Community, Tuvalu has set new standards, with its Seabed Minerals Act 2014 which requires coastal communities to not only be consulted prior to the approval of mining projects within Tuvalu's waters, but also for any mining project Tuvalu sponsors in international waters. Tuvalu's Attorney General, Ese Apinelu, said that Parliament is pleased to have contributed to this development, which will strongly enhance the sustainable management of Tuvalu's deep sea resources.

"I'm hopeful that we're witnessing the beginning of a trend that will accelerate new policies and initiatives. I'm thankful for assistance provided by the Deep Sea Minerals Project which has now equipped Tuvalu with a set of tools that will allow us to maximize the benefits of deep sea minerals for our people," Apinelu said. A partnership between SPC and the European Union, the pioneering Deep Sea Minerals Project is assisting Pacific Island states by providing technical advice and assis-

tance to enable them to make informed decisions about deep seabed mining. Deep sea minerals, such as sea floor massive sulphides, cobalt-rich ferromanganese crusts and manganese nodules located in international waters can only be accessed via sponsorship of a state. Kiribati, through its state-owned company, Marawa Research Exploration Ltd., last month signed a contract with the International Seabed Authority and, by doing so, joined Nauru and Tonga—countries that have also signed contracts for exploration in international waters.

This latest contract is for an exploration license for polymetallic nodules in the Clarion Clipperton fracture zone in the east Pacific. Kiribati's Mineral Development Officer, Tebete England, thanked SPC and the EU for their assistance. "This is a great milestone we've achieved. In addition, Kiribati is undertaking public consultation on a draft Deep Sea Mining Policy and is drafting specific deep sea minerals legislation with the assistance of the Deep Sea Minerals Project," England said. The head of the EU Delegation for the Pacific, Ambassador Andrew Jacobs, commended the governments of Tuvalu and Kiribati for these recent achievements. "The formulation of new legislation for Tuvalu and the issuance of an exploration license for Kiribati augurs well for the industry in the region. "These achievements once again reflect the leading role the EU-SPC Deep Sea Minerals Project has in the sustainable management of seabed minerals on the Pacific's ocean floor and we're proud of the project in this regard," Jacobs said.

Deep sea mining has the potential to provide developing island states with much needed revenue to address development issues but this must be balanced against social and environmental considerations, SPC's Geoscience Division Director Mike Petterson said. "SPC will continue to work with the countries to develop the legal instruments required and assist with capacity building and awareness raising programs in this fascinating, emerging area," Professor Petterson said. Progress to improve the governance and management of their deep-sea minerals resources in accordance with international law, with particular attention to the protection of the marine environment and securing equitable financial arrangements for Pacific Island countries and their people of these 15 Pacific Island nations is among the on-ground benefits to Pacific communities to be highlighted during the EU Year for Development 2015.

New Zealand: EEZ Act to loosen seabed mining rules?

Frances Cook, Newstalk ZB, 18 February 2015

It's feared last minute legislation for the Maui gas fields will be used to sneak through a loosening of the rules for seabed mining. The government's today introducing emergency changes to the Exclusive Economic Zone Act, to allow the Maui platforms to keep drilling through the appeal process if anyone objects to the permit being renewed in June. Labour leader Andrew Little says if the permit process had been started before now, there wouldn't have been a problem. "It's a law change required because the minister hasn't kept up with what's required under his portfolio." Green MP Gareth Hughes says it's unclear what will be buried in the fine print. "The signs are it looks like a big rewrite. The minister wouldn't rule out making it easier for seabed mining companies to apply and I think the worst outcome was if they were to make it easier for their corporate mates."

Vanuatu long way off from deep sea mining: Regenvanu

ABC Radio Australia, 18 February 2015

The Vanuatu government has been handed the first major consultation report on the prospects for deep sea mining, following a national conference designed to gauge public sentiment. The report, prepared by the Pacific Institute of Public Policy, calls for even wider community consultation and for the government to carefully consider the implications of mining the sea. 150 exploration li-

cences have already been granted and massive sulphide deposits have been identified on the seafloor which are thought to contain copper, gold and silver. But Vanuatu's Lands and Natural Resources Minister Ralph Regenvanu says there's a long way to go before any mining licences are granted.

PNG PM Introduces Bill To Create Sovereign Wealth Fund

Fund will safeguard petroleum, mineral resources revenue

By Isaac Nicholas

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Feb. 18, 2015) – The Government has got the ball rolling for the creation of the Sovereign Wealth Fund to safeguard the country's wealth for future generations. Prime Minister Peter O'Neill yesterday introduced the Organic Law to set up the Sovereign Wealth Fund, which will safeguard the nation's wealth from its petroleum and mineral resources. The proposed law is now before the Constitutional Laws and Sub-Ordinate Legislation Committee of Parliament to deliberate on before it is tabled for debate. The SWF was to be established before the export of gas from the PNG LNG Project began. But the Organic Law was delayed after defects were detected in a previous version that was passed by Parliament in 2014, but not gazetted for enactment. According to draft legislation sighted by the Post-Courier, the Organic Law introduced by the Prime Minister would establish the SWF, which would manage funds flowing into it for the benefit of current and future generation of citizens.

The SWF would have two sub funds – the stabilisation fund, and the savings fund. The fund would be managed by an independent board and very reputable funds managers that would not be subject to any control or direction of any minister or the NEC. The decisions of the board and managers are expected to be independent and in accordance with world's best practice. The organic law provides for how funds would flow into the SWF and its sub funds, and how and when funds could be drawn down for use for development and investment purposes. It sets out the functions and membership of the board, and how they are appointed. It also provides the qualifications for appointment, so persons appointed are not only qualified but also have high integrity and good reputation. The delay in the establishment of the SWF has drawn concerns by both international as well as local commentators relating to the "Dutch Disease" and to avoid that is through the establishment of the SWF.

Mt Tundaka in Enga set for mining

BY PEARSON KOLO, Post-Courier, February 18, 2015

THE Mt Tundaka gold, oil and gas projects in the Kandep district of Enga Province are ready to be explored and mined. This follows the registration of a business group by landowners with the Investment Promotion Authority and landowners are now ready to allow mining and explorations to start on Mt Tundaka. The principle landowner of Mt Tundaka, chief Tom Ango, said the immediate landowners of Mt Tundaka resources are together under the Mt Tundaka Kupatama Kokari Aihone Investment Corporation with one interest. "That is to have the minerals on Mt Tundaka explored and mined for the benefit of the people of Mt Tundaka, Kandep District, and the country at large," Mr Ango said.

He said the landowners are working closely with the Enga Provincial Government, which allocated K150,000 for logistic support to the landowners to prepare themselves for developers. "We invite developers to come through our registered business group to develop the minerals," Mr Ango stressed. He said Mt Tundaka, Mt Pakapuwa and Mt Kare, all in the Kandep district of Enga Province, are sources of minerals such as gold, oil and gas. The Kupatama, Kokari and Aihone landowners of Mt Tundaka have already tested samples of the minerals with national analysts at the University of

Technology Campus in Lae and have their report. Mr Ango told potential developers and the Government that Mt Tundaka is not in the Magarima District and anything to do with Mt Tundaka and Mt Kare Minerals must go through the Enga Provincial Government under the leadership of Enga Governor Peter Ipatas.

Porgera Mine Landowners: Settle issues first

Post-Courier, February 19, 2015

Landowners along the Pogera river who were affected by environmental damages caused by the Porgera Gold Mine have petitioned the government to intervene on their request for the developer Barrick Gold to compensate them for the damages caused to their environment and river systems. Former Member for Laigaip-Porgera Opis Papo, who is also a principal landowner of the Porgera river said he had written to the office of the Prime Minister Peter O'Neill on behalf of his people to inform the government to intervene since the story on Barrick proposing to sell its 95% shares in the mine to an Asian company was made public. Mr Papo, who was mandated with the Power of Attorney to speak on behalf of the 22 clan leaders and 195 clan land agents representing more than 6,000 people who live along the Porgera riverside, said the speculations on Barrick's exit had deeply troubled the people and wanted the government to intervene.

"My people have suffered the worse consequences of river pollution including loss of our economic life line which was the damage to alluvial gold mining field," Mr Papo said. Mr Papo, a geologist by profession added that despite numerous demands, there were no efforts taken by Barrick to resolve the issues. He said this led to the landowners instituting a court proceeding against Barrick and the State (Ministry of Environment & Conservation) on the failure by Barrick to compensate the landowners at an adequate rate. "Barrick is the operator and majority owner of the Porgera Gold mine, its mining operations have caused irreparable damage on the riverine environment and consequently thousands of people are affected and issues of compensation and rehabilitation have not been fairly and properly resolved," Mr Papo said.

"Whilst I respect Barrick's significant interest in the sale, our interest in our land, water and environment should also be respected since we will remain to bear the full brunt of the damage, which is totally unfair," Mr Papo added. Meanwhile, Barrick said on Tuesday that it wants an open relationship with the stake holders of the Pogera Joint Venture (PJV), of which it holds a 95% share. In a statement released yesterday, the executive general manager, Greg Walker said Barrick (Niugini) Limited is happy to discuss any issue of concern regarding the operation of the Pogera Mine with stakeholders of PJV. Walker said the company maintains cordial working relationships with all its stakeholders and encourages the use of these channels to raise any concerns or issues that stakeholders may have.

Miner plans to sell Porgera stake

Post-Courier, February 18, 2015

Mining Minister Byron Chan said Barrick Gold's intention to sell 95 percent of shares is a commercial decision and the State has no control or privy over it. However, he said he was aware from sources of the decision to sell its shares and the visit of an Asian company with interest in the mine. He said he did not meet with them as it was a commercial decision. However Mr Chan said any environmental issues and relocation exercise of landowners will have to be taken on by the new buyer. Mr Chan added that Barrick has given money for relocation but land issues need to be addressed. He was responding to questions without notice from Lagaip-Porgera MP Nixon Mangape in relation to the 95 percent proposed sale in Parliament yesterday. Meanwhile, Porgera Landowners Associa-

tion chairman Tony Mark Ekepa said in a statement that before selling its 95 percent share off, the company must take into account the unresolved issues caused by the mine to the local communities for the past 25 years.

He said there are many unresolved issues like the resettlement program, mine agreement review that is underway but Barrick PNG has already positioned itself in selling its shares without consultation with stakeholders like the Porgera landowners Association, the only mouth piece of the seven major landowning clans in the special mine lease area. Mr Ekepa said the landowners association strongly oppose Barrick's intention to sell its shares without taking ownership of the liabilities like the damages to the people and the environment by the mine's operation. "We have learnt our lesson and have also experienced grief and distress when Placer Dome sold its shares to Barrick in 2006. "Our concerns were not addressed and yet the operator wants to sell its shares to a Chinese company without addressing the landowner's outstanding issues. "Thus we strongly demand Barrick to carefully analyse all mine related liabilities and other landowners' outstanding issues including the environmental damage and the MOU commitments.

Therefore we demand the National Government and Barrick calculate these into monetary value and attach it as a separate price tag for the liabilities with its 95 percent share market price. "This means there should be two separate sale prices for the 95 percent value and the mine created liabilities value included as compensation package separately on its share selling package. "If any investor wants to buy Barrick's shares then they must purchase it with the liabilities upfront and come to mine here, otherwise there is no sale of Barrick's shares until all outstanding issues are resolved," Mr Ekepa said. He said the people have also learnt from the Ok Tedi mine issue and just like the people of Porgera when Placer Dome sold its shares to Barrick, and therefore the government should stop any further sale of the mine. The landowners said if the government has concern for its people then they should allow outstanding issues to be resolved first before such transactions take place.

Tolukuma: Districts praise MP over wastes

Post-Courier, February 18, 2015

By GRACE AUKA SALMANG

ENVIRONMENTAL damage caused by mining operations impact greatly on rural communities without much redress from mining companies. After suffering for almost 20 years, the affected rural communities along the river system of Angabanga River in the Goilala and Kairuku-Hiri districts of Central Province have commended their MP Peter Isoaimo for raising their concerns in Parliament last week. Mr Isoaimo claims that Angabanga and other water-ways in his electorate are being polluted by the Tolokuma Gold Mine on the Owen Stanley Range. "I believe he's the man who really has the heart for the people to tackle the mining company over its mine wastes affecting the river and ecosystem," the Auga Dilava Resources Association chairman, Billy Aia Avi, told the *Post-Courier*. "This is an ongoing issue. We have been suffering from the waste pollutions since the Mine started operations," Mr Avi said. The affected communities are hoping for a positive response from the Mining Department as indicated by Mining Minister Byron Chan in Parliament last week. The Tolokuma Gold Mine is 100km north of Port Moresby. It is comprised of a small open pit, but largely an undergrounds mine, containing high grade, narrow epithermal veins.

Ramu Nico project environment safe

Post-Courier, February 19, 2015

RAMU NiCo projects' environment monitoring as required under its Operational Environment Management Plan (OEMP) reveals that there is no impact from Kurumbukari Mine activities as well as Basamuk Refinery since the inception of the Project, particularly during this current Project ramp-up period. The Environment Section of Health, Safety and Environment (HSE) Department together with Ramu NiCo successfully concluded the final Quarterly Fauna sampling in February 3 - 4, 2015 for year 2014 and concluded that all streams are healthy and in good condition for human consumption. At Basamuk Refinery, the annual DSTP (deep sea tailing placement) check for the discharge pipeline was conducted on February 4 by Messer Alex and Adrian Jahnke of AUS-ROV from Australia with assistance from the HSE, confirmed that the DSTP discharge pipeline is in good condition and that the tailings were directed from the outfall into the Basamuk canyon as predicted by the SAMS model.

The Kurumbukari (KBK) team conducted the first phase of sampling in the Riverine and Oxbow downstream of the KBK Mine site and the control sites along the main Ramu River where water quality parameters were monitored using a Horiba U50 multiprobe. Water, sediment, fish tissue and the macroinvertebrate were sampled to predict the healthiness of each stream for effects of the mine. During the final leg of the trip, a consultant, Aaron Jenkin of Aquatica Environmental joined the trip to work on the macroinvertebrate and the smaller fish species in the nearby creeks identified as impacted tributaries from the Kurumbukari Mine site. For the DSTP, Remote Operating Vehicle (ROV) is used onboard the Madang Resort dive vessel, MV Reef Explorer to check the pipeline. The ROV is connected to the monitoring computer onboard the vessel by an umbilical cord and controlled separately by a remote sensor. Depth readings were also recorded through a transducer mounted on the side of the Reef Explorer. ROV is used annually as per the OEMP to check for any cracks and leakages on the DSTP discharge pipeline starting from the DSTP tank on the shore to the outfall at a depth of 150 meters.

Anglo American: Government confident, committed

The National, February 18th, 2015

THE Government has assured of its commitment towards the joint venture partners for the Star Mountains project in Western. Mining Minister Byron Chan welcomed Highlands Pacific and Anglo American to explore for copper and gold in Western. "PNG is a proven exploration and mining jurisdiction and your entry into the country is evidence of investor confidence," Chan said during a dinner on Monday hosted for the venture executives in Port Moresby. "We (State) are confident that with your combined resources and our commitment, you will be in an enviable position to develop your flagship exploration project in PNG." Anglo delegation head Andre van den Berg said Anglo was looking forward to committing itself in doing business in PNG through its partnership with Highlands Pacific. Information obtained by the Mineral Resources Authority revealed that Anglo would pay Highlands Pacific an initial US\$10 million (K26.35m) cash payment in two equal tranches – one now that the agreement was signed and the second in 12 months.

Anglo must spend US\$25 million (K65.87m) on exploration over four years and delineate an inferred resource of 3 million tonnes of contained copper equivalent within five years to earn a 51 per cent interest. By funding and completing a bankable feasibility study, Anglo can move to an 80 per cent stake within 15 years of the initial agreement. Anglo will provide Highlands with up to US\$150 million (K395.26m) in project development funding as a deferred free-carry following completion of the BFS. Highlands Pacific managing director John Gooding had said the execution of the agreements presented a major step forward for the company. He said Anglo-American is a

highly reputable international company that brings with it great exploration and development experience to the Star Mountains project. “Together we can move forward with a defined exploration programme that will test size and grade of these exciting targets,” Gooding said.

Prime Minister O’Neill Welcomes Anglo American Investment in Papua New Guinea Post-Courier, February 17, 2015

Prime Minister Peter O’Neill, has welcomed the entry of the Anglo American Ltd to Papua New Guinea during a meeting with executives of the company and Highlands Pacific yesterday in Port Moresby. PM O’Neill said Highlands Pacific, as a wholly owned subsidiary of Anglo American Plc, has recently executed the joint venture and farm-in agreements for the Star Mountains copper gold project near the Ok Tedi Mine. “Anglo American have demonstrated their confidence in the investment potential of Papua New Guinea and we welcome their participation. “This is a wise decision for their shareholders and we look forward to an enduring relationship in the decades to come.” Highlands Pacific Managing Director John Gooding thanked the Prime Minister for the opportunity to meet and said the signing of the agreements represented a major step forward for Highlands Pacific and PNG.

“Anglo American is a highly reputable international company that brings great exploration and development experience to the Star Mountains project,” Mr Gooding said. “Together we can move forward with a clear exploration program that will test the size and grade of these exciting targets.” The exploration and development joint venture proposal was originally announced on 8 December 2014 and the general terms of the joint venture and farm-in remain as announced at that date. Preparation for the upcoming exploration and drilling operation will now ramp-up, with a four hole, 3,000 metre campaign to begin in April 2015. Highlands Pacific is a PNG incorporated and registered mining and exploration company with major assets are interests the US\$2.1bn Ramu nickel cobalt mine and the Frieda River copper gold project, with exploration in progress in the Star Mountains.

Highlands Pacific also has exploration tenements at Muller Range on the border of the Western and Southern Highlands Provinces and on Normanby Island (Sewa Bay). PM O’Neill acknowledged the great deal of copper/gold potential Star Mountains has, given it has only been drilled twice in the last 50 years. The area was originally drilled by Kennecott in the late 1960’s after discovering the Mt Fubilan deposit that Ok Tedi Mining Limited has been operating for decades. It was then drilled by Highlands Pacific since 2010, where 28 diamond drill holes were drilled over six prospects producing major intersections of copper gold porphyry mineralization. Highlands’ Star Mountains exploration tenements cover 515 square kilometers and are located within the prospective New Guinean Orogenic Belt, which includes the Grasberg, Ok Tedi, Porgera and Hidden Valley mines, as well as.

Indonesia Drops Demand Freeport Build Smelter In Papua

Project to be built by ‘regionally owned enterprise’

WELLINGTON, New Zealand (Radio New Zealand International, Feb. 16, 2015) – Indonesia has dropped its demand that Freeport-McMoran build a 1.5 billion US dollar copper smelter in Papua province, saying a regionally owned enterprise would take on the project instead. The ministry in December said Freeport, which runs the world’s fifth-largest copper mine in Indonesia, should agree to build the Papua smelter in five years if it wanted a mining contract extension beyond 2021. The latest decision could ease pressure on Freeport, which has already agreed to a 2.3 billion dollar expansion by 2017 of its copper smelting facility in East Java. The government has been pushing the

company to comply with rules that force miners to process and refine minerals domestically. Reuters quotes the Energy and Mineral Resources Minister Sudirman Said saying if Freeport is burdened in two locations it would be uneconomical.

New Zealand rejects seabed mine

The National, February 16th, 2015

New Zealand recently rejected its second underwater mining project due to the potential environmental impact to the seabed off the nation's eastern coast. The Environmental Protection Agency (EPA) refused Chatham Rock Phosphate's application to extract phosphorite, a component used in fertilisers. "The destructive effects of the extraction process ... could not be mitigated by any set of conditions or adaptive management regime that might be reasonably imposed," the EPA said in a statement. "To say we are bitterly disappointed is an understatement. We are aghast," Chatham Rock Phosphate managing director Chris Castle said in a statement, as shares in the company plummeted 92 per cent to a lifetime closing low of NZ\$0.016 (.3t). Other companies said the EPA's decision may diminish interest in seabed mining in New Zealand. "For people on the outside looking in, they'll look at this and think the country is a bit confusing.," said Michael Johnston, chief executive officer of Nautilus, which is working on a deep-sea project off Papua New Guinea and is in talks with New Zealand. "You've got one piece of legislation saying the project is approved and another saying it's been rejected."

Don't share Ok Tedi equity: landowners

Reuben Tabel, PNG Loop, Feb 16, 2015



THE vice chairman of Faiwolmin Association and chairman for Ok Tedi Mining Negotiation Tonny Itulam is urging the Fly River Provincial Government and Governor Ati Wobiro not to share the 33 percent share of OTML equity allocated by the National Government. He is calling on the National Government through the mining department, to conduct full scale social mapping immediately. He urged the National Government to conduct full scale environment impact and socio economic impact studies and to fairly declare true principle landowners by clans for the customary land owners of Ok Tedi Mining. He claimed that there is no wider consultation at the CMCA communities and the six SML 1 villages' communities are not aware of the 33% equity and its justification. He said Ok Tedi is a significant mine because it has Supplementary Bills and where in PNG Mining Acts 1982 or PNG Constitution caters for such bill in accordance. He said there had been no mining development forums to date or benefits agreement forum, therefore there should be no extension of exploration by the OTML geologist or exploration team, new sites for mining should not be started, and extension licences should not be granted, but for the miners to continue to dig and operate only the Mt Fubilan pit.

Mr Itulam said OTML as the operator company and the National Government should go back and see the customary land owners for fresh negotiations as a way forward. He said they should not jump into sharing the 33% equity, but should pour all the funds into the National Government Trust Account and sort out issues promptly and efficiently. Both the chairman of Faiwolmin Association Obert Sotiok and Tonny Itulam have jointly stated their people's position that unless all landowner issues are solved amicably by the operator company and the National Government, the Ok Tedi Mining will continue the Phase two or Ok Tedi 2 Mining. He said they were prepared to seek the highest court to interpret the Ok Tedi Mining Supplementary Bill as to whether these agreements have full reorganisation for customary landowners, whether there is justice or injustice.

He urged the National and Fly River Provincial Government to jointly fund Ok Tedi Mining Customary Land Owners Identification (Social Mapping) immediately. "Thirty years is enough to evaluate all effects of Ok Tedi Mining and we cannot allow or repeat past history," he said. "We are calling for fully customary land owners' recognition by tribal clans of Ok Tedi Mining landholders," Mr Itulam said. He said the Faiwolmin Association supported MP Nixon Mangape's call for a review of mining laws or acts, and resource sector landowners to share 50% of project shares to meaningfully participate in business.

Newcrest considering sale of major gold mine as cost cutting measure

Post-Courier, February 16, 2015

Operator of Lihir Gold Mine and Wapu-Golpu project Newcrest Mining says it is considering selling its third biggest gold mine as it continues to drive costs down. According to (*Herald News*), Australia's biggest listed goldminer says it is considering "alternative ownership options" for its Telfer mine in Western Australia — one of the largest gold mines in the nation. The sale was flagged as the Melbourne-based miner reported a 400 % rise in net profit to \$200 million (K408 million) for the six months to December. The profit surge comes after several years of major losses. Newcrest did not pay an interim dividend. Underlying profit, which strips out one-offs such as asset writedowns, fell 3% to \$200 million (K408 million).

Newcrest chief executive officer Sandeep Biswas said in an executive summary that the company continues to drive costs down with its all-in-sustaining cost; a key measure of production expenses in the industry clocking in at \$917 (K1873) per gold ounce for the six months to December. That figure is down 9% on the same period a year earlier. Newcrest said a fall in all-in-sustaining cost at Telfer to \$867 (K1771) an ounce, along with an upswing in the gold price, had increased the attractiveness of investment options under review. "The review has been broadened to include evaluation of hedging of fuel and A\$ metal prices for any cutback, and alternative ownership options," it said in a statement. The review also includes assessing options to expand the mine. Telfer accounts for 25% of Newcrest's gold production and churned out close to 275,000 ounces of the yellow metal during the six months to December. Shares in the group were down 0.7% in early trade at the weekend.

Star Mountain project agreement effected

Post-Courier, February 16, 2015

Highlands Pacific Limited (HIG) and a wholly owned subsidiary of Anglo American Plc (Anglo American) have executed the joint venture and farm-in agreements for the Star Mountains copper gold project in Western Province. The exploration and development joint venture proposal was originally announced on December 8, 2014, and the general terms of the joint venture and farm-in remain as announced at that date. Highlands Pacific in a statement stated that preparation for the

upcoming exploration and drilling campaign will now ramp-up, with a four hole, 3,000 metre campaign to commence in April 2015. A helicopter-magnetic survey is currently being completed and a LIDAR survey will commence in the coming weeks.

Highlands Pacific managing director John Gooding said the execution of the agreements represented a major step forward for Highlands. "Anglo American is a highly reputable international company that brings great exploration and development experience to the Star Mountains project. "Together we can move forward with a defined exploration program that will test the size and grade of these exciting targets." he said. The joint venture and farm-in agreements consist of the following: US\$10 million payment (K26.28 million); Anglo American will pay Highlands US\$10 million (K26.28 million) in two tranches of US\$5 million each (K13.14 million). "The first payment of US\$5 million (K13.14 million) is payable on execution of the agreements with the second payment of US\$5 million (K13.14 million) to be made 12 months later.

Isoaimo: Mining polluting rivers

The National, February 12th, 2015

KAIRUKU-Hiri MP Peter Isoaimo claims that rivers in his electorate are being polluted by the Tolukuma gold mine in the Central hinterland of Goilala. "It looks like Kairuku-Hiri has become a guinea pig for Papua New Guinea in that all road experiments are carried out in Kairuku-Hiri. "And all mining experiments are carried out in Kairuku-Hiri," he told Parliament on Tuesday. "As a direct result of the Tolukuma mine pollution, the people of Mekeo and Roro in the Kairuku district are continuously experiencing flood disasters. "There are reports by reputable scientists that the Angabanga River is being polluted. "Sediment was building up in the Angabanga River." In response, Mining Minister Byron Chan said he sympathised with the people of Kairuku-Hiri. "Yes, there may be some issues resulting from the mining," he said. "I will have to ask the Minister for Environment to assist me on allegations that the rivers have been contaminated. "And that mining is affecting the Angabanga River, and the other waterways in the electorate. "I will ask my department members, from Mineral Resources Authority, as well as Minister for Environment, to assist me assess the current situation and hopefully get a report back to you soon."

New pacts for Star Mountains

The National, February 12th, 2015

Highlands Pacific and Anglo American have executed the joint venture and farm-in agreements for the Star Mountains copper-gold project in Western, Proactive Investors reported. The Star Mountains exploration tenements cover 515 square kilometres and are located within the prospective New Guinean Orogenic Belt, which hosts the Grasberg, Ok Tedi, Porgera and Hidden Valley mines, as well as the Frieda River deposit. Anglo American is a £16 billion (A\$31.4 billion/K64.56bn) market cap with mining operations in southern Africa, north and south America and Australia. Preparation for the upcoming exploration and drilling campaign will now ramp-up with a four hole, 3000m campaign to start in April. A helicopter-magnetic survey has been completed and a survey would commence in the coming weeks. The joint venture and farm-in agreements consist of the following:

- US\$10 million payment: Anglo American will pay Highlands US\$10 million (K26.28m) in two tranches of US\$5 million (K13.14m) each. The first payment of US\$5 million is payable on execution of the agreements with the second payment of US\$5 million to be made 12 months later;
- phase 1 (51 per cent interest): Anglo can earn a 51 per cent interest in the joint venture by spending US\$25 million (K65.7m) on exploration over four years, and declaring a 43-

101/JORC compliant inferred resource of 3 million tonnes of contained copper-equivalent within five years;

- phase 2 (80 per cent interest): Anglo American can move to an 80 per cent interest in the Joint Venture by completing and funding a Bankable Feasibility Study (BFS) within 15 years of the execution of the Farm in and Joint Venture Agreements; and,
- Development Free Carry: Anglo American will provide Highlands with up to US\$150 million (K394.21m) in project development funding as a deferred free carry following completion of the BFS.

Highlands will continue to manage the project, however, Anglo American will have the right to take over management of the project when it has invested US\$25 million (K65.7m) in project expenditure. Highlands has identified 17 copper gold targets to date at Star Mountains and drilled six of these targets, of which all but one encountered mineralisation.

Mangape: Mining laws need to be reviewed

Post-Courier, February 11, 2015

PRODUCTION sharing contract is the way forward for resource benefits in the country, shadow minister for Mining, Petroleum and Energy Nixon Mangape said. Mr Mangape whose electorate hosts the world class Porgera Gold Mine said the resource landowners in the country have been mere spectators in their own land as the country's resource laws are out-dated and are in favour of the investors. Mr Mangape who supports the idea of production sharing contract system in the petroleum regime as proposed by former secretary for the department of Petroleum and Energy Joseph Gabut, which was conceived by late Ambassador and top constitutional lawyer resources and land ownership advocate Peter Donigi, said looking at a 50-50 stake in the resource industry is the way forward for PNG. He said it is a win-win system for everyone including the investor, the government and the resource landowners as it will be a 50-50 per cent stake sharing system instead of the royalty and equity system in the country.

He said the PSC system should also be extended to the mining sector as the way forward to equal benefit sharing. Mr Mangape who is a chief landowner of the Porgera gold mine and the Mt Kare mine in the Enga province said any future agreement in landowner benefits should be done in PSC system. "I want to see an equal system or win-win system of benefit sharing in the extractive industry in the country. We cannot rely on the royalty, equity and tax system in the country. We need to look at better ways of sharing benefits from our resources, a 50-50% benefit sharing is the way forward as proposed by Mr Gabut " he said. He said, "The current laws favours the investors and the poor landowners become mere spectators and the benefits are minimal.

"These minimal benefits cannot improve the lives of the people when the royalty is shared among the landowners." He said the parliament should now look at legislations to empower the landowners to take ownership and receive better benefits, an equal benefit sharing system in the country. "We cannot continue to rely on the colonial laws anymore when we have matured 40 years," he said. He said the current Ok Tedi practice would also be beneficial but the ownership stake should be increased to a 50-50 system instead of the 22-30% so the landowners can own the resource and benefit from it and improve their lives. "Our job as elected leaders is for the benefit of our people so we should make laws that empower our people to own their resources and benefit well from it so the 9th Parliament has to leave a legacy for our people," he said.

International Court Resolves PNG Gas Ownership Dispute

InterOil cleared to bring Total in as partner in Elk, Antelope fields

WELLINGTON, New Zealand (Radio New Zealand International, Feb. 12, 2015) – A dispute over ownership of one of Papua New Guinea's largest natural-gas discoveries has been resolved in an international court. InterOil last year agreed to introduce the French oil giant Total as a partner in development of the Elk and Antelope gas fields in Gulf province, but junior joint venture partner, Oil Search, disputed the deal, which is worth up to US\$3.6 billion. However, the Wall Street Journal reports that this week, a ruling by the International Court of Arbitration of the International Chamber of Commerce, has paved the way for Total to seal its acquisition of a 40% stake. The court declined Oil Search's application that it should have been able to exercise so-called pre-emptive rights and buy the stake itself at the same price. Analysts speculated that if Oil Search had won the dispute, it would have on-sold the stake to its current joint-venture partner at the nearby PNG LNG project, Exxon Mobil.

New Zealand: Chatham phosphate mining consent refused

Radio New Zealand, February 11, 2015

Shares in Chatham Rock Phosphate have plunged after it was refused a marine consent to mine phosphate from the Chatham Rise seabed. The decision by the Environmental Protection Authority (EPA) was released this morning.

The company wanted to mine three 10 square kilometre blocks per year; mining would have been at depths of up to 450 metres. The authority's decision said the mining would cause significant and permanent adverse effects on the seabed environment. There would have been destructive effects from the extraction process, as well as from the deposit of sediment from the mined area. The authority's general manager of assessments, Sarah Gardner, said mining would destroy the protected stony corals unique to the area. "The picture is that the seabed would be changed so it couldn't return to what the environment is now. "If there's life present that relies on the phosphate nodules or the stony substrate that's present, and that's removed, then that life would not regenerate in the same way." The authority said the economic benefit to New Zealand of mining the area would be modest, at best. The company's shares fell as low as 1 cent each this morning from 20 cents yesterday. Chatham Rock Phosphate chief executive Chris Castle said he was aghast at the decision which he said was a seriously negative signal for New Zealand business.

Most of the \$33.5 million the company had raised had been invested in the mining application process. "We are disappointed and I think probably more worried about the wider impact of this - both in international marine mining and also for investor perception overseas of how possible it is to do things in New Zealand." Straterra chief executive Chris Baker told *Checkpoint* any mining project has a level of uncertainty, and the decision shows the act governing the Exclusive Economic Zone (EEZ) and continental shelf is flawed. "The act doesn't deal with that uncertainty well enough. The guidelines may be - elements of the act itself need to be changed to enable a project like a mining project, that inherently has uncertainty, to be dealt with in a responsible way." Last month, Chatham Rock Phosphate said it expected to pay annual royalties of \$US6.9 million, and \$US17.4 million a year in income tax, and that the project would earn after-tax profits of \$US673 million over its estimated 15-year life.

Read the full decision by the EPA (PDF, 3.4MB):

www.epa.govt.nz/eez/EEZ000006/EEZ000006_CRP%20Final%20Version%20of%20Decision.pdf

Sir Julius to seek changes in mining law

Press Release Feb 11, 2015

The New Ireland Governor is set to present a Private Member's bill in this session of Parliament seeking to apply and give effect to the customary law relating to land and inheritance of property rights. Sir Julius Chan, one of the founding fathers of Papua New Guinea, seeks to:

- Legally recognize and protect the ownership rights of customary landholders of minerals on, in or below customary land;
- Give an opportunity for every citizen to take part in the political, economic, social, religious and cultural life of the country;
- Maximize the number of citizens participating in every aspect of development; and
- Facilitate the organization and legal recognition of all customary landholders to be engaged in constructive development activities in mining.

The former Prime Minister gave notice to Speaker to present his bill on September 3 last year, however he was not given an opportunity to do so. In this first 2015 session of Parliament, Sir Julius' bill was numbered 153 under Private Business Orders of the Day. It will be an amendment to the Mining Act 1992. Similar bills in the past that seek amendments to the Mining Act have been from North Fly MP and Minister for Culture and Tourism, Boka Kondra, who is a landowner in the Ok Tedi mine operation area. Prominent lawyer and former ambassador, the late Peter Donigi, was understood to have been involved in the drafting of the Kondra bill and has also published books about greater control and participation in mining development by customary landholders.

O'Neill's 'No Response' to the ELCPNG on Experimental Seabed Mining

by ramunickel, ACT NOW!, February 11, 2015



Picture: Lutheran followers gather in protest against Experimental Seabed Mining

The Prime Minister Peter O'Neil has not responded to the appeal made by more than 2 million Lutherans nationwide, to not go ahead with the said Experimental Seabed Mining (ESM) to happen in

Papua New Guinea. A statement signed by the ELCPNG Head Bishop, Rt. Rev. Kiegere Wenge was released right after the Church's 29th synod held on Karkar Island last year (2014), directed to the O'Neill government to let them know that the Lutherans are not in favor of mining the seabed, as it is against biblical scriptures that instruct men to take care of nature. There was no response from the O'Neill government so a letter signed by Reverend Kinim Siloi of the Lutheran church, aimed at the Prime Minister Peter O'Neill was released as a follow up. The letter basically asked Mr O'Neill, who is a Lutheran Church-goer himself, to clarify why he is supporting the Canadian-based Nautilus company despite the church's wishes with 1.2 million objections. Despite the letter getting the local and international media's attention, there was no response from Mr O'Neill. Nonetheless, the Pacific Conference of Churches (PCC) made a statement, confirming the Pacific churches stand in solidarity with the Lutheran Church of Papua New Guinea against the much rushed ESM. As you might have guessed, there's still no response from Mr O'Neill, the Prime Minister till today.

Wobiro, Gumoi facing fraud charges

The National, February 11th, 2015

TWO senior provincial government officials facing fraud-related charges involving more than K7 million from the Fly River provincial government's PSIP (provincial) funds two years ago appeared in the Waigani Committal Court yesterday. Western Governor Ati Wobiro and his acting provincial administrator Dr Mudowa Gumoi were charged with a total of 12 counts each – four counts of misappropriation, four counts of conspiracy to defraud the provincial government and abuse of office. The charges involved four cheques, in monetary value of K7,060,000, and drawn by the Fly Care Foundation (FCF) with intent to defraud the FRPG. They appeared in court from a police bail of K20,000 each. Magistrate Mekeo Gauli said the charges were serious and if there was sufficient evidence, the court would commit them in the National Court. "The function of the court is to access evidence and decide if the case is to be committed to the National Court or strike out or dismiss the case accordingly," Gauli said. He said since allegations on both the co-accused were fresh, the court would adjourn to allow police investigations to continue. He said court would adjourn the case for a month for investigations to continue and to allow police to collect evidence. Gauli extended their bail.

Tribunal rules on project dispute

The National, February 11th, 2015

THE International Chamber of Commerce arbitration panel has dismissed all claims by Oil Search Ltd in relation to the Petroleum Retention Licence (PRL) 15 in Gulf. In a statement last night, InterOil Corporation said the arbitration panel dismissed all claims by the PAC LNG companies, affiliates of Oil Search Limited, "to pre-emptive rights over a share sale and purchase agreement involving an interest in the Elk-Antelope gas field". The tribunal declared that Total (E and P) PNG Limited was a party to the PRL 15 joint venture operating agreement. The panel delivered its award yesterday. InterOil said in the statement yesterday it looked forward to the continued development of the Elk Antelope LNG project with Oil Search and Total SA.

On March 28 last year, Oil Search had issued a notice of dispute to InterOil. It related to the transaction announced by InterOil, where it assigned an interest in the Elk/Antelope project area to Total Holdings International BV. Under the PRL 15 joint venture agreement, Oil Search believes it has pre-emptive rights over the transfer of an interest in PRL 15 from InterOil to the subsidiary of the Total SA Group. In response to questions from The National last month, an Oil Search spokesperson said then: "We expect a decision early in the first quarter (of 2015). "The decision will be final (no appeals). The dispute is about ownership only. In the meantime, the joint venture is opera-

ting as normal with no impact on operations or progress on appraising and developing the Elk/Antelope gas discoveries.”

Locals sign housekeeping deal with Ramu

The National, February 11th, 2015

LANDOWNERS from the Basamuk area of Madang have received a contract worth K600,000 from Ramu NiCo Management Ltd to do general housekeeping around its 24 accommodation buildings. In 2007, the clan was offered the deal to provide business service to transport project employees and contractors for three years. Under this new contract, 20-plus locals from the Prien clan would do road clearance and gutter cleaning, fence maintenance and landscaping. According to Ramu NiCo Management, the contract was developed and offered in line with its plan to promote and provide business opportunities for landowners. Past contracts the company had given to locals include; labour and technical service contract to Raibus Engineering Ltd, refinery cleaning and beautification contract to Ganglau Landowner Company Ltd, Refinery power facility grass cleaning contract to Haba Clan Group and old accommodation cleaning and beautification contract to Kusup Clan.

Governor presents submission on mine

The National, February 10th, 2015

SINIVIT gold mine, in East New Britain, is the only mine in the country that uses the old system – vat and heap leaching – to process ore and extracting gold minerals using cyanide solutions. This was according to a submission paper presented by Governor Eremam ToBaining Jnr last week on the Sinivit mine environmental disaster to the provincial executive council. Total production of extracted gold and silver from the mine to the end of June 2012 were gold gross sales revenue K77,297,338.06, while silver gross sales revenue K352,833.49 from a total of 518,125 tonnes of ore from total of 23 vats. The provincial government has been by passed in terms of any developmental and financial decisions on the mine. The developer, New Guinea Gold, did not provide any data or information for 2013 until its abrupt exit in September 2014.

Due to heavy rainfall and exposure of vats after canvases used to protect the vats were stolen, they were now leaking cyanide into the environment and may have spilled into the Warangoi River systems. The cost of cleaning up the mine site from toxic waste discharge at the advanced stage of impact was very costly compared to early impact stages and would require K250,000 to K300,000. The state of emergency declared recently by the Department of Environment and Conservation would require logistical and funding support both from the provincial and national level. A potential lawsuit by landowners could involve the provincial government and may escalate to millions of kina as a party to the mine agreement.

Seven charged for Ramu mine office damages

The National, February 10th, 2015

SEVEN people, including a man of Asian origin, have been charged in connection with the damage at the Kurumbukari Ramu Nickel office in Madang. Police say they will not rest until all involved are arrested. Momase police chief Superintendent Nema Mondiai said there were some more people hiding in Madang, Lae, Goroka and in the highway settlements. “The damage done is huge. Seven suspects were arrested and charged, including an expatriate of Asian origin. More are still at large,” he said. “Police investigation will continue until all are arrested and charged.” Mondiai, the Acting

Assistant Police Commissioner for Momase, said detectives were investigating and supported by mobile squad officers because of the violent attitude of some people wanted for questioning. He said those arrested were ring leaders, including the expatriate, who was an engineer. They have been charged with inciting to fight, malicious damage and arson.

Freeport Commits To Building Smelter In Papua

Indonesian government welcomes decisions from mining company

WELLINGTON, New Zealand (Radio New Zealand International, Feb. 9, 2015) – The Indonesian government has welcomed PT Freeport Indonesia's decision to build two smelters in Indonesia, with one of them in the restive province of Papua. The company has buckled to pressure after comments last week from the Governor of Papua, Lukas Enembe, who criticised the subsidiary of the US company Freeport McMoRan, for not investing in development in the remote province. The Indonesian Energy and Mineral Resources Minister, Sudirman Said, says smelters will be built in Greik, on Java, and also in Papua. In an exclusive interview with Tempo last week, Freeport Indonesia's Director, Maroef Sjamsoeddin, said that a number of regional heads in Papua disagreed with Freeport's decision to only build the smelter in Gresik.

Nautilus Minerals Inc.: Vessel Engines and Thruster Packages Awarded

TORONTO, ONTARIO-(Marketwired - Feb. 9, 2015) - Nautilus Minerals Inc. (*Company* or *Nautilus*) announces that the order for the engines and thruster packages for the Company's production support vessel has been awarded to Rolls Royce Marine of Norway. The order secures the main engines, azimuth and tunnel thrusters and is the first major package to be awarded by the shipyard, Fujian Mawei Shipbuilding Limited. Last year Nautilus announced it had entered into an agreement with Marine Assets Corporation (*MAC*), for the charter of a vessel to be first deployed for use at the Solwara 1 Project (*Project*) and that MAC had entered into a contract with Fujian Mawei Shipbuilding Ltd., to design and construct the vessel in accordance with Nautilus' specifications.

Mike Johnston, Nautilus' CEO, commented "We are excited to see the first order being placed for this high specification machinery as we work towards the completion of our first vessel". The vessel will first serve as the operational base to extract and to transport high grade copper and gold material from the Project site, in the Bismarck Sea of Papua New Guinea. When completed, the vessel will measure 227 metres in length and 40 metres in width with accommodation for up to 180 people and generate approximately 31MW of power. All of the below deck mining equipment will be installed in the vessel during the build process to minimize the equipment integration to be completed following delivery of the vessel. The vessel is expected to be delivered by the end of 2017.

Mineral Resources Authority stands ready to work with developer

Papua New Guinea Today, February 9, 2015

The Mineral Resources Authority (MRA) has assured new developer of Frieda River Copper-Gold Project PanAust and its shareholders, that it is committed and stands ready to work with the company to develop Frieda project in West Sepik Province. The MRA Managing Director Philip Samar told board directors of PanAust at the Mining Haus on Thursday last week, that MRA on behalf of the government of PNG, had a very clear, transparent and competitive regulatory framework and policies to ensure projects are developed to mutually benefit all stakeholders including the government, companies and landowners. Mr Samar was responding to questions from the directors on

issues such as how the government deals with landowner issues including benefits and royalty distribution, and regulatory processes including issuance of exploration and mining licenses.

The directors were in the country last week on a familiarisation visit of the project. Their visit is understood to symbolise the company's official entry into the PNG mining industry. Earlier last week, they met with the project's landowner communities at the project site. The group acknowledged the government's efforts to attend to issues arising from the project and expressed satisfaction on the progress of the project so far. The Frieda Project ownership is jointly shared by PanAust 80% shareholding, and Highlands Pacific 20%. The PNG government has an option to acquire on sunk cost basis, up to 30% of the project. Average annual production is projected to be 100, 000 tonnes of Copper and 160, 000 ounces of gold. Project development capital is estimated to cost US1.5 billion to US1.8 billion.

Letter to the editor

Western province deserves better

The National, February 6th, 2015

THE Ok Tedi Mine and PNGSDP saga continues without the likelihood of finding an outcome. What was initially perceived as a simple task has proven insurmountable for the government to deal with successfully. The issue is quite complex and multifaceted involving different vested groups vying for some form of benefit. So far, there seems to be two levels of negotiation that will determine a successful outcome. Firstly, the government and PNGSDP need to come to terms on specific corporate arrangement. An international arbitration committee is mediating between the government and PNGSDP in Singapore. The second level of negotiation involves determining a fair benefit sharing matrix that is acceptable. Recently, the provincial government headed by the governor, tried again but the landowners and affected communities disputed the proposed benefit sharing percentage appropriations. The failed attempts by the national and provincial government are simply due to a lack of comprehensive consultative process with the people of Western province.
Eugene Kambut, Port Moresby

Authority reaffirms support for Ramu project

The National, February 5th, 2015

THE National Government is committed to helping Ramu NiCo overcome current obstacles, both technical and social so it may achieve full production after almost three years of project commissioning, an official says. Mineral Resources Authority (MRA) managing director Philip Samar said that during a visit to Ramu NiCo headquarters in Madang recently. "We want to support the project and find out ways and what MRA can do to assist Ramu NiCo" he said. "Ramu Nico was the first project MRA was interested in and to start off the New Year, I've decided to visit and understand the project challenges, latest achievements and how best the government through MRA could assist." He was accompanied by former Mines Department secretary and incumbent ambassador to Korea Kuma Aua, Tolokuma gold project coordinator Joel Ipape, Ramu project liaison officer based in Madang Nicholas Wai Puk and Ramu NiCo project coordinator Carter Oiee. Ramu NiCo vice president Charles Zha presented a detailed project overview covering last year's project achievements, challenges faced and management projection for this year. General manager community affairs Martin Paining presented the company's community affairs activities which included the project's memorandum of agreement (MOA) monitoring and compliance.

Landowners against merger of P'nyang gas field project

Post-Courier, February 05, 2015

By PATRICK WUNDAI

A STRONG opposition is looking on the Government and ExxonMobil PNG Limited (EMPNGL) plan to integrate P'nyang gas field with the current PNG LNG Project. Simon Ekanda, the uncompromised and powerful voice from the Hides gas fields in the PNG LNG Project says he fully supports the position taken by the chairman of P'nyang Resource Association, Michael Betkimsok for the P'nyang Project to be a Standalone with a completely new and separate agreement. Mr Ekanda, an advocate of greater PNG Benefit from the country's resources and the PNG LNG Project advocate from Hides Gas Fields said the recent signing by the government to amalgamate the gas resource into the current PNG LNG should not be allowed. He said the landowners fought for the recognition by the PNG Government and the license holder of their rights to give or withhold consent for this gas resource development, nevertheless allegedly bullied by the State.

Mr Ekanda who is awaiting a National Court decision on whether he should proceed to trial or lose out on his court challenge of the entire PNG LNG Project Agreement stated that the right relates directly to the right for indigenous people to control their future and the future of their people. He said this has been stated as the right "to give or withhold their free, prior and informed consent to actions that affect their lands, territories and natural resources". "This is shortened to Free, Prior, and Informed Consent or FPIC," he told the *Post-Courier* this week. "This right has been violated by the Government of PNG and the developer (EMPNGL). The two parties to the so called agreement have been connived and collude literally eliminating the rights of the indigenous landowners," the advocate said.

Mr Ekanda who is the Mama-Papa Graun Association president; an association which fights for indigenous land and resource ownership and organisation behind the concept of Production Sharing Contract Arrangement opposed to current equity holding and tax collection regime, said such agreement to integrate a huge gas field into an existing project should not happen. He pointed out that the indigenous peoples are protected from this situation under International Law and the United Nations Declaration on the Rights of Indigenous Peoples. "Indigenous peoples have the right to be involved in any decision that affects their lands, resources or territories. They have the right to give or withhold their Free, Prior and Informed Consent. They have the right to reach a collective decision through processes defined and determined by themselves. All projected-affected communities must be able to participate in effective decision-making and negotiations and when non-indigenous communities say 'no' to a project this should be accounted for.

"For how long the successive governments of PNG since independence will continue to ignore the indigenous people's rights by supporting investments to the favour of foreign developers thus undermining their own respect as the government of a sovereign nation often times?" Mr Ekanda queried. He stressed that the mechanism of consultation with landowners laid in the Oil and Gas Act provisions are quite inadequate and if seen sufficient lacks clear link with FPIC, thus fragmented and maybe viewed as absurd. Meanwhile, EMPNGL refused to comment when ask by the *Post Courier* on certain queries that arose of the gas supply agreement.

Spills prompt response

Post-Courier, February 05, 2015

AN emergency authorisation was issued to immediately minimise or stop potential cyanide spillage at the idle Sinivit Gold Mine. This is why officials from the Department of Environment and Conservation are expected to be in East New Britain Province later this week to implement preventive

measures. DEC had obtained the emergency authorisation under Section 76 of the Environment Act 2000 from the director of environment. The visiting team will comprise technical officers from DEC and a legal advisor from the State Solicitors office. The team will be working with the ENB Provincial Government and administration, Pomio district and Sinivit Local Level Government administrations to address these environmental risks issues. The ENB monitoring team was put in place to do an assessment at the mine site and monitor cyanide laden leach vats and heaps a couple of weeks ago. This followed the theft of special canvases used to cover these heaps and vats and the continuous rainfall in the area. The rain fall average in the area is around 28mm a day.



Mine pond

It is believed the mine, which is located in the Baining Mountains, was put on care and maintenance since October 1 last year and only a handful of workers were at the site to look after the vats and properties. The mine has around 17 vats with some located on ridges and near cliff edges. Monitoring team leader Florence Paisparea said they expect the team to arrive later this week so they can implement these preventive measures which include discharging of the containment pond under specific requirements, disintoxication of the vats and heap pads, testing of the river systems and at the same time conduct awareness in nearby communities. In regards to their awareness programs, she said they have already started talking to the people as well as on the local radio station. Authorities in the province have been treating this issue as a very serious matter. The ENB monitoring team in one of its recommendations asked for a state of emergency to be declared at the mine site. The Baining Mountains is where most of the province's major rivers originate.

Papua Governor To Freeport: Build Smelter In Province Or Leave

Enembe opposes mining company's plan to built plant in Java

WELLINGTON, New Zealand (Radio New Zealand International, Feb. 4, 2015) – The governor of Papua province in Indonesia has told the mining giant Freeport that it should leave the province if it won't build a smelter there. Lukas Enembe told the Jakarta Post the company cannot take the natural wealth of the remote Indonesian province and impoverish the people. Mr Enembe says he discussed the matter with the President, Joko Widodo, in Jakarta last week, saying all Papuans opposed the company's plan to build the smelter in Gresik in East Java. Governor Enembe says the provincial administration is drawing up a bylaw to protect all the resources in Papua, be they forestry, marine or mineral. PT Freeport Indonesia is majority owned by the Arizona-based Freeport McMoRan, and operates the world's second biggest copper and gold mine at Grasberg, Papua.

OK Tedi landowners urge government to do social mapping

Post-Courier, February 04, 2015

THE Faiwolmin Landowners Association of the giant OK Tedi mine has urged the Government through a petition presented to North Fly MP and Minister for Culture and Tourism Boka Kondra to look into conducting proper social mapping on Ok Tedi mine area. This was revealed by local consultant and chairman of the association Alex Bernard yesterday while presenting their grievances with the chiefs to Minister Boka Kondra. Mr Bernard claimed that since the first agreement in 1976, there had been no proper social mapping done and no true landowners stood to sign the agreement with the the government. He further claimed that since the beginning of the mining operation in Mt Fubilan, no proper full scale social mapping, clan mapping and land demarcations had been done to identify the true landowners. He said they had come up with a book to be presented to the Prime Minister Peter O'Neill about this matter and requested him to immediately look into conducting fully scale social mapping.

"Number one OK Tedi Mt Fubilan is one time bigger while the number two OK Tedi Townsville is ten times bigger so before the start of number two OK Tedi, the Government must take immediate action into conducting fully scale social mapping," he said. He claimed that since the beginning of the mine and agreements after agreements, the true clans or true landowners had not been identified and as such they had not participated in the debate and signing of the agreements with the government and the developers. He said only would identify the true landowners and give the right title back to the rightful landowners. "We want full scale social mapping so the true landowners identified can then form Incorporated Land Groups (ILGs) through clan vetting system," Mr Bernard said. Minister for Culture and Tourism and North Fly Member Boka Kondra while receiving their grievances has pledged to support them and bring the matter up to National Executive Council. Minister Kondra said he supported the idea of Faiwolmin Association to do proper social mapping. "I support the proposal to do proper social mapping and will work it Faiwolmin association," he said.

As rain falls, calls for action at Solomons Mine

Radio New Zealand, 3 February 2015

Landowners in Solomon Islands living below the country's closed Gold Ridge Mine are calling for swift action to drain the mine's tailings dam as heavy rains continue. The chairperson of the Gold Ridge Community and Land Owners Council, Dick Douglas, says the dam's walls are holding but he says the government and Australian mine owner St Barbara need to get their act together and start the de-watering process. "The only thing we really need is the treatment plant to treat the water into the river. And the people living down below from from the tailings dam so, very concerned of the heavy rainpour during this season " The chairperson of the Gold Ridge Community and Land Owners Council, Dick Douglas. In recent months, St Barbara has been calling on the government to approve its de-watering process to no avail. The Australian miner says their will minimise the flood and environmental risks to communities living downstream from the mine.

Police question, arrest Western Governor

Post-Courier, February 03, 2015

By Donald Willie

WESTERN Province Governor Ati Wobiro (pictured) has been arrested by the fraud and anti-corruption officers. Mr Wobiro, 55, was arrested and charged yesterday on four counts of misappropriation of funds totalling up to K7 million along with eight other counts of abuse of office.

Other charges include four counts of abuse of office and four counts of conspiracy to defraud. Director for fraud and anti-corruption directorate Matthew Damaru said Mr Wobiro was arrested last year by the mobile squad for a different matter, a case that was withdrawn but may resurface when police are ready. The national fraud and anti-corruption directorate conducted the investigation upon complaints by the people of Western Province. After the interview at the national fraud and anti-corruption office in Konedobu, Mr Wobiro was taken to the Boroko police station cells where he was locked up.

It is alleged that a Joint Provincial Budget Priorities Committee (JPBPC) meeting comprising three Open MPs of South Fly, Middle Fly and North Fly convened on November 21, 2013 to approve projects. The three Open MPs denied attending that meeting. Also in 2013, Mr Wobiro allegedly signed a memorandum of agreement with Norman May on behalf of Fly Care Foundation to use percentages of his PSIP, DSIP and LLGSIP funds to be paid into Fly Care Foundation in which Norman May is sole signatory to the account. The list of projects underallegedly approved by the JPBPC on 21 November 2013 was referred to acting Provincial Administrator Modowa Gumoi and instructed by the Governor to facilitate the funding of the projects by implementing the MOA between Mr Wobiro and Fly Care Foundation Inc.

Investigations conducted by the fraud squad officers revealed that many of the projects of which funding was channelled through Fly Care Foundation have not been implemented. Investigations also revealed that these funds (PSIP, DSIP and LLGSIP) were public funds but were parked in a private account under the control of a private individual outside of the public accounting systems and not subject to public audit. Channelling of public funds through a private business management and application of the funds were outside of the guidelines governing the disbursement of these funds and lack transparency and accountability. Police said Norman May of Fly Care Foundation and May Field Distributors was arrested and charged on 22 January 2015 on similar charges. More arrests are expected to be made in this matter, police said.

Solomons Orders Mining Company To Cease Operations On Rennell

PT Mega Bintang Borneo accused of operating outside approved areas

By Eddie Osifelo

HONIARA, Solomon Islands (Solomon Star, Feb. 2, 2015) – Ministry of Mines, Energy and Rural Electrification has instructed PT Mega Bintang Borneo Ltd to halt all mining operations on Rennell island. This came after the Ministry had received reports that the company continued its mining operation despite the cancellation of its prospecting license on 23rd December 2014. In a letter to the managing director of the company, Eric Saniputra, the Ministry's Permanent Secretary (PS), Jeffrey Kauha instructed the company to halt all mining operations and remove all its equipment and machines from Central Rennell. This in particular, from those tenement areas currently covered by Sian Pacific Investment Development Limited (APID) PL 04/08 A and PL 05/08 B. Kauha said, the Ministry has confirmed the reports of your illegal operations over certain pockets of tenement B on Rennell Island.

"This is a criminal offence and failure to immediately halt all operations and withdraw your machines will result in legal actions taken against you and your associates," he said in the letter. Kauha also informed Saniputra that his application for an Export Permit has been rejected by the Mines and Mineral Board in its meeting on 26th November 2014. He said, the non-compliance and illegal actions of your company or associates will not be tolerated and by copy the Commissioner of Police is hereby informed for immediate actions. Solomon Star understands the Ministry of Mines has recognised Asia Pacific Investment Development Ltd after it granted a mining lease (ML 0112014) to mine the bauxite deposit on Rennell. It did not recognise PT Mega Bintang Borneo

Ltd, which was granted mining lease by the last government. These two foreign companies have been competing for the bauxite deposits on Rennell since early this year.

Human Rights Clinic Teams with Scientists to Investigate Conditions at Gold Mine in Papua New Guinea. An Innovative Interdisciplinary Columbia University Study Provides Indigenous Communities with an Independent Assessment of Environmental Risks

Columbia University, New York, February 2, 2015—A team of Columbia Law School students and faculty spent the winter recess in the remote highlands of Papua New Guinea working alongside scientists to investigate allegations of human rights abuses and environmental degradation at one of the region’s largest gold mines. Thousands of indigenous people live near the Porgera mine, majority-owned by Canadian corporation Barrick Gold. The indigenous community fears that mine operations have polluted their rivers and streams, contaminated rainwater, caused erosion and landslides, and contributed to poor air quality and low crop yield. While residents are concerned, they say that they have had little access to independent assessments of possible environmental risks.



Tailings waste from the mine flows through the Porgera Valley in Papua New Guinea’s remote Enga Province. Photo: Emily Allen

“It was shocking to see how close people actually live to the mine,” said Stephanie Persson ’15, one of four Human Rights Clinic students who helped carry out the study. “In some of the areas we hiked through, villages are jammed in right alongside the mine’s waste dumps. Some homes are so close that they shake when there is blasting at the mine. Children even play in the liquid waste that flows out from the mine site.” The Columbia University research team designed an interdisciplinary rights-based study to respond to the indigenous community’s requests for an independent assessment of the mine’s environmental and human rights impacts. This unique approach blended physical science and human rights methods and perspectives. The study was led by Columbia Law School Professor Sarah Knuckey, director of the Human Rights Clinic; Joshua Fisher, director of the Advanced Consortium on Cooperation, Conflict, and Complexity (AC4) at the Earth Institute, Columbia University; and Penn State University Professor Tess Russo.



Professor Sarah Knuckey and Human Rights Clinic student Holly Stubbs '15 greet Porgera Valley residents. Photo: Emily Allen.

“The complexity of the problem could only be tackled by bringing together experts in human rights, land use, water science, and environmental conflict,” said Knuckey, the Lief Cabraser Associate Clinical Professor of Law. “By partnering with scientists, we aimed to gain a deeper understanding of the mine’s impacts on the rights to water, food, and health. In addition to providing independent information to the communities living around the mine, we hope this study can push forward the use of mixed-methods investigations in the human rights field.” Fisher said the study’s scientific analysis will be based on water samples obtained from households, streams, and rivers adjacent to the mine, as well as soil samples obtained near rivers and residents’ homes. “In combination with interviews conducted by the Human Rights Clinic, this data will enable us to understand how any metals and chemicals released from the mine site travel into the surrounding ecosystem and potentially impact the communities living around the mine,” Fisher said.



Knuckey, second from right, and Human Rights Clinic student Alison Borochoff-Porte '15, right discuss local conditions with Porgera residents. Photo: Emily Allen.

Communities around the world struggle with the impacts of mining, and are looking for ways to understand and improve conditions. “The unique mixed-method approach we are using in Papua New Guinea is an innovative way to work with communities to understand and mitigate the risks associated with heavy metal contamination,” said Fisher. “It could serve as a prototype for other mining-impacted communities.” Human Rights Clinic student Alison Borochoff-Porte ’15 said the local residents she interviewed were very concerned about their environment. “People repeatedly told me that they think their local streams are poisoned. During the dry season, many people say they walk for hours to access sources of drinking water,” she said. “We hope this study will support the indigenous communities in their desire to understand any environmental impacts of the mine and in their efforts to ensure a healthy environment for future generations.”



Dr. Joshua Fisher tests water near the mine, left, and Human Rights Clinic student Stephanie Persson '15 takes a soil sample from a resident's garden. Photos: Sarah Knuckey

The interdisciplinary team will return to Papua New Guinea later this year to share their findings with local communities. They will also publish the results of their research, with the twin aims of guiding future environmental and human rights studies, and advocating for improved conditions on the ground. The study was carried out with funding from the Columbia Law School Human Rights Clinic, and through a grant from the Earth Institute. Also participating were: Columbia Law School Clinical Teaching Fellow Benjamin Hoffman and clinic students Genevieve Taylor '15 LL.M, and Holly Stubbs '15. The team partnered with researchers from the University of Papua New Guinea and was also accompanied by a photographer and filmmaker, Emily Allen, who documented the research, and recorded testimony of local residents. Through human rights clinics, Knuckey has worked on human rights issues related to the Porgera gold mine for the past eight years. Previous clinic work focused on alleged abuses—killings, rapes, and beatings—by security personnel employed at the mine site. During that prior work, local residents voiced concerns about their living conditions, and requested that Knuckey expand clinic work to encompass environmental, economic, social, and cultural rights issues.

The Human Rights Clinic is an intensive year long course directed by Sarah Knuckey, the Lief Cabraser Heimann and Bernstein Clinical Associate Professor of Human Rights and the faculty co-director of the Human Rights Institute at Columbia Law School, as well as by Clinic Fellow Benjamin Hoffman. The Clinic brings together human rights work, student education, critical reflection, and scholarly research. Students are trained to be strategic human rights advocates, while pursuing social justice in partnership with civil society and communities, and advancing human rights methodologies and scholarship.

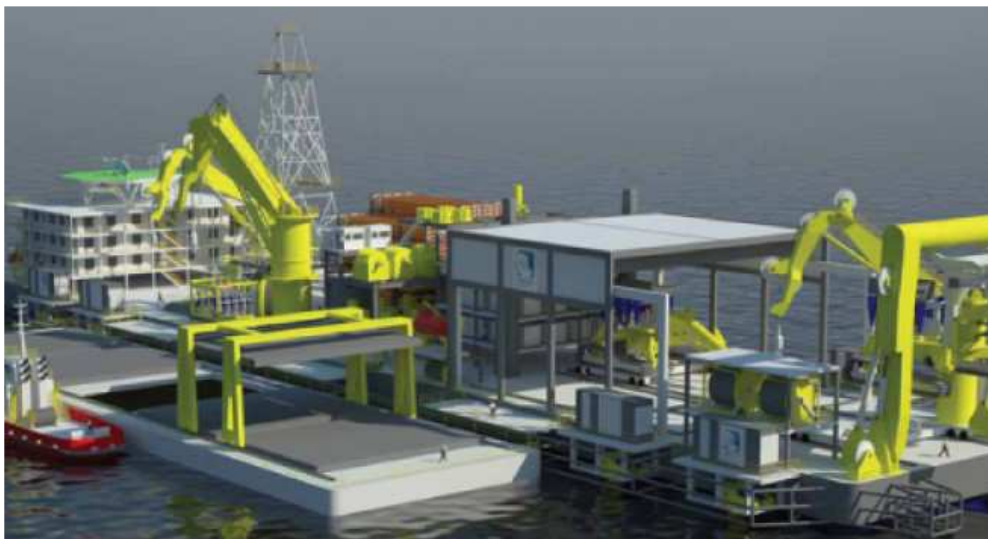


*The research team hiked for hours each day to reach villages around the Porgera mine site.
Photo: Sarah Knuckey.*

The Earth Institute, founded in 1997, leverages the expertise of its 30 research centers and 850 scientists, postdoctoral fellows and staff at Columbia University to generate solutions for sustainable development. This unique institute brings together the intellectual, practical and theoretical resources needed to address some of the world's most difficult problems including environmental sustainability, climate change and poverty. Inside The Earth Institute, The Advanced Consortium on Cooperation, Conflict and Complexity (AC4) works to bring sustainable solutions to the issues of violent conflict, peace and sustainable resource management.

Nautilus ends assembly of collecting machine

Post-Courier, February 02, 2015



THE operator of the Solwara 1 Project in the waters of Bismarck Sea , Nautilus Minerals (Nautilus) has announced the mechanical and hydraulic assembling of its second of three Seafloor Production

Tools (SPTs), the collecting machine (CM), has been completed at Soil Machine Dynamics' facility at Newcastle upon Tyne, in the United Kingdom. The company also announced the commissioning of the CM systems has now commenced, according to a statement released at the weekend. Nautilus' chief executive officer (CEO) Mike Johnston said in a statement; "having already completed the assembly of the Bulk Cutter, we are delighted that the assembly of the Collecting Machine has now been completed and commissioning has begun. This is an exciting time for the Company as we continue with the build of the seafloor production equipment while work has also started toward the build of our production support vessel. We look forward to finalising the assembly of the third and final SPT, the Auxiliary Cutter."

The statement highlighted that the CM is the lightest of the three SPTs, weighing 200 tonnes when fully assembled. It is designed to collect material cut from the seafloor by drawing it in as seawater slurry with internal pumps and pushing it through a flexible pipe to the riser and lifting system and onto the vessel. The world's first ever deep-sea miner said the excavation and collection of mineralised material has been split into three individual tasks, which will each be carried out by a different SPT. The Auxiliary Cutter is designed as the pioneering tool which prepares the rugged sea bed for the more powerful Bulk Cutter. The company said the two tools gather the excavated material; the third, the CM, will collect the cut material by drawing it in as seawater slurry with internal pumps and pushing it through a flexible pipe to the subsea pump and on to the vessel via the Riser and Lifting System. Nautilus is the first company to explore the ocean floor for polymetallic seafloor massive sulphide deposits. Nautilus was granted the first mining lease for such deposits at the prospect known as Solwara 1, in the territorial waters between the New Ireland and New Britain Provinces, where it is aiming to produce copper, gold and silver. The company has also been granted its environmental permit for this site.

Emergency for Sinivit mine

The National, February 2nd, 2015

THE Department of Environment and Conservation has issued an emergency authorisation expected to enable a state of emergency declaration at the Sinivit Gold Mine in East New Britain. This follows concerns from provincial authorities on the threat of a potential cyanide spillage into the river systems due to unattended vatting system since Canadian developer New Guinea Gold left the mine site in July last year. The emergency authorisation was issued on Jan 21 by the director of the Environment Department Gunther Joku. The notice contains several requirements that a technical team of officers from DEC and the provincial administration begin conducting an emergency discharge from the containment ponds to the required water quality standards. This include inspection and testing on the local waters, especially the two main intakes that flow through the Warangoi River

Man faces K7m-plus theft charge

The National, February 2nd, 2015

By DAPHNE WANI

A DARU businessman has appeared in court charged with misappropriating more than K7 million from the Fly River provincial government funds two years ago. Norman Carl May, 41, is facing four counts of misappropriation and four counts of conspiracy involving four cheques totaling K7,060,000. Police alleged that between Nov 10 and Dec 31, 2013, at Daru, in Western, May arranged to procure the four cheques for use by the Fly Care Foundation, an institution he founded. The four cheques belonged to the Western provincial administration. The funds were supposed to be used for education, health, law and justice and water supply improvement programmes. Police

also alleged that the engagement of the Fly Care Foundation by the provincial administration was inconsistent with the Public Finance Management Act 1995 and was not deliberated on by the Western provincial assembly. Committal court Magistrate Mekeo Gauli said they were serious charges and May would be committed to trial in the National Court if there was enough evidence. Gauli told May to be present in court on Feb 27 for mention.

Letter to the editor

What is Hela getting from LNG project?

The National, January 30th, 2015

PNG Power and the LNG developer, Exxon-Mobil, have signed a memorandum of understanding that the latter will supply 50 megawatts of electricity on top of the current demand of 150 megawatts a day. This is a punch in our face. Why are we giving back? I think the current government is only an extracting government. We, the real landowners, are spectators on our own land. Since 1993 when I was a baby, BP started extracting our natural gas and supplied electricity to Porgera Mine and Enga, and from then we were dumped by the government and the developer. Since then, we have not seen any rewards such as proper roads, hospitals, schools, water supply or electricity. And yet, the state and the developer has now signed an agreement to light up Port Moresby while we remain in darkness. This is unequal distribution of our wealth. What are we receiving from our resources? Nothing. I now call on all Hela leaders to light up Hides Valley and Hela before lighting Port Moresby. Ruben Piabe Ipita, Hela

Government to resume discussion with Indonesia over oil, gas

The National, January 29th, 2015

THE Government will resume talks with Indonesia on the exploration of potential oil and gas reserves along their border. Public Enterprises and State Investments Minister Ben Micah said the talks would resume once Indonesia appointed its Ministers for Energy and Mineral Resources, Telecommunications and State Enterprises. "We will resume talks on getting power from Jayapura to Vanimo," he said. Micah visited Jakarta in 2013 and discussed how the two governments could establish a joint operation to explore oil and gas reserves. "The Indonesian media had reported that the border possesses a huge amount of unexplored oil and gas reserves and it will be economically easier to jointly explore these untapped resources," he said. Micah told the Indonesian media that PNG hoped to have its national petroleum companies form a joint venture with oil and gas firm PT Pertamina to develop hydrocarbon reserves in the areas. PNG has two State-owned oil and gas firms – the National Petroleum Company of Papua New Guinea which focuses on LNG and oil projects, and Petromin PNG Holdings Ltd which controls the nation's petroleum and mining assets.

Letter to the editor

Don't mislead landowners

I refer to a press statement published on December 19, 2014, in the two dailies by an Elias Elkina as chairman of a purported clan referred to as Mohomal Kweptan clan of Kutimabip land in Tabubil. I am a legitimate customary landowner of Ok Tedi mine and hail from the North-Fly district, Kiunga, Western Province. As such, I have never heard of a Kutimabip land in the Tabubil area and I'm sure others from Tabubil would agree with me. The statement was totally misleading because we the people of Tabubil are not fools and we are 100 per cent sure that Mohomal Kweptan clan of

Kutimabip is situated in the Oksapmin village in the Telefomin district of West Sepik Province. It is not part of the Western Province. The statement reflects the work of people with vested interest who want to sneak their way in to claim ownership of other people's land. The tactic used these days where so-called landowners run to the media to make all kinds of statements to convince people on their position is not new to the people of PNG. I would like to call upon whoever that Elias Elkina is and his purported clan not to confuse the good people of Tabubil and stick to your boundary because you are wrong.

According to official records, the Ok Tedi mine is situated in the boundary of North-Fly district and Kiunga in the Western Province alone. The name Mohomal Kweptan clan is totally a foreign and unheard of clan. It is situated in the Oksapmin area near Telefomin district in West Sepik Province, which is a separate province. The author of the statement should bow his or her head in shame because he or she totally misled the people of Western, Sandaun and the entire country. Through further research, we found out that the purported clan went ahead and obtained an Incorporated Land Group (ILG) when it was not eligible to do so. The Fly River provincial government and the Sandaun provincial government are not aware of the ILG obtained by this purported clan. I call on relevant authorities to investigate the manner in which this ILG was obtained and they be tested for re-registration to confirm if they are eligible to obtain an ILG. As a concerned customary landowner of Ok Tedi mine, I feel such activity amounts to fraud. This is illegal and whoever perusing this should be arrested and charged. Papa Graun, Kiunga, Western Province

St Barbara projects prove their mettle

Esmarie Swanepoel, Mining Weekly, 28th January 2015

Gold miner St Barbara increased its gold production during the second quarter ended December, on the back of record quarterly production from its Leonora operations, and the highest monthly and quarterly production at its Simberi mine, since the project was acquired in 2012. Group gold production for the quarter reached 97 917 oz, compared with the 68 823 oz produced in the previous quarter. The Leonora operation, in Western Australia, accounted for 80 623 oz of this production, with the Gwalia mine and King of the Hills operation delivering 68 489 oz and 12 034 oz, respectively. The increased gold production at the Leonora operations reflected an increase in volumes and grade, as well as the availability of high-grade stockpiles at Gwalia, which were created during the September 2014 maintenance shutdown.

The Simberi operation, in Papua New Guinea, delivered a further 17 294 oz during the quarter, with production at the mine benefiting from operating the semi-autogenous grinding mill and ball mill in parallel. St Barbara noted that the engineering and maintenance programme to improve the performance of the Simberi processing plant was now largely complete, with a shutdown of the mill circuits completed during the quarter. Despite the shutdown, mill throughput increased by 15% on the previous quarter, with 620 000 t milled, including a record 252 000 t in the month of December. Operations at the Gold Ridge mine, in the Solomon Islands, remained suspended during the quarter, and St Barbara noted that negotiations with the local government regarding the potential transfer of ownership had made little progress.

No agreement had been reached on the necessary dewatering of the tailings storage facility, despite the company's installation of the necessary infrastructure in anticipation of such an approval. St Barbara told shareholders that the company was reviewing its strategic and legal options in relation to the Gold Ridge mine. Looking ahead, St Barbara on Wednesday increased its production expectations for the Gwalia mine, from between 180 000 oz and 200 000 oz, to between 200 000 oz and 210 000 oz for 2015. With production at King of the Hills coming to an end during the June quarter, St Barbara was expecting the project to deliver between 50 000 oz and 55 000 oz of gold,

instead of the previous estimate of between 60 000 oz and 70 000 oz. Simberi, meanwhile, was still expected to produce between 70 000 oz and 80 000 oz of gold during the full year, with production expected to increase to a rate of 100 000 oz/y by the June quarter.

Ramu NiCo sets 2015 production target

Post-Courier, January 28, 2015

RAMU NiCo Management (MCC) Ltd has set this year's production target at 83% capacity rate during its ongoing project ramp up and this is also in line with requirements from MCC-Group, the financier and major shareholder of the only nickel and cobalt project in the country. Ramu NiCo is currently operating at 70% design capacity. If the planned technical bottlenecks are overcome with favourable natural and social environment including rainy seasons in favour of Ramu NiCo Project this year, then the production capacity can reach 83 per cent design capacity. This was announced by Mr Wang Jicheng, president of Ramu NiCo Management (MCC) Ltd during the Ramu NiCo 2015 Annual Work Report Conference held on Monday January 26 via video conferencing including Beijing Office, Madang Base, Basamuk Refinery and KBK Mine sites, attended by all staff from Beijing Office, Madang Base, deputy superintendents and senior managers.

Chairman Zhong Shaoxing, president Wang Jicheng, vice president Wang Baowen also attended and the conference was chaired by vice president Charles Zha from Madang. With the fluctuating nickel and cobalt world price and other uncontrolled external and internal factors, Mr Wang said the project would still make a loss in 2015 with the deficit control within the set target even if 83% design capacity was achieved. "Currently, we are faced with the development of quality, challenging process bottlenecks, team stability and cross-cultural management and other aspects. "To increase production capacity and operational management level, we have established a '12345' management approach, to complete various tasks centering on cash flow and ramp up," Mr Wang said.

The '12345' approach" includes: manage cash flow, ensure competition and Health, Safety and Environment, make changes in operation philosophy, innovative development and step up progress in production. Mr Wang said 2015 was not only a challenging year but also a year to fight for survival and explore potentials to increase benefits. Chairman Zhong in his closing remark said Ramu NiCo Project was the flagship Project of MCC-Group and if successful then it would be the largest investment by any Chinese enterprises outside China. Chairman Zhong and President Wang urged all staff in the Ramu NiCo Project to be vigilant, take pride in the Project and work hard to deliver the Project so all stakeholders can realise the benefits. Meanwhile, President Wang set the project to have "zero fatality" this year with Community Affairs to work closely with the external stakeholders, especially, the landowners to create a harmonious environment to safeguard the operation.

Kiwi Company Wants To Explore For Offshore Oil In Solomons

Duncan Hardie Group applies for prospecting license

HONIARA, Solomon Islands (Solomon Islands Broadcasting Corporation, Jan. 27, 2015) – A New Zealand Company, Duncan Hardie Group has applied to the Solomon Islands Government for a license to conduct offshore oil prospecting in the country. Prime Minister Honourable Manasseh Sogavare was informed by the Wellington-based company's agent in Solomon Islands Mr Michael Anita last Friday. Mr Anita told Prime Minister Sogavare, the company had submitted its application to the government during the former Prime Minister Gordon Darcy Lilo's tenure in office and is still awaiting approval from the Petroleum Board. He says the group has good standing, with its founder having more than 40 years of experience in the energy industry.

Mr Anita further explains, the beauty about the Duncan Hardie Group is that they are willing to conduct the study under their own expenses. Meanwhile, Prime Minister Manasseh Sogavare in response says as the Coordinating Minister, he may need to write a minute to the Minister for Mines and Energy to follow up on the submission by Duncan Hardie Group. Prime Minister Sogavare adds, seeing that the company has already applied, its good to visit the application to see how far it has gone in reaching the Petroleum Board for a decision. He says DCC would like to see a competent group come to Solomon Islands to conduct any offshore oil search operation.

Solomons nickel mine on track for production

Radio New Zealand, January 27, 2015

The Australian miner Axiom says its nickel mine subsidiary development in Solomon Islands, Axiom KB, is on track for production to begin at the end of the year. Axiom KB's Chief Executive, Ryan Mount, says prospecting operations in Isabel province are well underway and the company and its landowning partners are working hard to achieve the ambitious end-of-year start. Mr Mount also says Axiom's initial drill tests have come back with some unexpected but exciting results. " We commenced our exploration drilling program in December and we have got some initial results and the initial results are very pleasing. So it's what is identified is a essentially higher grade deposit than what we anticipated but again it's very early stages this is just the initial, the drill programme." Ryan Mount says the only blip on the horizon is a court of appeal case involving the Japanese mining giant Sumitomo. The Solomon Islands high court has ordered Sumitomo to pay about 3.8 million US dollars in court costs over a legal battle over who owned the Isabel nickel deposit.

Papuan Governor Disapproves of Freeport's Smelter Plan Outside Province

By Rangga Prakoso, JakartaGlobe, Jan 23, 2015



Miners are seen at the Grasberg Mine, operated by US-based Freeport-McMoRan, in Papua province. (Reuters Photo/Muhammad Yamin)

Jakarta. Papua disapproves of mining giant Freeport Indonesia's plan to build a smelter facility outside Papua, calling the move indicative of the company's lack of good deeds to the nation's easternmost province. Papua governor Lukas Enembe said on Friday that for the past 50 years, Free-

port Indonesia, the local unit of US mining company Freeport-McMoRan, only wanted to export the raw materials without having the good intention of building an integrated processing industry in Papua. He said integrated smelter facilities in Papua are needed. Not only can the facilities help eradicate poverty, Lukas said, but they could also create jobs and strengthen Papua's fiscal capacity. "So, it is obligatory to build the smelter in Papua and not in Gresik, East Java. Freeport's reason of lack of infrastructures is baseless because Freeport had never had strong commitments to help develop Papua," he said at the House of Representatives' building on Friday.

Freeport Indonesia signed on Thursday a memorandum of understanding with state-controlled fertilizer company Petrokimia Gresik, for renting land so that it can establish a raw minerals processing facility near Petrokimia's plant in Gresik. Its progress toward construction of the smelter secured Freeport Indonesia's export permit as the government extended the permit for another six months. Its current permit will expire on Jan. 25. Freeport Indonesia's construction of the copper smelter in East Java is part of its \$15 billion expansion in mining operations in the country. Lukas said that the Papuan administration with local administrative offices are ready to cooperate with Freeport Indonesia for the creation of the integrated smelter facility in Papua. He called for the central government to issue special policies for Papua. "The policies included investment facilities, fiscal and non-fiscal incentives and capital access," Lukas said. *Investor Daily*

International tribunal agrees to PNGSDP request

Post-Courier, January 23, 2015

AN international arbitration tribunal has granted a request by PNG Sustainable Development Program Ltd for provisional measures against the PNG Government. The provisional measures were sought in July last year as part of PNGSDP's case before the International Court for the Settlement of Investment Disputes on the O'Neill Government's expropriation of its 63.4 percent shareholding in Ok Tedi Mining Ltd. PNGSDP is seeking the return of its shareholding or, failing that, compensation for the shareholding. The tribunal's orders prevent the State from taking any further steps under Section 6 of the Tenth Supplemental Agreement Act passed late last year, or otherwise interfering with PNGSDP's management. In particular, the tribunal said the State should refrain from taking any measures purporting to restructure or otherwise alter the management of PNGSDP.

It also ordered that, for the duration of the current arbitration proceedings, the State should refrain from transferring or issuing (or completing the transfer or issue of) any OTML shares to any third party, or taking any steps that otherwise change the ownership of OMTL. The decision is available at <https://icsid.worldbank.org/apps/ICSIDWEB/cases/Pages/casedetail.aspx?CaseNo=ARB/13/33&tab=DOC> or by navigating from <https://icsid.worldbank.org/> to the individual case file (ICSID Case No. ARB/13/13). A copy is attached to this media release. The chairman of PNGSDP, Sir Mekere Morauta, welcomed the decision. "PNGSDP has been very concerned about the need to preserve the value of the company's assets and former assets, its independence, its structure and its ability to continue or resume normal operations. "PNGSDP has its own plans for the 63.4 percent shareholding and how best to use it for the benefit of the people of Western Province. These plans have already been discussed with Community Mine Continuation Agreement representatives and PNGSDP looks forward to working with them and the community." The ICSID case and court action in Singapore are continuing.

Western Province: LLG leader wants cooperation

Post-Courier, January 23, 2015

The president of Ningerum local level government in North Fly District Kawuk Konmop has challenged the provincial government, districts and LLGs to put away their differences and empower the five North Fly district LLGs to look forward to major impact projects. “The Western Provincial Government, districts and LLGS should stand together and set their priorities right and enforce the LLG and ward development plans and also promote partnership approach in order to provide tangible development in all LLGs, particularly in North Fly District,” he said. “North Fly District is a mining area and Kiunga town should turn into model town and LLG concept. “The Government should not deny the privilege of North Fly people.” He also said the split of the 33 percent shares of Ok Tedi Mining Limited should be done fairly.

“The people of Western Province and particularly North Fly need to be properly consulted about the Ok Tedi take-over and distribution of 33 percent shares and would like to know benefits will be given to different categories. “Ok Tedi is the strength of the PNG Government and taking Ok Tedi as an issue in the political arena is wrong. “I’m very disappointed when my people are expecting all levels of government and stakeholders to put away the indifferences and consider the above project priorities. “I believed that all the Ok Tedi agreements are overlooked by foreign laws using the Mining Act, leaving the principal landowners in disadvantaged positions. “The national Government must properly address and consult the landowners on specific complaints on how the percentages will be distributed to the locals so that their issues are addressed.”

New Caledonia Nickel Plant Set To Resume Production

Koniambo has been closed since spill last month

WELLINGTON, New Zealand (Radio New Zealand International, Jan. 21, 2015) – New Caledonia's Koniambo nickel plant is set to resume production after a spill last month shut down the plant. About 500 tonnes of liquid nickel was spilled from one of the furnaces, incurring millions of US dollars of damage in the most serious incident at the seven-billion US dollar plant. The authorities have now given the all-clear for production to resume at one one furnace while repairs at the other are being completed. The plant, which was officially opened by the French president Francois Hollande in November, already experienced a blast just before Christmas, briefly affecting production. The Koniambo plant is widely seen as the key industrial site to advance the economy of the mainly Kanak northern province.

Tinputz landowners interested in mining

Post-Courier, January 21, 2015

The Bougainville Mining Act expected to be passed in March this year by the Autonomous Bougainville Government (ABG) is already generating interest from mining entities for mining activities in other parts of region. One such group is the Taonita/Tinputz landowners who met with the Acting President of Bougainville Patrick Nisira recently to express their interest to do mining in the area. Representatives of the Motaha, Nakaripa, Amara, Nakas and Mopiopio clans informed the ABG that because of their interest to boost the economy of Bougainville and fast track development in the region, they were willing to work with the Autonomous government to allow for mining in the area. A resolution signed yesterday by the Clans represented and the ABG resolved that:

- the Expression of Interests (EOIs) expressed by the five major clan of Motaha, Nakaripa, Amara, Nakas and Mopiopio in support of ABG through mining be endorsed by the ABG.

- After the passing of the Bougainville Mining Act, the ABG to provide necessary required support to clans within the Tinputz and Wakunai interest areas for the purpose of creating a conducive environment for progressing the EOIs and
- The represented five major clans request that the ABG lift the current moratorium within the Tinputz, Wakunai, Kunua and Suir areas.

Bougainville Acting President Patrick Nisira said he is very pleased with the interest shown by the Tinputz/ Taonita landowners. He said their expression of interest gives the ABG options to look at alternative mines to gather revenue for developing the region while continuing negotiations on resolving the issues of Panguna Mine. “We are spending so much money in dealing with the issues of Panguna Mine, it is time we start considering other options other than Panguna Mine,” Mr. Nisira said.

Consultations on draft Seabed Mining Policy to resume in April

By Jonas Cullwick, Vanuatu Daily Post, January 19, 2015

The National Offshore Minerals Committee set up by the Government of Vanuatu is preparing to resume consultations on the Seabed Mining Policy draft at the end of April. These nationwide consultations will continue until the end of June or early July, 2015, according to the Acting Commissioner of Mines at the Geology and Mines Unit, Brooks Rakau. First consultations on the Seabed Mining Policy draft were held during the Vanuatu Deep Sea Minerals Conference at the Chiefs’ Nakamal in Port Vila on October 7, 8, and 9, 2014.

P’nyang field provides for gas expansion

Post-Courier, January 19, 2015



BY PATRICK T WUNDAI

The undeveloped P’nyang gas field is poised to underpin the expansion of the PNG LNG Project, as well as provide natural gas for power generation. In three different statements released by Exxon-Mobil PNG Limited as operator of the PNG LNG Project, Oil Search Limited as partner and Prime Minister Peter O’Neill respective over the weekend, all suggest that there is definitely an expansion of the current LNG project. Last week, ExxonMobil and the State announced the signing of an agreement (MoU) with respect to the expansion of the PNG LNG Project. According to a statement released by Oil Search yesterday, under the MoU, the PNG LNG Project will supply electricity and gas for domestic power generation, providing a reliable and clean source of energy to support PNG’s urgent power needs. The agreement details the provisions for an LNG expansion project, including the award of a petroleum development licence (PDL) and associated pipeline licences for the P’nyang gas field in PRL 3 (Oil Search – 38.51%).

Oil Search yesterday made it clear that there is going to be a third gas train in addition to the current two trains at the plant site outside Port Moresby though ExxonMobil was reluctant to confirm yesterday when asked whether the most speculated third train is certain or not since P'nyang is about to be granted a PDL, which has been suggested for a while as a determining factor for an expansion of a third train. As stated, "P'nyang will provide additional long-term gas reserves for power generation and Project expansion, including expected debottlenecking of the existing trains and a third LNG train." Oil Search says the MoU sets out an agreed timeline between the PRL 3 co-venturers and Government to a final investment decision for an additional LNG train. "The commitment from the PRL 3 owners is for the sanction of the third train in the earliest timeframe, subject to completion of typical activities including appraisal, marketing, financing and development engineering on P'nyang. Under the agreement, a final investment decision is to be taken by the end of 2017 at the latest," part of the statement read. The second largest partner said the PRL 3 licencees are in the process of finalising the PDL application for P'nyang which, under the MoU timeline, is expected to be offered by the end of the first quarter of 2015.

It was reported that preparations are underway for appraisal drilling and development engineering studies, which will commence this year. Oil Search is currently updating its resource estimate for P'nyang. Preliminary interpretation of recently acquired data has indicated a larger resource base than currently booked, which is providing confidence that the field can underpin the expansion train. The commitment under the MoU to near-term appraisal drilling will be undertaken to better quantify 1C contingent resource volumes. Oil Search's managing director, Peter Botten said, "we are delighted that ExxonMobil, as operator of the PNG LNG Project and PRL 3, has signed this MoU. This agreement meets the needs of all stakeholders. It will deliver much needed power to the people of PNG and provides an agreed timeline and activities for an expansion train at PNG LNG supported by P'nyang, a major gas field which is a key growth asset in Oil Search's portfolio.

"The arrangement supports the PNG Government's vision to improve the delivery of long-term, reliable and accessible power in PNG. Importantly, it demonstrates how LNG developments, such as the PNG LNG Project, can deliver both substantial export revenues and gas-for-power solutions to the local economy, for the benefit of all of PNG. Oil Search will continue to work with, and support, the Government to deliver an integrated power solution for the nation," Mr Botten added. ExxonMobil Communication advisor Rebecca Arnold said, "however, there is still much work to be done to firm up the field." Ms Arnold when asked whether there was any provision made to supply gas to Port Moresby in the 2008 May 22 Gas Agreement, she responded, "in the original Gas Agreement, provisions were made for a supply of gas (4mscfd) for Hides. This is an existing agreement.

This recent announcement of the MoU signed between ExxonMobil PNG Limited and the PNG Government builds on this, and allows for the provision of natural gas and power for PNG Power to supply electricity to Port Moresby. This is beneficial to the people of Port Moresby and supports the Government's plans to improve the capacity and reliability of the country's power supply," Ms Arnold said. Further queried to ascertain which party bears the cost implication of gas supply, she stated, "this will be supplied to PNG Power at a cost that is more economical than, say, diesel." However, additional queries to IPBC and PNG Power for the rationale behind selecting Port Moresby alone for a 20 year period while the rest of the country is yet to be lit up by PNG Power and while the country is celebrating 40 years were unanswered.

K415million to State

Post-Courier, January 18, 2015

The chairman of the board of directors of the National Petroleum Company of Papua New Guinea, (NPCP), Frank Kramer has announced that the company had declared and paid a dividend of K415 million to the Government. The dividend was declared in favour of IPBC as the shareholder of NPCP Holdings – which entity passed on the dividend in full to the State. The dividend was declared in respect of the financial year ending on December 31, 2014 and paid in full before to year end. The NPCP Group holds the State's interest in the PNG LNG Project. Managing director of NPCP Wapu Sonk said the early delivery of LNG by the project resulted in NPCP receiving distributions from the PNG LNG Project earlier than originally forecast. The first delivery of gas and condensate was in April 2014 which was seven months earlier than originally estimated providing the additional revenue that has allowed the Company to make the special dividend.

Mr Kramer said the board was pleased to be able to provide to the State some early benefits from their interest in the PNG LNG Project but cautioned that the favourable spot LNG market conditions that had allowed for the payment of the early dividend had changed significantly with Global Energy markets faced reduced prices and considerable volatility. The NPCP would be closely monitoring the market conditions and the distributions from PNG LNG in determining the timing and amount of future dividends, he said. The State's interest in the PNG LNG Project is currently 16.574881 percent and is held through National Petroleum Company Papua New Guinea, which is owned by the State through IPBC.

NPCP Holdings has been established as the holding company for the State's oil and gas interests and in addition to the PNG LNG Project. It has a number of other interests including the recently purchased Cue Energy assets, the Oil Search shares of 9.81 percent of the company along with its other existing interests. The NPCP operates on an independent commercial basis as the National Petroleum Company of Papua New Guinea. Most of the major petroleum producing countries have established National Oil Corporations to commercialise the States participation in its hydrocarbon resources, to preserve and create value for the benefit of the State and future generations so that value in a major business remains as resources diminish over time as they are exploited.

Western Province: Border villages cry out for services

Post-Courier, January 16, 2015

VILLAGES located along the border of PNG- Indonesia still lacks basic government services. This was revealed by former deputy president of Ningrum local level government and ward two councillor of Kungim, Paul Yarokam. Mr Yarokam said villages such as Ambaga, Kungembit, Putmambin, Trakbits, Okau, Hukim and Kungim have not received any basic government services. He said health, education and rural airstrips were never given much attention and these services are being provided by the church agency such as Catholic and Evangelical Church of Papua New Guinea. "These services are run down, teachers and health workers are still walking long distances from Ningrum station to these border villages, crossing Ok Tedi River and to the other side, walking to their respective villages," Mr Yarokam said. He said this has contributed a lot to the fall in education and health standards in the area. Mr Yarokam said most people from these villages have struggled to walk and do business in Kiunga town yet the government has not provided basic services that will enable them to expand their business.

He said they live on the other side of the Ok Tedi River and transportation is a big problem when travelling to and from Kiunga. He said also the funding cut from the national Government to LLG from K500,000 down to K100,000 will affect the delivery of services in these areas. He urged the

government to reconsider and perhaps increase the funding K500,000 to K1 million so that LLGs will be flexible to provide service rather than sitting down and waiting for districts and provincial government to provide funds and services. He also appealed to North Fly MP Boka Kondra to look into the plight of the border people and bring road infrastructure, health and education services to them. He said since independence the border people have been used as "check-points" or as securities on their own ground without seeing much of government attention. He said the border people have lost trust in government for neglecting them and not hearing their cry for better health, education, road infrastructure, and airstrip services. He said if the government provides such basic services, the people can use their initiatives to help themselves.

Geologist says coal power plants needed

Post-Courier, January 16, 2015

By FRANKLIN KOLMA

Papua New Guinea should consider coal as an alternate source of energy, says international mineral exploration company Mayur Resources. Mayur Resources exploration manager Thomas Charlton told the Post-Courier that coal power was cheapest, eco-friendly and an efficient way of producing electricity. Mr Charlton said that the idea of coal-fired power plants had been put to Prime Minister Peter O'Neill late last year and that the PM was optimistic of the notion. He said his company had discovered low grade coal seams at depths of one to two metres, along the Purari River in Gulf Province. Mr Charlton said that the coal deposits found, although not as extensive as coal deposits in countries like New Zealand, were substantive enough to be mined and used to fuel a coal infused power plant.

Charlton, an experienced geologist, said that coal was still a major source of electricity and the most efficient. "PNG's steep climb in economical growth since the introduction of the LNG is something that has improved lives, however, an economically booming country such as PNG cannot run on a power supply that cuts off two to three times a day," said Mr Charlton. Mr Charlton said Mayur Resources will be presenting its report on the first ever coal resource found in PNG early next month. It aims to continue prospecting to verify the full extent of PNG's coal deposits, and later coal electricity supplying possibilities.

Namosi Mine Protest Flares Up Again One man charged by police for obstructing mining work

By Samisoni Pareti, Island Business, 15 Jan 2015



Namosi landowners' representative Sipiriano Nariva.-- Photo: Samisoni Pareti

Landowners' opposition to the proposed multi-million dollar copper and gold mine on central Viti Levu, Fiji's main island has flared up again this week with the arrest by Fijian police of a 57-year old landowner. Police say the man was detained after landowners – believed to be from the village of Namosi in Namosi Province -- erected a roadblock on a road being built by mining conglomerate Namosi Joint Venture – a partnership between Australia's mining giant Newcrest and two Japanese interests. The 57-year old who is alleged to have ordered a group of construction workers to leave a mining site as well as unlawfully erecting a roadblock yesterday has been charged. "The accused has been charged with one count of obstructing the holder of a mining tenement," police in Suva said in a brief press statement released a short time ago. "He will be produced at the Navua Magistrates Court tomorrow."

Police confirmed a few other men were detained for questioning and have been released. Among them was Sipuriano Nariva, secretary of the Namosi Tikina (district) Landowners Committee (TNLC). He told Islands Business Online his 57-year old older brother was the only one arrested by police when they broke up their roadblock protest in Namosi on Wednesday. "I volunteered to be arrested too, and police took me and my brother to Navua Police Station where we spent the night in the station's jail. I was not questioned by police, only my brother was, and I was released to go this morning." According to Nariva, more than 20 men, members of TNLC erected the roadblock to protest NJV's use of their land to construct a new road. He said landowners had offered a different land to be used by the mining company, but NJV rejected the offer.

He said although the head of the landowning unit had signed away the use of the land to NJV, the landowning leader later realised he doesn't have the power to give away the land, and that at least 60 per cent of his landowning unit members needed to give their consent. This Nariva said was never given, and he accused the Fiji Police of strong arm tactics. "We don't know why police are involved in this civil dispute in the first place," said Nariva. "When we held a meeting with government officials on November 6th late last year, police officers surrounded the meeting house, and a senior police came in to declare that he would be chairing the meeting. "Police have no need to intervene in this dispute and we will seek a meeting with the Prime Minister to raise our concerns." Following earlier protests by TNLC members in 2012, PM Bainimarama intervened and ordered NJV to restore land it had damaged through its copper and gold exploration works in Namosi. His government has since deferred handing NJV the licence to mine.

Developer ExxonMobil to grow exploration

Post-Courier, January 15, 2015

ExxonMobil's involvement in PNG is expected to grow, the company (EMPNGL) Managing Director Peter Graham told Maritime Security: Asia in China recently. "We have an active exploration program in PNG. Over the last half decade or so, ExxonMobil, with its JV partners, have invested over \$400 million (K1.04 billion) in exploration," said Graham. "We have demonstrated what can be achieved in Papua New Guinea and have set the stage for future investments in this resource-rich nation." He said PNG's PNG LNG gas project is one of very few gas projects worldwide that was completed ahead of schedule. Construction on the \$19 billion or about K50 billion project began in 2010, and for Mr Graham, the project has been a journey that will continue for many years to come. "We installed hundreds of kilometers of steel pipe and two modern gas processing facilities into one of the most remote, rugged and socially complex locations in the world, and did so in an environmentally and socially responsible manner," says Graham. "However what is important is not just the physical assets that were built; we also committed to building capacity in Papua New Guinea and creating a positive project legacy." Mr Graham told Maritime Security Asia during the naming of Papua recently in China.

Production commenced in May last year, and adding to the project's milestones, its first custom-built LNG carrier has been officially named at Hudong Shipyard in China last week. The LNG carrier, named Papua, was built by Hudong-Zhonghua Shipbuilding Group (Hudong) and can carry approximately 172,000 cubic meters of LNG. It is claimed to be the largest LNG carrier built in China to date. The Papua will be operated by Mitsui O.S.K Lines (MOL) on behalf of EMPNGL, and is expected to be delivered to Papua New Guinea in early 2015. Including the Papua, four dedicated carriers will ship LNG for the PNG LNG project to customers in Asia. These are the Spirit of Hela, Gigira Laitebo and another ship currently under construction by Hudong. Mr Graham said the PNG LNG project includes gas production and processing facilities in the Southern Highlands, Hela, Western, Gulf and Central provinces. More than 700km of pipeline connect the facilities which include a gas conditioning plant in Hides and liquefaction and storage facilities near Port Moresby with project capacity of 6.9 million tons of LNG a year.

He highlighted that the 407km offshore pipeline commences at the Omati River landfall and follows the river for approximately 24 kilometres past Goaribari Island to the open sea. The pipeline then crosses the Gulf of Papua to the Caution Bay landfall at the LNG Plant site near Port Moresby. Over 34,000 joints of pipe were used in its construction. The project as a whole it took more than 191 million work hours to complete. At peak, more than 21,000 people were employed, including more than 9000 locals. The MD was reportedly said that flooding, minimal pre-existing infrastructure and extremely steep slopes were among obstacles that were overcome. Pipe had to be airlifted in some areas because the soil could not support heavy machinery, and lack of infrastructure required construction of supplemental roads, communication lines and a new airfield.

Mr Graham highlighted some of the keys to success included starting early and embedding maintenance and operations personnel in project design offices, says Graham. "Based on ExxonMobil's extensive operations experience and incorporating lessons learned from other projects, we identified all of the deliverables required, including operating procedures and equipment strategies, reference manuals, business systems, spare parts lists and post-startup contracts and ensured we were ready. The devil is in the detail and we worked the details hard." The training load was enormous. Exxon-Mobil developed and used sophisticated process simulators, specifically developed to mimic the control panels at Hides Gas Conditioning Plant and the LNG Plant. Simulator training was also used for the PNG Ports pilots who would be responsible for safely bringing the huge LNG tankers to berth in Caution Bay.

MP wants mine issues addressed

The National, January 15th, 2015

THE Government should address landowner-related issues and deaths at the Mt Kare gold mine, Chuave MP Wera Mori says. He is calling for a Mt Kare Gold Mine development forum to be held in Mt Hagen to address landowner issues because of the number of deaths and other problems arising. "Since the discovery of Mt Kare gold, a considerable amount of deaths have occurred in Mt Hagen among the people of Western Highlands," he said. Mori, the Vice Minister for Mining, said the families must be compensated for that. He said problems were arising at the gold mine which the Government must address. "It is about time we send a warning to the so-called landowners to be accountable for their actions." He held a press conference at his Chuave home in Simbu on Monday.

Troubled St Barbara lifts gold output

The Australian, January 14, 2015

Troubled gold miner St Barbara has risked collapse but says its fortunes are improving after lifting production in the December quarter. St Barbara was already suffering from a range of operational and financial problems before the gold price plunged in 2013. The miner's high cost assets in Papua New Guinea and Solomon Islands have drained cash generated from its West Australian mines, putting the group at real risk of default, according to ratings agency Moody's. The now suspended Solomon Islands project has been a major problem, due to a dispute with the government and acts of vandalism at the mine by locals. St Barbara appointed former Rio Tinto executive Bob Vassie as chief executive six months to rescue the business.

In the three months to December, the company achieved record production in WA, and the highest monthly and quarterly production from its PNG mine since acquiring it in 2012. December was also the first month of net positive cash flow at the PNG mine under St Barbara's control, the company said. St Barbara's shares were up half a cent to 14.5 cents at 2.40pm (AEDT). St Barbara produced 80,622 ounces of gold in WA in the December quarter, and 17,295 ounces in PNG. The company's cash balance of \$69.6 million at the end of December was up from \$56.4 million in the previous quarter. It suffered a \$501m loss in the 2013/14 financial year.

PanAust cuts jobs as price falls bite

The Australian, January 14, 2015

GOLD and copper miner PanAust is cutting 182 jobs and will further shrink its workforce later in the year. The job cuts will come from across the company's business, which is headquartered in Brisbane and has operations in Laos, Papua New Guinea, Thailand and Chile. The 182 job losses represent 5 per cent of the company's staff, and are expected to reduce its annual costs by about \$US15.5 million (\$16.77 million). Further staff reductions will occur later in 2015 through natural attrition and as employment contracts expire, PanAust said today. "It is always a difficult decision to reduce staff numbers," managing director Fred Hess said. "These organisational changes are necessary to ensure our operations continue to remain competitive, and reflect the company's priorities in 2015 of efficiency optimisation at existing operations and advancing the Frieda River Project towards a development decision."

PanAust bought an 80 per cent stake in the prospective Frieda River copper and gold project in PNG in August 2014, and a feasibility study is expected to be completed in late 2015. The company has been reviewing its operations with the aim of streamlining its business so they are sustainable. Mr Hess said the company was now in an even better position to meet the challenges of falling commodity prices. Further details on the progress of the company's review will be provided in a quarterly business update on January 29. PanAust made a profit of \$US28.1 million in the first half of 2014, down 28 per cent from a year earlier.

Ok Tedi: People to get equal share from gold mine

The National, January 14th, 2015

CULTURE, Arts and Tourism Minister Boka Kon-dra (pictured) says the 33 per cent share of Ok Tedi Mining Ltd will be distributed equally among the stakeholders. He said that when addressing public servants in his North Fly electorate in Kiunga yesterday. "We have taken back what is rightfully ours and now we will work as a team to distribute the shares to the people equally," he said. "There will be no one-man decision on how and how much share each party will get, this will come

after consultation with every individual in the district and province.” Kondra said most of the people had suffered in the past and “the time has come for us to enjoy what is rightfully ours”. He thanked Prime Minister Peter O’Neill for giving the people their share of the giant Ok Tedi mine. “Our struggles and hardship has been paid and we now own 33 per cent, the biggest share of OTML.” He said he was ready to work with the leaders and people of Western to equally distribute the benefits of their shareholdings.

Security forces commended in Porgera

Post-Courier, January 13, 2015

By JEFFREY ELAPA

MEMBERS of the security forces engaged in the state of emergency callout in the Porgera area has been commended for a job well-done. Member for Laigamp Porgera Mine Nixon Mangape said by phone from Porgera that law and order that had crippled the district and the gold mine has stabilized after the declaration of the SOE by the National Executive Council last year. Mr Mangape also a chief landowner of the world class Porgera Gold said credit should go to the National Government for the short term intervention to address law and order and other illegal activities in the gold town. He said the members of the joint security forces also needed to be commended for doing a marvellous job in containing law and order and bring normalcy in Porgera. He said the New Year has been a quiet period and families enjoyed and celebrated a true festive season in the presence of the security forces led by Norman Kambo and his counterpart from the PNGDF. He said when the call-out was made, the NEC approved a daily allowance of K200 but since the engagement the members of the security forces were only receiving K100.

“This is unacceptable, they need to be paid their fully allowance of K200 and therefore I call on the authorities to pay the funds to PJV so that they manage and pay the members of the force and not through the police and defence force as part of their allowance has been diluted somewhere along the way,” he said. However he said the recent call-out is a temporary measure to addressing the feuding issues affecting the world’s second gold mine and the surrounding communities. He said on the long run, the government through the Police Minister Robert Atiafa and police commissioner Jeffery Vagi to set up a permanent mobile squad base in Porgera. He said Porgera has all the facilities like police housing to cater for an additional mobile squad base to protect the giant Porgera gold mine and the upcoming Mt Kare gold mine. Mr Mangape said the Laigamp based mobile squad can be responsible for other districts in the Enga province like Kandep and Wabag. He said if the government and the police department does not have funds then he was prepared to support the unit with logistics and other resources. He said he is also prepared to give the Paim police barrack that was built recently to the unit.

Demand for rubber high

The National, January 13th, 2015

THE Ok Tedi Development Foundation (OTDF) says demand for rubber in Western is high, with the cash crop having an established market in Kiunga and more than 3000 smallholders. Regional rubber officer Veao Nami said the global demand for rubber was high due to its increased use in building foundations and tyres for mine, trucks among others. He said stakeholder’s subsidies towards the growers have been a key boost to the sector’s development in Western. Nami outlined the aid in the form of finished product exporting and diesel supply rubber buying from smallholders. He said prices for rubber peaked at K2.50 per kilogram (wet weight) when global demand was high and reduced to K1.20 (current) within the Kiunga district and K1 in Lake Murray, Balimo and Suki

areas. Nami said generally within the province, rubber income was estimated at K250-K400 per month when price was favourable.

Landowners call for separate gas project

Post-Courier, January 13, 2015

BY ADRIAN MATHIAS

The P'nyang Resources Association, who is the mouth-piece of P'nyang Gas project landowners in Western Province, wants their resource project to be a standalone with completely new and separate agreements. The association chairman Michael Betkimsok and treasurer, Edwin Ingsim said they wanted P'nyang to be standalone to avoid petroleum development license (PDL) variations while strongly opposing the proposed pipeline of their project connecting Hides in Southern Highlands Province. Mr Betkimsok said P'nyang should be a standalone project to give maximum benefits to the people in Western Province, especially the landowners. "P'nyang is not part or amalgamated with what was signed in Kokopo, where it can connect through Juha or Hides in the Southern Highlands Province using the old agreement. P'nyang gas pipeline will not pass through Southern Highlands Province so we are not going to talk about it nor agree to it," Mr Betkimsok said.

"If developers want the gas to underpin current LNG, the gas should be processed in the P'nyang project area to maximise benefits for landowners. The association chairman and treasurer also warned the contracted company Oilmin not to go into the project area to do any work or conduct activities until formal agreement is signed. They also expressed lack of communication between themselves and the project developers (Oil Search and ExxonMobil together with their contractor Oilmin), saying owning the license doesn't give ownership of the area. "There are people there. We have leaders at the LLG, district, province and the association through which communication and information flow regarding the development of the project. So far, leaders at these levels, including the association, have not been consulted and even bypassed." He said the developers are dealing with the villagers directly and this must stop.

Star Mountain JV nears closure

The National, January 12th, 2015

A joint venture (JV) between Highlands Pacific and mining giant Anglo American over the Star Mountain copper project, in Western, will be finalised by Feb 5, Mining Weekly reported. Last December, Anglo entered into the JV agreement with Highlands Pacific, agreeing to pay some US\$10 million (K26.02m), in two tranches, on the execution of a definitive farm-in agreement. Anglo American could earn a 15 per cent interest in the Star Mountain project by spending US\$25m (K65.04m) on exploration over a four-year period, from the date of executing a farm-in agreement. The mining major would be entitled to increase this shareholding to 51 per cent upon the declaration of a Joint Ore Reserves Committee-compliant resource estimate of about three-million tonnes of contained copper equivalent, within five years of executing the agreement. Anglo American could move to an 80 per cent interest in the JV by completing and sole funding a bankable feasibility study (BFS) for the Star Mountain project within 15 years of the execution of the farm-in agreement. Furthermore, Anglo American would provide Highlands with up to US\$150m (K390.26m) in project development funding as a deferred free-carry following the completion of the BFS, while Highlands would continue to manage the project. The exploration tenement covers some 515 km² and is located within the New Guinean Orogenic Belt, which hosts the Grasberg, Ok Tedi, and Hidden Valley mines, as well as the Frieda deposit.

Environment officer urges immediate action on risk

Post-Courier, January 12, 2015

By GRACE TIDEN

IMMEDIATE action is needed to stop any potential cyanide spillage at the idle Sinivit gold mine in East New Britain Province. Ronald Gumaira from the Department of Environment and Conservation has joined the ENB monitoring team that has been monitoring cyanide-laden leach vats and heaps at the mine site and according to him, the issue was very serious. Their visits to the site have revealed shocking details of unsafe vat and heap locations. It is believed developer New Guinea Gold Limited had put the mine under care and maintenance in October last year. There are now only seven workers mending the site but without proper logistic support. Most workers have left following nonpayment of their wages. Currently, there are two tonnes of cyanide at the mine site storage as well as over K100,000 worth of explosives, according to the team. The team has been monitoring the situation following the theft of special canvases used to cover these heaps and vats and will produce an environmental assessment report soon, which will be handed over to authorities for immediate action.

Mr Gumaira said of all the 17 vats located at the mine, Vat M and Vat J were now both located two and five metres from the edge of the ridge. "It is very serious because it continues to rain," he said. The mine is located in the Baining Mountains and the rain fall average is around 28 mm a day. He said the current locations of the vats were not safe and anything could happen. Authorities fear possible landslips and the potential cyanide spillage. He said any cyanide spillage will affect the environment as well as the river systems in ENB. Mr Gumaira said the ENB Provincial Government as well as the national Government and relevant authorities need to act immediately. He also said awareness should be immediately carried out in communities near the mine to prepare the people for any potential spillage.

PNG LNG Landowners Call On Government To ‘Fulfill Commitments’

Landowners prepare to ‘take law into their hands’ if pleas ignored

By Jeffrey Elapa

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Jan. 12, 2015) – The landowners of the multibillion kina PNG LNG project are calling on the national Government to fulfill its commitment as per the benefit sharing agreements of 2009. Landowner representatives from Kutubu PDL 2, Moran PDL 5 and 6, Angore PDL 8, Hides PDL 7 and Beneria pipeline said in a statement that the landowners have waited for too long for the government and the developer of the first world class hydrocarbon project to honour their commitment to pay the landowners. Landowner spokesperson and trustee of the Wadju stock clan from the tribe in the Kutubu PDL 2 and South East Malanda said six months has passed and more than 50 shipments of condensate gas has left the country, bringing millions into the country but the landowners are still waiting for their benefits as agreed.

Mr Gii said the landowners have waited silently for too long since 2009 and it was now time for them to cry so that the whole world could hear how the government and the developer ExxonMobil were mistreating the landowners. He said the benefit from the PNG LNG project was only benefiting the Government and not the landowners. He said the government was preaching about the upcoming 2015 Pacific Games and the 2018 APEC meeting in Port Moresby without showing some kind of appreciation to the landowners who have made it possible for the multibillion project to come into fruition. He said the major events will not benefit the landowners and they want Prime Minister Peter O’Neill to hear the plea of the people.

He said the landowners are prepared to take the law into their hands if the government and Exxon-Mobil continue to ignore the plight of the people and pay out the commitment by the New Year. "The Prime Minister Peter O'Neill should reconsider giving our share of the proceeds from the gas. The gas is our blessing, a blessing from our creator after seeing our needs being labourers and providing free workforce to develop PNG by our forefathers," Mr Gii said. "It was also timely that a son of Hela-South was the CEO of the country sharing the benefits from our resource and therefore our Prime Minister as our son should use his powers to compensate us by paying out our dues as agreed." He said for 26 years the Kutubu oil has kept the economy going so the state should appreciate their contribution to the development of the country and pay what is due.

Letter to the editor

Porgera: DEC must stop pollution

The National, January 12th, 2015

THE people living along the Strickland & Dumbudu river areas are affected as result of mining tailing discharge by Porgera Gold project development. Our environment, which includes the entire eco-system, plant, animals and river, have all been destroyed and polluted. The Minister for Environment and Conservation has the responsibility to protect the environment and natural habitat against careless mining companies. To date, I have never heard the minister and DEC taking action against Barrick PJV on the Strickland and Dumbudu environment damage and river pollution issue. There are mining tailing discharges from the Porgera mine which is killing fish and animals in the Strickland and Dumbudu river systems. Is the minister and his department doing anything about Strickland and Dumbudu river pollution and environment damages issue?

Howard H. Peter, Via email

Government urged to go over mining policy

Post-Courier, January 11, 2015

The State should forget about buying equities into any mining and petroleum investments or any other natural resource developments in the country while it continues to allow for sale of raw natural resources for quick cash. Outspoken resource and greater equity participation for PNG in resource development Simon Ekanda said PNG continues to be a cheap haven and investment destination for foreigners whereby they can come in and exploit and explore cheaply. "This is not right for PNG. The current policy regime regulating natural resources especially mining and petroleum must be changed forthwith. Its about 40 years now and the way we having been doing our business with foreigners has become a laughing stock for outsiders knowing that their return for any investment is unrealistic without having to have any hurdles.

After any investment agreements signed with the State, they (investors) laugh all the way through knowing that what they got (equity interest) is extravagant or more than what they would be rightfully entitled for," Mr Ekanda who is awaiting a decision from the National Court challenging the PNG LNG Project Agreement said. "If PNG continues to sell all its natural resources in raw form for cheap cash and also sells even its assets and State-owned profitable companies like Orogen Minerals for cheap deals, then the State should forget about even buying equity in new projects because it's costly," the chairman of the Tuguba Landowners Association said. While making reference to the UBS loan saga, Mr Ekanda also cautioned that people who are accusing Prime Minister Peter O'Neill over the recent UBS Loan must think twice because he is dealing with an inherited and chronic issue. "The issue has roots embedded in the Orogen Mineral deal and the State's 18% shares in Oil Search and the subsequent mortgage of these shares to borrow from IPIC.

"If Orogen Minerals was not sold, PNG's borrowing to finance its equity in the PNG LNG Project would have been cushioned by the financial strength of Orogen Minerals and therefore would have been much easier. If Orogen had any life in it in Oil Search, then it took its last breath when the State mortgaged its 18% interest in Oil Search," Mr Ekanda said. He further highlighted, "PNG continues to borrow not because it is a poor country; it borrows because it does not know how to convert its abundant natural resources into tangible wealth, including stockpiling physical gold in the country. "Unless prudent economic management tools are embraced, including spending in most needed areas, PNG will be a reckless spender while on the other hand, and white-collar crime will thrive as a robust business. We have a serious problem," he added. "What concerns me most is not the UBS Loan but the factors which make PNG financially and economically weak, hence forcing this nation to survive on expensive borrowed money. Strong, honest and decisive leadership is the only cure to PNG's current woes," Mr Ekanda expressed.

Sinivit: Potential cyanide spillage serious

Post-Courier, January 09, 2015

By GRACE TIDEN

AN environmental assessment report will soon be finalised by an East New Britain monitoring team who have been monitoring cyanide laden leach vats and heaps at the idle Sinivit gold mine. Authorities in ENB faced with this situation are treating it as a very serious case, given there is potential for a disastrous cyanide spillage. According to sources within developer New Guinea Gold Limited, the mine was put on care and maintenance since October 1 last year and only a handful of workers were at the mine site to look after the vats and properties. However, the recent theft of special canvases used to cover these heaps and vats has caused authorities to worry even more. The rain fall average in the area is around 28 mm a day and special durable canvases were imported to stop rain water from getting into the heaps and vats. Removing these canvases will allow rain water to increase the cyanide solution level.

The mine is located in the Baining Ranges has a total of 17 vats with some located on ridges and near cliff edges. The Baining Ranges is where most of the province's rivers originate. Authorities also fear possible landslips which could be very disastrous. Monitoring Team Leader Florence Paisparea said it will take them another two weeks to finalize their environment assessment preliminary report. The team started last week Monday and they have been continuously checking and monitoring the vats at the mine. Most of the mine workers have left due to nonpayment of wages. Ms Paisparea said the skeleton staffs at the mine have been asked to stay on just to watch over the vats. The team will continue to monitor the situation and the preliminary findings once completed will be handed over to the Mineral Resources Authority, the ENB Provincial Executive Council, the landowners, the Department of Environment and Conservation and other relevant bodies for immediate action.

Barrick sets up Trust Fund for Landowners

Post-Courier, January 07, 2015

Barrick Gold Corporation subsidiary Barrick (Niugini) Limited (Barrick) has achieved a milestone for PNG landowner investments setting up the first-ever resource-based trust fund that is available to all PNG companies in the Mining and Petroleum Industry (Trust Fund). Aimed at providing a more sustainable future for landowner investments beyond the life of the Porgera Gold Mine, Barrick has invited other resource companies in the mining and petroleum sector to come on board to invest in the Trust Fund on behalf of the landowners. Barrick's commercial services manager Christopher Trainor; the person behind the concept and its establishment made the call at the recent 13th

PNG Mining and Petroleum Investment Conference in Australia. "The Trust Fund will accept contributions on behalf of all landowners receiving compensation from both mining and petroleum projects", Mr Trainor said. The Trust Fund paid its first quarterly returns to landowners in October for the quarter ending September 30, 2014. The Porgera landowners currently had approximately K16 million of their compensation payments invested in the Trust Fund.

Barrick, in its capacity as manager of the Porgera Joint Venture, incorporated the Mining and Petroleum Industries Investment Fund Limited (MPIIFL) to act as the trust company and engaged Port Moresby-based investment specialist PacWealth Capital Limited for the day to day administration of the Trust Fund. In November last year during a presentation at the Porgera Mine Site, 180 landowners from the Anawe North Lease for Mining Purpose (LMP) area, Anawe South LMP and other eligible landowners received their investment certificates and fund identification cards from the management of MPIIFL and PacWealth. Mr Trainor said one of Barrick's main focuses in setting up the fund was mine closure and the need to ensure landowner investments were secured following the cessation of mining operations. "Closure issues require landowners' funds to be managed offsite by a reputable entity and in such a way that Barrick can progressively remove itself from the management of the landowners' funds knowing they are being managed properly".

Barrick senior manager operations Damian Shaw said it was pleasing to see a product that was finally working. "This model is something that can be rolled out to the rest of the country and provides a sustainable solution to life after mine closure". PacWealth's chief executive officer Adam Hill said PacWealth was a National company looking after some K4 billion in funds for clients including the funds held by MPIIFL. "We are investing on your behalf so there is capital. We have structured it so you get payments every quarter", Mr Hill told landowners during the presentation. Barrick the world's largest gold mining company acquired the Porgera Gold mine in 2006. The miner owns 95% of the operation. The remaining 5% is owned by Mineral Resources Enga (MRE), which is owned by the Enga Provincial Government, the Papua New Guinea National Government and Porgera Landowners.

400+ Companies For Security Boom In PNG

Josua Tuwera, Fiji Sun, 6 January 2014



The Chaos Company is in Papua New Guinea. That's the description given by Vanity Fair, in its April 2014 feature story on multinational security consultancy G4S. The London-based firm boasts it is now the largest international security company and the largest security provider in PNG. On its website it highlights that it is the only accredited aviation security service provider in PNG. According to the website it has over 4,800 employees, with a strong network of offices spread throughout the country. Their operating offices are in Port Moresby, Lae, Goroka, Madang, Mt Hagen, Ra-

baul with satellite offices in Ramu, Kimbe and project offices opening soon in Buka, Arawa and Pongdetta. G4S, like other international security companies operates in other troubled areas, particularly Africa. The 2014 Vanity Fair article highlights G4S work in South Sudan, where their operatives work with the United Nations (UN) in ordnance disposal. According to PNG's Security Industry Authority (SIA), G4S is just one of 400 companies competing for work in the Pacific Island nation. So what exactly do these companies do?

Security work in PNG

- asset protection duties,
- guarding residences
- guarding businesses
- VIP escorts
- guarding the logging, agro industry, mining and petroleum sites.
- gold bullion escorts using planes and helicopters from the mine sites
- providing security to the PNG ports, airports
- providing security to other important government offices.

Even Fijian private security contractors with impressive resumes from work in Iraq, Afghanistan and Libya will have to carve out their own niches in PNG. The easy way for Fijians is to join a company already working in PNG. Setting up Fiji-based outfits to facilitate work in PNG will mean competing against behemoths like G4S and Australia-based Wilson Security which oversees work in Australia, New Zealand, PNG and Nauru. Despite this, PNG is still considered rich pickings for expatriate security contractors. SIA points out that the lack of a local private security academy means the 20,000 local security guards employed by the mining and gas companies in PNG do not meet international benchmarks. The core of these guards are ex-PNG Constabulary, PNG Defence Force and the Correctional Services. The minimum wage for security contractors is \$F1.76 or K2.29 an hour. Even then the SIA has handled complaints from PNG nationals about underpayment from employers. Dealing with expatriate security contractors is another matter.

Security work pay

This writer remembers conversations with ex-Fiji policemen working in security at the Gold Ridge Mine in Honiara, Solomon Islands. They revealed a daily wage of \$F400 (\$AUD250) plus regular trips to Brisbane, Australia for holidays. Security companies in PNG remain tightlipped about remuneration for their staff, however, Fijians should expect comparable pay to their countrymen in the Solomons', maybe higher given the risk factor, if they end up with a reputable company. Fijians of course, are cheap labour when it comes to the security labour market. Unless of course you're a Fijian operator who happens to own the local franchise for a multinational security company and earn a decent six-figure sum in commissions.

Ex-South African army officers working as specialists in ordnance disposal for G4S easily command \$F15,000 a month for their work. Ex-British SAS freelancers charge a minimum of \$F1500 a day for work in Iraq. Unlike hotspots like Iraq and Afghanistan, there are still a lot of positives working in PNG. Fijian involvement goes back to the early 20th Century when Fijian missionaries laid down their lives for the Gospel in New Britain. The sizeable Fijian community, mainly based in Port Moresby, means local comforts for Fijian security personnel won't be too far away. Fijians work for Air Niugini, in manufacturing, finance, construction, civil society, sports, recreation and hospitality. Maybe it might be time for another Vanity Fair article on how Fijians are helping boost the economy of their Pacific Island neighbour.

The reboot of seafloor mining

Nautilus Minerals is back on track to be the first bona fide seafloor metals miner

By Kip Keen, Minewb, 6 January 2015



Back in 2012 Nautilus Minerals was in the thick of developing a seafloor mining project in Papua New Guinea (PNG) with the brief blessing of the state. The PNG government had come aboard as a partner with Nautilus to help fund the construction of an underwater mine – a novel concept – targeting seafloor massive sulfide (SMS) deposits in early 2012. But by the middle of that year the project foundered when the PNG government started a fight over contractual obligations with Nautilus including the rights to intellectual property, among other things. Nautilus’ stock crumbled. It canceled expensive ship and equipment building contracts. It halted intense exploration for additional SMS deposits. For the next two years Nautilus Minerals was in shackles, unable to meaningfully advance its aim to become the first real miner of metals from the seafloor. The dispute took Nautilus Minerals – and its then newly appointed President and CEO Michael Johnston – down a wormhole of negotiations and international arbitration. At times it looked like the dispute was intractable. In late 2013 the PNG government ignored the arbitration judgement – which upheld that the PNG government had agreed to pay for a 30% stake in the Solwara I project, Nautilus’ leading underwater mine idea. No funds flowed by a deadline set by the judgement and seeing this Nautilus terminated the PNG government’s 30% buy-in right.

But in the background Johnston – about as even-keeled and low-key as CEOs come and a veteran of PNG mining – and his team continued meeting the PNG government and eventually sealed a new deal, much like the old. The PNG government would have a two-stage 30% option on Solwara I, and it would pay \$113 million for the first 15%. Nautilus in return would, as it had said it could, transfer a share of rights to intellectual property covering innovative technology that had been developed in the then, and still, nascent seafloor mining industry. Nautilus would also agree not to seek damages from the state stemming from the two-year long dispute. Of course, ink on agreements like this doesn’t really dry until the money flows. It finally did in December and now Nautilus Minerals, and the potential of seafloor mining, are getting a reboot.

Nautilus take two

Johnston spoke with me recently about the agreement and the company’s plans. First off, he isn’t one to play the blame game. He’s not a high-tempered soul that, at least publicly or in interviews, lashes out at PNG for playing slow or sly. Quite the opposite. He sounds understanding. For example, he recalls how the PNG government felt hoodwinked when a Placer Dome gold operation – in which it chose to participate as partner – ended up producing far more gold than was anticipated once in production. “Look at it from the State’s point of view,” Johnston says. “If someone told you

were going to produce 1 million ounces a year and you produce 1.5 million ounces a year, for two-three-four years, you might say it's a reasonable position to feel like you were undersold on the project." In this case the state forced the miners to yield to it a greater stake. So PNG can be protective and pushy. Indeed, it forced Nautilus to renegotiate contracts with the junior's suppliers to cut it in as a direct owner of some intellectual property rights covering seafloor mining systems. But at the same time, Johnston argues, the PNG government is proving to be a willing partner, allowing numerous oil & gas projects to go ahead, and supporting mining projects as well, such as Solwara I. "You're going to see a lot of projects moving forward now," Johnston says. "It's not just our project."

Seafloor mining and exploration

Which brings us to Solwara I. With the PNG government no longer holding it back, Nautilus is suddenly doing again what it has been trying to do for years: Develop and find more seafloor mining projects. Solwara I – Nautilus' most advanced project – is a gem, if quite modest in size. It's a high-grade copper-gold deposit that Johnston now aims to have in production in 2018. Resources stand at 1mt @ 7.2% copper, 5.0 g/t gold, 23 g/t silver, 0.4 % zinc, indicated; and 1.5mt @ 8.1 % Cu, 6.4 g/t Au, 34 g/t Ag, 0.9% Zn, inferred. The chief risk overhanging Nautilus is proof of concept as this kind of mining has never really been done before. This year Nautilus will start wet-testing much of its seafloor mining equipment, Johnston says. This means finding a suitable location to plunk its mining systems down, somewhere underwater but likely near shore, to test them out for bugs. Meantime, Nautilus has entered into a contract to lease a mining vessel that a Chinese firm will soon start building. The systems are based around a lot of existing technology, so while this has to be considered a high-risk stock with lots yet to prove in its designs – there is also some real comfort in the fact that similar underwater industries have long used much of the technology in question. This is not asteroid mining. It's not outlandishly untried or untested.

Johnston views seafloor mining as doable and Solwara I as a place for it to refine its equipment to mine what could very well prove to be many more SMS deposits to come. "What I think will happen – gazing into a crystal ball here – is these first machines will probably be the worst ones ever built," he says. "We'll get a lot of learning, probably, from these first ones." For example, Nautilus may find the cutter head design needs to be slightly different or the power requirements not so great or greater. It's the more theoretical parts of the designs Nautilus will have to tweak. "We've had to make a bunch of assumptions based on engineering work, particularly with regard to the hyperbaric effect, which is the weight of all that water. And it absorbs energy when you're trying to cut the rock."

His view is that they've been overly conservative on how hard, essentially, it will be to do the actual rock cutting underwater. The assumptions were based on core that was recovered – the harder, more continuous sticks of core. Are they representative, or do they undervalue more friable parts of the deposits which aren't part of assumptions? "I suspect they probably aren't representative," Johnston says. "I wouldn't be at all surprised if we see that we've got too much power in the machines now. The next generation of equipment could probably be a bit smaller in terms of power requirements. Anyway, time will tell." Time will also tell how much potential lies in seafloor mining and by very direct extension Nautilus as a miner, which is leading the way in this untested arena. A lot of the potential lies in deposits like Solwara I – deposits from seafloor vents that dot regions where Earth's tectonic plates meet. There are some 64,000 km of linear plate boundaries on the Planet, Johnston notes, and a lot of interest in their SMS deposits.

"The feedback I get is, if this works the way it's supposed to, there's going to be enormous interest in developing these things." That interest comes from governments, miners and others such as smelters, Johnston says. If Solwara I does work, we can expect that the next seafloor mines will be near Nautilus' first. Indeed, the Solwara I mining license covers around 60-sq.-km of seafloor and

Nautilus – before the dispute with PNG erupted – had identified numerous prospects worth following up. There's also other exploration concessions nearby where prospects – dozens of them – look good too. This year it will begin moving some of these – which in a few cases look similar to Solwara I – forward. It's no surprise. This kind of deposit, like their VMS (volcanogenic massive sulphide) brothers and sisters, tend to form in clusters. They can be very high grade, though they tend to be small tonnage-wise in comparison, say, to world-class porphyry deposits.

But, ounce in a while, like VMS deposits, they buck the trend. "Every now and then you get massive ones, like Kidd Creek," Johnston says. "And even with the SMS' known to date, in the mid-Atlantic a number of systems that have been identified by Russian researchers are very large. They are claimed to be on the order of tens of millions of tonnes. There are some very large systems out there." Exploration for SMS deposits has also been fairly limited. Nautilus will restart its exploration program this year. It means rebuilding its geological team that was disbanded during the PNG-Solwara I dispute. "We know we're going to find lots of systems," Johnston says. "We've already found something like 30 systems. Not all of those systems will be mined. What I say to some of the scientists that we meet: We would think something on the order of one out of 10 or 20 would probably be what you mine. Some of them are too small. Some of them the grade isn't good enough. Some of them will be too active." If Solwara I works as Johnston expects, then Nautilus will presumably be able to line up more deposits to be mined. First these will come near Solwara I. But eventually, should other jurisdictions prove willing to allow seafloor mines, the possibility for a lucrative mining business to grow is obvious. That is, as Johnston describes it, "to basically put a pipeline of projects together which we'll just continue to mine." It may mean significant additions to global metal supply. It may be somewhat disruptive, with smelters favouring new, higher grade, and possibly cleaner concentrates from the seafloor. Time will tell.

Basil: Lack of fiscal discipline distressing

Post-Courier, January 04, 2015

BY FRANKIY KAPIN

Despite the 2013-2014 national budget allocating K20 million as the District Services Improvement Program (DSIP) fund to the 89 districts, the Bulolo district has received only K16 million to date. Deputy Opposition Leader and Bulolo MP Sam Basil welcomed the New Year 2015 with these somber remarks despite the 2015 budget promising a K5 million increase of the DSIP. Basil said out of the K16 million which is K4 million less, K2 million was a bounced cheque that was raised by the Finance Department and the Bank of Papua New Guinea (BPNG) and never released the funds because there was no funds. Basil said the opposition realises that towards the end of 2014 many other institutions such as the teaching services have cried foul over unpaid leave entitlements. "We understand that cheques were not paid meaning there were problems faced in both the cash flow and liquidity in the system," said Basil. Basil said the current O'Neill Government has no liquidity management plan.

Basil said that the opposition has expected the BPNG to come forward and announce to PNG what is really going on in terms of the liquidity of PNG's financial systems. "From what has happened we understand that there is no government liquidity and fiscal discipline in terms to spend money according to budget appropriations," said Basil. He said after two years in the running and now going into the third year of the O'Neill Government, PNG is looking at K2.3 to K4 billion budget deficits. Basil said with most of the revenues to fund the budget derived from non-renewable resources mainly the LNG and gas exports apart from other minerals such as gold, copper and silver, the deficit is unavoidable.

He stressed that the incoming of the LNG project has increased PNG's income dependency on minerals to 80% with the remaining 20% taken up by the agricultural sector, a failed sector in terms of government investments in the last few years. Basil said the opposition understands that there is a new LNG project coming up in Australia creating competitive market for the LNG commodity in the Asian market. "We also understand that the LNG product that has been coming out of the PNG LNG project has been presold to the Asian markets," said Basil. He said with the current developments in the international arena displaying a decline in the oil and gas sector and as mentioned above, the 2015 PNG budget will surely be affected.

Porgera company back in operation

Post-Courier, January 02, 2015

THE landowners of Porgera gold mine in Enga Province are happy with the re-structure of their company following a court-ordered mediation early this month. Lead plaintiff Sole Taro said their landowner company, Kupiane Yuu Anduane Company Limited (KYACL), which owns 2.5 per cent equity at the Porgera gold mine through Mineral Resources Enga Limited (MRE), has suffered in the hands of few individuals for over 20 years due to mismanagement and, consequently, returned no dividends to shareholders. Mr Taro led a faction of shareholders and directors of KYACL and instituted court proceedings in April 2011 over the management of the company and its subsidiaries but this proceeding was settled out of court through the deed of release on May 9, 2012. The supposed deed of release to sell the KYACL assets was never executed, prompting Taro to institute another court proceeding which Justice Ambeng Kandakasi heard and ordered for mediation on November 19, 2014, which paved a new way for the landowners of Porgera gold mine, a prepared statement signed by four clans chiefs, including Taro, who are also directors and shareholders of the company, said.

Agreed under the new mediated KYACL re-structure are the following:

- There will be only three institutional shareholders in KYACL and they are Kupiane Holdings Limited (52.6 per cent), Kupiane Gold Resources Limited (37.4 per cent) and Porgera Development Authority (10 per cent) with three directors of MRE (one representative from KGRL and two from KHL)
- Six directors of KYACL (two from KGRL, three from KHL and one from PDA with two signatories to the bank accounts of KYCAL (one from KGRL and the other from KH.

The statement said the two factions will transfer their shares to separate entities.

Report: 2014 successful year for Morobe miner

Post-Courier, January 01, 2015



MOROBE Mining Joint Venture (MMJV) has invested over K600 million of economic benefits to the country at the close of 2014's financial year. A report from MMJ revealed this and other signifi-

cant statistics in what the company considers as being one of the most successful periods since the mine commenced operation in 2008. MMJV chief executive officer Greg Jackson said the period had also been a difficult time for the gold mining industry and this has challenged the firm to cooperate as a team to make significant changes to the business. "We have continued to engage with all of our stakeholders and completing a number of key activities including the Hidden Valley MOA review. "And we also accomplish some major community projects in the areas of sanitation, health, education, agriculture and community capacity building through adult literacy and numeracy programs," Mr Jackson said. According to the report, over K19 million (3%) out of the total K680 million was paid as royalties to all stakeholders. The company also purchased over K200 million (59%) worth of goods and services produced in PNG and an additional payment of over K300 million (44%) was made in purchasing goods in services in Morobe Province alone. A further payment of over K60 million (9%) in taxes and levy fees were made to the National Government.

The report also revealed that at the close of the financial year, a total of over K6 million (1 per cent) was used in rehabilitation and community development programs in the mine's operational areas. This included maintenance work carried out on the Lae to Bulolo Highway, and other infrastructures to assist local subsistence farmers in the area. Mr Jackson also added that human resource plays an integral part in the success of the business, and as such, the company spent over K85 million (12%) in employing and training their staff, most of whom are nationals. Despite these successful reports, the firm confirmed a few challenges they had faced during the last financial year. "We are still seeing further decline in the gold price (and) this, along with operational setbacks of injuries and major equipment failures, will require us to redouble our efforts to find ways to make our business more efficient over the New Year. "This is going to challenge us to face even more change to remain a viable business," Mr Jackson added. Meanwhile, the company is pleased to announce that Golpu Project's optimised prefeasibility study has been accepted and the project is now moving to the feasibility study stage which will advance this exciting project to the next level.

Anitua, Axiom partner in Solomon Islands nickel project

Post-Courier, December 31, 2014

Local Lihir Island landowners company Anitua Group has now expanded into neighbouring Solomon Islands in a partnership with Australian mining company Axiom Mining to develop a nickel project. According to newswire proactive investors Axiom Mining has entered into a strategic partnership with Anitua Limited, which is providing A\$5 million (K10.4million) in funding to advance development of the Isabel Nickel Project in Solomon Islands. The company has also been awarded costs of SBD\$29.3 million (A\$4.7 million) or K9.85 million by the Solomon Islands High Court in relation to its victory over Sumitomo. Anitua is one of Papua New Guinea's most experienced companies and is a highly experienced exploration and mining services contractor in the Pacific region.

Its clients include ExxonMobil, InterOil, Newcrest (Lihir Gold) and Ramu NiCo. In addition to the unsecured loan of A\$5 million (K10.4 million), the two parties have also agreed to negotiate arms' length commercial terms for a range of services to be provided by Anitua for the Isabel project. This may include exploration drilling, construction, camp management and contract mining. The loan is repayable either in cash or in fully paid ordinary shares in Axiom at \$0.02 per share, at the sole discretion of Axiom by no later than July 7, 2015. "This partnership is a strong endorsement of Axiom's strategy to develop the nickel resources of Solomon Islands in a respectful and culturally sensitive manner," chief executive officer Ryan Mount said.

"It gives Axiom immediate access to funds to achieve project milestones, while Anitua gets the opportunity to provide the Isabel Nickel Project with contract mining services at market rates. "There is a natural synergy between Axiom and Anitua—both companies are experienced in working with

local communities in the Pacific, with a focus on collaboration and capacity building to ensure successful long-term operations." Anitua chief executive officer Colin Vale added that the potential size of the deposit, Axiom's ability to deliver on milestones and their collaborative approach with stakeholders gave Anitua the confidence to offer its services and provide capital for development of the project. The Anitua Group was founded by a group of Lihir Island landowners of New Ireland Province in 1989 and currently employs over 3,500 people in PNG. It provides a breadth of services with the ability to provide complete end-to-end solutions in areas including contract mining, road work and civil construction, mine site support and earth moving, and mining training services.

New Caledonia Nickel Spill Estimated At 3M In Damages

Plant key to industrial economy in only 2nd month of operation

WELLINGTON, New Zealand (Radio New Zealand International, December 29, 2014) – Initial assessments from last week's nickel spill at New Caledonia's Koniambo plant put the damage at more than three million US dollars. The incident on the day after Christmas prompted the evacuation of all staff from the seven-billion US dollar plant in the territory's north and led to a temporary stop to production. There are no reports of any injuries. About 500 tonnes of liquid nickel was spilled from one of the furnaces for reasons yet to be determined. According to the territory's public broadcaster, the first results of a probe of the incident are due by tomorrow. The plant, which was officially opened by the French president Francois Hollande last month, experienced a blast just before Christmas, briefly affecting production. The Koniambo plant is widely seen as the key industrial site to advance the economy of the mainly Kanak northern province.

Governing the high seas in deep water

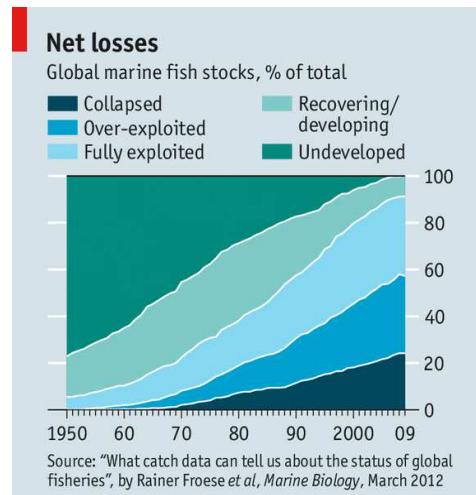
Humans are damaging the high seas. Now the oceans are doing harm back

The Economist, Feb 22nd 2014



ABOUT 3 billion people live within 100 miles (160km) of the sea, a number that could double in the next decade as humans flock to coastal cities like gulls. The oceans produce \$3 trillion of goods and services each year and untold value for the Earth's ecology. Life could not exist without these vast water reserves—and, if anything, they are becoming even more important to humans than before. Mining is about to begin under the seabed in the high seas—the regions outside the exclusive economic zones administered by coastal and island nations, which stretch 200 nautical miles (370km) offshore. Nineteen exploratory licences have been issued. New summer shipping lanes are opening across the Arctic Ocean. The genetic resources of marine life promise a pharmaceutical bonanza: the number of patents has been rising at 12% a year. One study found that genetic material

from the seas is a hundred times more likely to have anti-cancer properties than that from terrestrial life.



But these developments are minor compared with vaster forces reshaping the Earth, both on land and at sea. It has long been clear that people are damaging the oceans—witness the melting of the Arctic ice in summer, the spread of oxygen-starved dead zones and the death of coral reefs. Now, the consequences of that damage are starting to be felt onshore. Thailand provides a vivid example. In the 1990s it cleared coastal mangrove swamps to set up shrimp farms. Ocean storm surges in 2011, no longer cushioned by the mangroves, rushed in to flood the country's industrial heartland, causing billions of dollars of damage.

More serious is the global mismanagement of fish stocks. About 3 billion people get a fifth of their protein from fish, making it a more important protein source than beef. But a vicious cycle has developed as fish stocks decline and fishermen race to grab what they can of the remainder. According to the Food and Agriculture Organisation (FAO), a third of fish stocks in the oceans are over-exploited; some estimates say the proportion is more than half (see chart). One study suggested that stocks of big predatory species—such as tuna, swordfish and marlin—may have fallen by as much as 90% since the 1950s. People could be eating much better, were fishing stocks properly managed. The forests are often called the lungs of the Earth, but the description better fits the oceans. They produce half the world's supply of oxygen, mostly through photosynthesis by aquatic algae and other organisms. But according to a forthcoming report by the Intergovernmental Panel on Climate Change (IPCC; the group of scientists who advise governments on global warming), concentrations of chlorophyll (which helps make oxygen) have fallen by 9-12% in 1998-2010 in the North Pacific, Indian and North Atlantic Oceans.

Climate change may be the reason. At the moment, the oceans are moderating the impact of global warming—though that may not last. Warm water rises, so an increase in sea temperatures tends to separate cold and warm water into more distinct layers, with shallower mixed layers in between. That seems to lower the quantity of nutrients available for aquatic algae, and to lead to decreased chlorophyll concentrations. Changes in the oceans, therefore, may mean less oxygen will be produced. This cannot be good news, though scientists are still debating the likely consequences. The world is not about to suffocate. But the result could be lower oxygen concentrations in the oceans and changes to the climate because the counterpart of less oxygen is more carbon—adding to the build-up of greenhouse gases. In short, the decades of damage wreaked on the oceans are now damaging the terrestrial environment.

A tragedy foretold

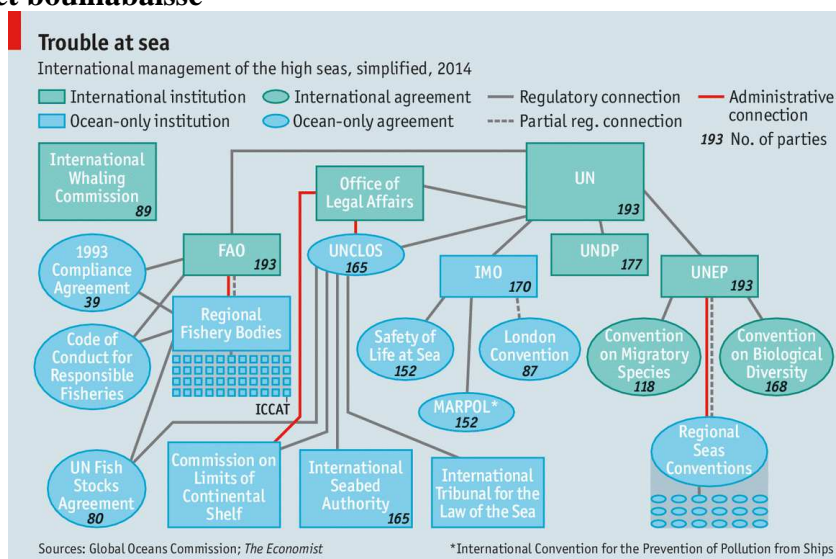
The oceans exemplify the "tragedy of the commons"—the depletion of commonly held property by individual users, who harm their own long-term interests as a result. For decades scientists warned

that the European Union's fishing quotas were too high, and for decades fishing lobbyists persuaded politicians to ignore them. Now what everyone knew would happen has happened: three-quarters of the fish stocks in European waters are over-exploited and some are close to collapse.

The salient feature of such a tragedy is that the full cost of damaging the system is not borne by those doing the damage. This is most obvious in fishing, but goes further. Invasive species of many kinds are moved around the world by human activity—and do an estimated \$100 billion of damage to oceans each year. Farmers dump excess fertiliser into rivers, which finds its way to the sea; there cyanobacteria (blue-green algae) feed on the nutrients, proliferate madly and reduce oxygen levels, asphyxiating all sea creatures. In 2008, there were over 400 “dead zones” in the oceans. Polluters pump out carbon dioxide, which dissolves in seawater, producing carbonic acid. That in turn has increased ocean acidity by over a quarter since the start of the Industrial Revolution. In 2012, scientists found pteropods (a kind of sea snail) in the Southern Ocean with partially dissolved shells. It is sometimes possible to preserve commons by assigning private property rights over them, thus giving users a bigger stake in their long-term health. That is being tried in coastal and island nations' exclusive economic zones. But it does not apply on the high seas. Under international law, fishing there is open to all and minerals count as “the common heritage of mankind”. Here, a mish-mash of international rules and institutions determines the condition of the watery commons.

The high seas are not ungoverned. Almost every country has ratified the UN Convention on the Law of the Sea (UNCLOS), which, in the words of Tommy Koh, president of UNCLOS in the 1980s, is “a constitution for the oceans”. It sets rules for everything from military activities and territorial disputes (like those in the South China Sea) to shipping, deep-sea mining and fishing. Although it came into force only in 1994, it embodies centuries-old customary laws, including the freedom of the seas, which says the high seas are open to all. UNCLOS took decades to negotiate and is sacrosanct. Even America, which refuses to sign it, abides by its provisions. But UNCLOS has significant faults. It is weak on conservation and the environment, since most of it was negotiated in the 1970s when these topics were barely considered. It has no powers to enforce or punish. America's refusal to sign makes the problem worse: although it behaves in accordance with UNCLOS, it is reluctant to push others to do likewise.

Alphabet bouillabaisse



A dwindling catch

Specialised bodies have been set up to oversee a few parts of the treaty, such as the International Seabed Authority, which regulates mining beneath the high seas. But for the most part UNCLOS relies on member countries and existing organisations for monitoring and enforcement. The result is a baffling tangle of overlapping authorities (see diagram) that is described by the Global Ocean

Commission, a new high-level lobby group, as a “co-ordinated catastrophe”. Individually, some of the institutions work well enough. The International Maritime Organisation, which regulates global shipping, keeps a register of merchant and passenger vessels, which must carry identification numbers. The result is a reasonably law-abiding global industry. It is also responsible for one of the rare success stories of recent decades, the standards applying to routine and accidental discharges of pollution from ships. But even it is flawed. The Institute for Advanced Sustainability Studies, a German think-tank, rates it as the least transparent international organisation. And it is dominated by insiders: contributions, and therefore influence, are weighted by tonnage.

Other institutions look good on paper but are untested. This is the case with the seabed authority, which has drawn up a global regime for deep-sea mining that is more up-to-date than most national mining codes. For once, therefore, countries have settled the rules before an activity gets under way, rather than trying to catch up when the damage starts, as happened with fishing. The problem here is political rather than regulatory: how should mining revenues be distributed? Deep-sea minerals are supposed to be “the common heritage of mankind”. Does that mean everyone is entitled to a part? And how to share it out?

The biggest failure, though, is in the regulation of fishing. Overfishing does more damage to the oceans than all other human activities there put together. In theory, high-seas fishing is overseen by an array of regional bodies. Some cover individual species, such as the International Commission for the Conservation of Atlantic Tunas (ICCAT, also known as the International Conspiracy to Catch All Tuna). Others cover fishing in a particular area, such as the north-east Atlantic or the South Pacific Oceans. They decide what sort of fishing gear may be used, set limits on the quantity of fish that can be caught and how many ships are allowed in an area, and so on.

Here, too, there have been successes. Stocks of north-east Arctic cod are now the highest of any cod species and the highest they have been since 1945—even though the permitted catch is also at record levels. This proves it is possible to have healthy stocks and a healthy fishing industry. But it is a bilateral, not an international, achievement: only Norway and Russia capture these fish and they jointly follow scientists’ advice about how much to take. There has also been some progress in controlling the sort of fishing gear that does the most damage. In 1991 the UN banned drift nets longer than 2.5km (these are nets that hang down from the surface; some were 50km long). A series of national and regional restrictions in the 2000s placed limits on “bottom trawling” (hoovering up everything on the seabed)—which most people at the time thought unachievable.

But the overall record is disastrous. Two-thirds of fish stocks on the high seas are over-exploited—twice as much as in parts of oceans under national jurisdiction. Illegal and unreported fishing is worth \$10 billion-24 billion a year—about a quarter of the total catch. According to the World Bank, the mismanagement of fisheries costs \$50 billion or more a year, meaning that the fishing industry would reap at least that much in efficiency gains if it were properly managed. Most regional fishery bodies have too little money to combat illegal fishermen. They do not know how many vessels are in their waters because there is no global register of fishing boats. Their rules only bind their members; outsiders can break them with impunity.

An expert review of ICCAT, the tuna commission, ordered by the organisation itself concluded that it was “an international disgrace”. A survey by the FAO found that over half the countries reporting on surveillance and enforcement on the high seas said they could not control vessels sailing under their flags. Even if they wanted to, then, it is not clear that regional fishery bodies or individual countries could make much difference. But it is far from clear that many really want to. Almost all are dominated by fishing interests. The exceptions are the organisation for Antarctica, where scientific researchers are influential, and the International Whaling Commission, which admitted en-

vironmentalists early on. Not by coincidence, these are the two that have taken conservation most seriously.

Empty promises

Countries could do more to stop vessels suspected of illegal fishing from docking in their harbours—but they don't. The FAO's attempt to set up a voluntary register of high-seas fishing boats has been becalmed for years. The UN has a fish-stocks agreement that imposes stricter demands than regional fishery bodies. It requires signatories to impose tough sanctions on ships that break the rules. But only 80 countries have ratified it, compared with the 165 parties to UNCLOS. One study found that 28 nations, which together account for 40% of the world's catch, are failing to meet most of the requirements of an FAO code of conduct which they have signed up to. It is not merely that particular institutions are weak. The system itself is dysfunctional. There are organisations for fishing, mining and shipping, but none for the oceans as a whole.

Regional seas organisations, whose main responsibility is to cut pollution, generally do not cover the same areas as regional fishery bodies, and the two rarely work well together. (In the north-east Atlantic, the one case where the boundaries coincide, they have done a lot.) Dozens of organisations play some role in the oceans (including 16 in the UN alone) but the outfit that is supposed to coordinate them, called UN-Oceans, is an ad-hoc body without oversight authority. There are no proper arrangements for monitoring, assessing or reporting on how the various organisations are doing—and no one to tell them if they are failing. Pressure for change is finally building up. According to David Miliband, a former British foreign secretary who is now co-chairman of the Global Ocean Commission, the current mess is a "terrible betrayal" of current and future generations. "We need a new approach to the economics and governance of the high seas," he says.



plainpicture A dwindling catch

That could take different forms. Environmentalists want a moratorium on overfished stocks, which on the high seas would mean most of them. They also want regional bodies to demand impact assessments before issuing fishing licences. The UN Development Programme says rich countries should switch some of the staggering \$35 billion a year they spend subsidising fishing on the high seas (through things like cheap fuel and vessel-buy-back programmes) to creating marine reserves—protected areas like national parks. Others focus on institutional reform. The European Union and 77 developing countries want an "implementing agreement" to strengthen the environmental and conservation provisions of UNCLOS. They had hoped to start what will doubtless be lengthy

negotiations at a UN conference in Rio de Janeiro in 2012. But opposition from Russia and America forced a postponement; talks are now supposed to start by August 2015.

Still others say that efforts should be concentrated on improving the regional bodies, by giving them more money, greater enforcement powers and mandates that include the overall health of their bits of the ocean. The German Advisory Council on Global Change, a think-tank set up by the government, argues for an entirely new UN body, a World Oceans Organisation, which it hopes would increase awareness of ocean mismanagement among governments, and simplify and streamline the current organisational tangle. According to Elinor Ostrom, who won the Nobel prize for economics in 2009, to avoid a tragedy of the commons requires giving everyone entitled to use them a say in running them; setting clear boundaries to keep out those who are not entitled; appointing monitors who are trusted by users; and having straightforward mechanisms to resolve conflicts. At the moment, the governance of the high seas meets none of those criteria. Changes to high-seas management would still do nothing for two of the worst problems, both caused on land: acidification and pollution. But they are the best and perhaps only hope of improving the condition of half of the Earth's surface.