

**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>

Bougainville: Panguna issues threaten peace process

Post-Courier 30.8.2013

By *WINTERFORD TOREAS*

CENTRAL Bougainville MP Jimmy Miringtoro and the chairman of the Panguna Mine Affected Landowners Association, Lawrence Daveona have been called on to immediately cease all negotiations currently underway between the Panguna landowners and a Chinese business firm, Beijing Aerospace Great Wall Mineral Investment Ltd. While sounding this call yesterday, an irate former combatants' spokesman Glynn Tovirika said the move taken by Miringtoro and Daveona is threatening the peace process in Bougainville. "Daveona and Miringtoro must immediately stop this because they are threatening the peace process in Bougainville, and the former combatants are not happy with what these men are doing. "You are causing confusion and division amongst the people of Bougainville especially the Panguna landowners. "This MoU signed is misleading the people. They are saying this agreement is for an agriculture project. But inside, the agreement is different altogether. The title is about re-opening Panguna mine.

“What Miringtoro and Daveona are doing, as seen by the former combatants, is that they are threatening the peace process. What they are doing is very disappointing to us.” He said the Autonomous Bougainville Government and other stakeholders currently involved one way or the other in trying to find an amicable solution towards this mining issue should have been consulted before the signing of this MOU between the landowners and the Chinese company. Mr Tovirika bluntly added that the former combatants do not want the Chinese to be involved in anything concerning mining in Bougainville. He said they can only be allowed to participate in other developments like road and bridge constructions, hydro electricity and in other areas not related to mining. Mr Tovirika also blasted the two men saying: “The crisis has caused the death of many Bougainvilleans so this mining issue should be handled in a way that will not jeopardise the peace process. However, we are seeing that these two men are just coming in and causing confusions amongst the people.

“Since Mr Miringtoro became a member, he has not given any money for finding solutions towards addressing the Panguna issue. The ABG is sacrificing a lot, using the limited money, of course given to us by the National Government, to address this issue. “Since day one these men were never involved in any meetings concerning the re-opening of the mine. Miringtoro should be concentrating on delivering services to the people. Most of our feeder roads have deteriorated. Our health centres do not have medicines. “Mining is a very sensitive issue so if Miringtoro wants to be involved, he must come through ABG and other stakeholders to talk about this issue.” Mr Tovirika said these two men have already been warned by the former combatants not to take further steps towards implementing the MOU. He is also calling on them to consult and work with the ABG on any issues concerning the re-opening of the mine. Mr Tovirika summed up saying it is the people in Bougainville who will be making the decision concerning the re-opening of mine, adding that the ABG is only facilitating this process.

Transparency Solomon Islands asks why illegal mining continues

Radio New Zealand, 29.8.2013

Transparency Solomon Islands wants to know why the government and the owners of the country’s only gold mine are not making any effort to stop illegal mining. The group’s chairperson, Ruth Liloqula, who also works for Gold Ridge’s owners, St Barbara Limited, says up to 200 people are panning gold illegally from the pits every day. She says corrupt dealerships have sprung up to buy the gold from the growing number of unlawful miners coming to the Guadalcanal site from all over the country. “Unless the government acts there is no way the only mining company we have in the country is going to solve the problem of illegal miners. Because the people that have been licensed to deal in gold are the ones that are encouraging this practice.” Ruth Liloqula says it is very dangerous for people to be working in the pits, as they could be crushed by falling rocks or run over by heavy machinery.

LNG: Landowners threaten closure

Post-Courier 29.8.2013

A landowner company has threatened to disrupt the LNG project if the Government and the Developer failed to address outstanding issues that they have allegedly failed to address. The Hides PDL 1 Landowners Association has given the State and the PNG LNG Project developer, Esso Highlands to respond to their petition on August 22 to resolve outstanding issues or face the disruption of the project. Speaking on behalf of the landowners, Hides PDL 1 Landowners Association chairman Hare Hengi said they were adamant that after the execution of the UBBSA and Hides LBBSA agreements, the State and the Project Developer had turned a blind eye and have given deaf ears to the issue. He said various attempts have been made by landowners to address those prevailing issu-

es but since landowner leaders have on occasions compromised with stake holders for personal interests, the effort to pursue those issues were dropped.

“Since those issues were not successfully addressed, the majority of genuine landowners residing within the vicinity of the Hides PDL 1 area feel that all their beneficial rights are deprived and they are definitely aware that all their grievances would hardly be entertained when and during gas commercialisation in 2014 and beyond so they have collectively sanctioned Hides PDL 1 LNG Landowners Association to reach the Government and Developer for a round table dialogue with the landowners so as to sort out these issues once and for all. “The Government and the Developer (Exxon Mobil) as key stakeholders to the PNG LNG Project must extend their hands now to accept this petition and admit liabilities, honour neglected commitments and comply with provisions in the UBBSA and LBBSA without any delay,” Mr Hengi said. The issues raised by the Hides PDL 1. Landowners through the petition are as follows:

1. Outstanding seed capital for Hides PDL 1;
2. Wellhead rental payment;
3. Water resources compensation;
4. UBBSA and LBBSA legislated landowner entitle funds

In the meantime, all the Principle Landowners of the Hides Project area were not happy with the Government since many of the issues raised in retrospect were not taken into consideration and sorted out. The landowners in a bold move threatened that if no positive response materialise from the Government and Developer within the said time frame (12 days), then they would raise the alarm for the following planned disruptions to be executed by all frustrated landowners at the Hides PDL

1. Project site, HGCP Project Site and Pipeline Route to:
 1. Shut down all operation at Hides Power Plant;
 2. Shut down all Wellheads (Wellhead 1,2,3,4 and 5);
 3. Closure of Nogoli and Kopalua Camp;
 4. Shut down operation of Juni LNG Technical College;
 5. Disrupt Pipeline Construction (at designated route); and
 6. Blockage of Roads

“We hereby urge the Government to consider this sensitive matter seriously and be cautious this time that the vast majority landowners of Hides PDL 1 including other affected landowners from Hides PDL 7, Komo Township and Angore PDL 8 would respect the law and pledge allegiance for the good of the Hides PDL 1 Project which is expected to contribute a greater percentage (85%) of natural gas for the PNG LNG Project,” Mr Hengi said.

Ok Tedi: PNGSDP injects K150 million into Daru projects

Post-Courier 28.8.2013

DARU is enjoying a project-led boom worth almost K150 million, according to PNG Sustainable Development Program chief executive David Sode. “Work we are doing in the town on a number of projects is bringing major benefits in terms of employment and economic activity,” he said. Mr Sode was commenting on the arrival of a barge chartered by PNGSDP to bring in the main components of the new PNGSDP-funded water supply. “Seven local contractors are working on projects that PNGSDP is funding, and we estimate that more than 100 local people are being employed. “The goods and material we are bringing in for the water supply are worth K8 million, and substantial spin-off spending is taking place in Daru itself. “In addition, our projects are also providing income-earning opportunities in the informal sector – for example large numbers of people are engaged in the collection and sale of rocks to be used in road maintenance that we are carrying out.

“The significant increase in employment and economic activity during construction is in addition to the long-term economic and social benefits that our projects will bring to Daru and the rest of Western Province.” PNGSDP is providing funding for five major projects in Daru this year. They are a major office and accommodation construction contract including support for the health, education and infrastructure sectors (K45 million) the recently completed trestle wharf (K10.2 million), an interim sewerage treatment plant (K10 million), the current water and sewerage project (K52 million) and the Tawo’o Point heavy-duty wharf (K6.9 million). Other projects in 2013 include:

- * STAFF accommodation and a community information centre at Edward Baxter Riley Primary School (K453,654);
- * DOCTORS’ accommodation at Daru Hospital (K2.05 million);
- * ROAD maintenance (K200,000);
- * CONSTRUCTION and maintenance at the PNGSDP hatchery (K500,000); and
- * St John’s Primary school staff accommodation (K300,000).

Mr Sode said the arrival of the barge carrying the water supply components was an important moment for Daru. “The K52 million commitment by PNGSDP to rebuild the town water supply and the sewerage system is our response to the threat to people’s health and wellbeing posed by the terrible state of the existing systems,” he said. “No major town and its residents should ever have to endure what the people of Daru have had to put up with in recent years. “Access to a clean and safe water supply is a basic right of all human beings, and everyone has a right to healthy living conditions. “PNGSDP is glad to step in and help deliver these basic rights – it is part of our mandate to provide sustainable social and economic development to the people of Western Province.” The water component of the project, which is being managed by Water PNG with technical support from PNGSDP’s infrastructure unit, is expected to be completed next year. PNGSDP congratulated Water PNG for agreeing to join in this important development project, which PNGSDP decided to fund more than five years ago. PNGSDP is a 63.4 per cent shareholder in the Ok Tedi mine. The dividends from its shareholding are used to support sustainable development projects and programs across the nation.

LNG project on track

By *ANCILLA WRAKUALE*

Post-Courier 22.8.2013

PAPUA New Guinea’s biggest gas project, PNG LNG Project has made significant progress in the first half of this year. The project construction is now 90 per cent completed and is on track for first sales schedule for next year. Oil Search, Limited, PNG’s largest oil and gas producer, who has 29 percent interest in the world scale gas project, operated by ExxonMobil said the operator Esso Highlands has made excellent progress on the project during the first half of this year. “We are now at the 90% completion mark and soon expect to start delivering gas from the oil fields to the LNG Plant to support commissioning. “At the LNG Plant site near Port Moresby, commissioning activities are underway on Train 1, the common process area, tanks, jetty and utilities and construction activities are continuing on Train2.

On the onshore pipeline, land access is now complete along the entire pipeline route and, as at mid-2013, only 40 kilometres of mainline pipeline remained to be welded between Kutubu and Hides. Nitrogen purging of the offshore pipeline and onshore pipeline to Kutubu has taken place, in preparation for the introduction of commissioning gas from the oil fields. The Hides Gas Conditioning Plant is progressing well, with the arrival of heavy equipment via the Komo airfield increasing the number of work fronts. The drilling rigs are currently drilling ahead on the B and C pad wells and the construction of all Hides well pads is now completed”, OSL said. OSL half year report said the

project was on track for first deliveries in 2014 and costs incurred to date are consistent with the US\$19 billion capital cost outlook provided in November 2012.

“As highlighted in our second quarter activities report, the operator expects to finalise the US\$1.5 billion supplemental project financing for the Project in the second half of 2013,” OSL said. The company also said they await with interest the outcome of discussions between ExxonMobil and InterOil regarding the potential purchase by ExxonMobil of an interest in the Elk and Antelope fields in PRL 15. “Depending on the terms of the ExxonMobil deal, these discussions may potentially provide Oil Search with the opportunity to participate in the development of a further LNG train in PNG. “ExxonMobil has publicly indicated its interest in accessing the PNG LNG plant site, to take advantage of the land space and existing facilities there.” Oil Search is Papua New Guinea’s biggest oil and gas producer and operates all of PNG’s currently producing oil and gas fields. Oil Search has exploration activities in PNG and Middle East.

Opposition To Reopening Bougainville Mine Growing

Residents urge government to consider other revenue sources

PORT MORESBY, Papua New Guinea (PNG Post-Courier, August 22, 2013) – Opposition to re-opening of the mine at Panguna by the Autonomous Bougainville Government (ABG) is slowly gaining momentum in Central Bougainville. Many community leaders feel that this is not the time to talk about mining. Meanwhile, the ABG has been asked to consider other industries to generate revenue for its operation because it cannot control mining once it takes root. An interest group known as "Bougainville Independent Indigenous People’s Foundation" has compiled a list of key people, leaders and ex-combatants in the Kieta District who are against the idea of re-opening of the mine. Bernadine Kama, who is heading the group, is the daughter of the late Cecilia Gemel who supported the late Francis Ona in his moves to close the mine. She had this to say: "I just cannot comprehend why we must continue to suffer at the hands of our leaders and our government, which has been negotiating to re-open the mine when a lot of issues which resulted from previous mining activities in Panguna remain unaddressed.

"Can we not be left alone to live our own lives in peace on our land? Many people are going where the wind blows them and they will not even consider the dire consequences of mining. Once mining begins it will not end in Panguna: the whole island will be affected and no amount of legislation or law will stop it, once money starts flying around. "President Momis tries to equate mining with independence. I don’t see any logic in that, simply because we are the most independent people in the world as we are now, because we live off our land; and if we were cut off from the rest of the world, surely we would find a way to survive. We have done it before and we will do it again. Necessity is the mother of invention." There are concerns both in Papua New Guinea and internationally, that the Autonomous Bougainville Government’s so called mining laws would take away the rights of landowners who are indigenous people of Bougainville.

Moves by the ABG and other parties involved clearly violate the United Nations Declaration of the Rights of Indigenous People. The declaration recognises the inalienable rights of the indigenous people to their land and resources and that there must be "Free and Prior Informed Consent" from the indigenous landowners before any natural resources can be extracted from their land. Those who oppose mining believe that the ABG has fallen victim to its own complacency and has not made efforts to explore alternative means to earn revenue for the Autonomous Region. It is alleged that a lot of funds from the government, which could have been used to develop agriculture, tourism, fisheries and manufacturing and downstream processing, were misused. The move by the ABG to re-open mining has also drawn strong opposition from Central Bougainville ex-combatants who

refused to be named because they say they had been used in the media for propaganda by those with mining interests.

"As far as I am concerned, there should be no mining in Bougainville because many people lost their lives to close the mine and to gain independence. The mine has closed now but we have yet to achieve independence, only then can mining be considered; before that, no! End of story," said a member of the Meekamui faction who also refused to be named. The business community in Bougainville feels that too much importance is being placed on mining and nothing has been done to add value to our business activities and our cash crops through downstream processing and manufacturing. According to them there are numerous ways for the ABG to earn revenue to support itself and provide services for its people, instead of just saying mining is the only way. During the period mining had been going on in Bougainville, there was no tangible development across the length and breadth of Bougainville except for the areas where mine workers and facilities were situated.

Chinese miners exit silently

Post-Courier 22.8.2013

A Chinese company which had been carrying out alluvial gold mining in Kompam Ambum District in Enga Province has left without anyone's knowledge. More than 50 Asian made trucks, loaded with mining equipment that included excavators, pumps, dredges and pipes, were seen traveling in a convoy down towards Lae on Thursday morning. The Asian miners, numbering more than 150, and who had reportedly breached all government procedures to enter and mine alluvial gold, were escorted by Mt Hagen police. Government authorities including the Enga provincial government and its administration, Enga police and local leaders in Kompam were baffled at the news that the unknown company had left without their knowledge. Attempts to contact mining authorities in Port Moresby were unsuccessful yesterday.

Villagers who live close to the mine site said they did not know why the miners, who have been operating in the area for more than six months, left. They said due to communication problems with the Asians, it was hard to establish the reasons as to why they were packing up to leave. From earlier reports, the miners came to the area after making arrangements with certain village landowners without making proper arrangement with the national and provincial government mining authorities. Some government officials said they were not fully aware of how the Chinese miners arrived at the remote part of the country, and said they were probably operating at the mercy of the landowners, who had reportedly threatened to defend the Asians if there was any government intervention. Mt Hagen based police personnel who escorted the Asians said they were given instruction by government authorities to assist them out of the mine site as they were illegally operating in the area.

Australia's Palmer discovers potential \$35 billion PNG gas region



SYDNEY (Reuters, Aug 21, 2013) - Australian mining mogul Clive Palmer says his oil and gas business has identified what could be one of the world's largest gas fields off the coast of Papua New Guinea, potentially worth \$35 billion. After \$50 million worth of exploration over 3,000 square km, the northern region of the Gulf of Papua was found to have about 28 trillion cubic feet of recoverable gas. "The results of the studies are extremely favorable and show this new Papua New Guinea gas region could possibly be as significant a resource area as the North West Shelf in Western Australia," said Palmer in a statement. The region, 12 km (7 miles) from the coastline, is near Exxon Mobil's \$19 billion LNG project, which is set to come online in 2014 with a capacity of 6.9 million tonnes (1.1023 ton) of LNG per year. Palmer said the Papua New Guinea government had offered strong support to take the gas project forward.

Bua Landowners Consent To Further Bauxite Mining In Fiji

Naita mataqali expect mining to provide jobs, more development

By Salaseini Moceiwai

SUVA, Fiji (Fiji Times, August 20, 2013) – Another landowning unit in Bua, Fiji, has given its consent for bauxite mining on its piece of land, 500 metres from the existing mining area in Nawailevu. This will be the second mining area in the province of Bua on Vanua Levu. Members of the mataqali Naita from the village of Votua in the district of Lekutu agreed to have their land used for bauxite mining citing growth in development opportunities. Mataqali spokesman Tevita Raiova said such a development would greatly benefit the landowners and the people nearby. "The members have already given their consent to the bauxite company and we are looking forward to a new chapter in life," Mr. Raiova said. "This will mean employment opportunities for our people and more developments for the whole of Bua province. "Right now, all relevant discussions have been made and we are just waiting for the company to finalise everything before work starts."

Xinfa Aurum Exploration Fiji executive Derek Qiu yesterday confirmed that the members of the landowning unit agreed to give their land. He said the piece of land was 500 metres away from the existing bauxite mining site at Nawailevu. "We welcome the idea and this is really good news to our operation here in Fiji," he said. Acting commissioner Northern Alipate Bolalevu said they were yet to receive the consent letter from the mataqali. However, he said the proposed development would not only benefit the Bua province but the Northern economy as a whole. "This is another economic activity that will surely boost the Northern economy and we are thankful to the landowners for having this insight," Mr. Bolalevu said. "When this development eventuates, we only hope that the landowners maintain it for the benefit of their future generation."

Tolukuma mine MOA review begins

Post-Courier 20.8.2013

THE Tolukuma Mining Project revised Memorandum of Agreement (MoA) is being reviewed this week on Loloata Island Resort outside Port Moresby. Parties to the MoA are the independent state of Papua New Guinea, Central Provincial Government, Woitape Local Level Government, Tolukuma Gold Mines Pty Ltd and Yulai Landowners Association. All parties' undertakings under the existing MoA are being reviewed to establish the status of the agreed commitments. The parties expect to discuss on how to advance the various commitments under the MoA. The undertakings include royalties, tax credit scheme, infrastructure development, community sustainable development program among others. The State team comprises the Treasury Department, State Solicitor's Office and the Department of Environment and Conservation (DEC). The Mineral Resources Authority's Acting Managing Director Philip Samar said on behalf of the State team that the National Government through the MRA, as the lead agency, was committed to seeing that the Tolukuma Project MoA and other projects MoAs are reviewed this year.

He said it was in the interest of the government that all parties to all projects' MoAs achieve a win-win situation for all. Tolukuma Mine Ltd's Sam Inguba said it was unfortunate that the MoA could not be reviewed earlier due to issues that affected the company. However, he said the company was ready to negotiate so that all stakeholders benefit. Central Provincial Government's Chairman for Mining Steven John said his government had missed out on benefits from this project in the past due to various reasons. He, however, said his government was now eager to work with all stakeholders to obtain benefits on behalf of the people of Central Province. George Gusi Chairman for the Yulai Landowners Association said his people had also missed out on benefits and were looking forward to the negotiations. The parties expect to sign off on a progressive MoA by Thursday before the next review meeting.

PNG PM Says Last 12 Years Of Growth Were 'Wasted'

O'Neill commits to funding priority projects that help communities

By Malum Nalu

PORT MORESBY, Papua New Guinea (The National, August 19, 2013) – The past 12 years of plenty in Papua New Guinea have been wasted and must never be repeated, Prime Minister Peter O'Neill says. He told hundreds of people attending the 127th anniversary of the United Church last Friday at Maopa village on the Aroma Coast, Central, that the economy had been growing very fast but this did not translate into tangible benefits.

[PIR editor's note: O'Neill was also reported to have lashed out at public servants who have been "unproductive since independence at the expense of the people." Those who have been 'milking the system' are now resisting changes his government wants to implement, O'Neill said.]

"Over the last 12 years, the economy has been growing at 6 to 8%. "We have recorded K7 billion to K8 billion in surpluses, meaning that we have collected more money than we budgeted for," he said. "The problem is that we have spent this money on priorities that did not really help the community. We've wasted the last 12 years of growth. "Over the next five to 10 years, our economy will continue to grow and will bring in bigger revenue ... we must never repeat the mistakes that we have done." As a remedial measure, the Government will be looking into funding for specific projects over the next three to four years. "The government must commit to the people on specific projects such as free education, free health, bringing up our police force, bringing up our roads and bridges throughout the country. "We commit our government to these problems over the next four, five years, so that people are aware of it, our public servants are aware of it, our leaders know the specific programmes that we have. "I can tell you that the government is not going to change its roles over the next four, five years. "We want to be judged in 2017 on our performance, please remember this. "If we do not change this country over the next four years, we do not deserve to hold the positions that we hold, do not vote for us."

Drive Agro sector

Post-Courier 19.8.2013

By LAWRENCIA PIRPIR

The Deputy Governor of the Bank of Papua New Guinea, Loi Bakani, has urged the Government and private sector businesses to use advanced agriculture technology and methods to stimulate the agriculture sector. There should be a move away from old methods of agriculture to find better ways to tap into the high economic growth the country is experiencing and not rely heavily on the extractive industries. "When you continue to rely on resources, especially the mineral and gas sector, to generate economic growth, you will be subjected to ups and downs in the economy, and that's exactly what we're facing this year. "In the past projects like the Porgera and Lihir mines led

to economic growth, but when construction finished everything fell down. “So the advice is to look at developing the non-mining sector, which is in agriculture, because that is the base where all of us have so many resources in terms of land. So in times when mining and petroleum prices go down, agriculture, even manufacturing continues to drive the economy forward.”

This could avoid Dutch Disease where, for example, when you have the LNG project you see e.g. teachers moving up there, you see some accountants, auditors in the past going up to the LNG. This is in a nutshell the effect of Dutch Disease. “If it is affecting the agriculture sector and kills the agriculture sector for example, or may be traditional sectors like cash cropping, if that goes down also, that’s the effect of what you call Dutch Disease. But in PNG we did not have it. People still grow, people still come and sell, taking advantage demanded by LNG. So by selling and your companies continuing to take advantage and get contracts and so forth, I’m just explaining it but it did not happen in PNG.”

Another example of Dutch Disease Governor Bakani told the Kokopo Certified Practicing Accountants luncheon meet last Friday is that only and even to the extent where the kina appreciated in December 2011 and part of 2012, what it means is that that’s one factor where because it reduces the kina value of our export procedure. “If here NGIP Agmark for example, if they sell the cocoa and the kina the price is high that gain can be diminished or washed out by the kina appreciating. So again in that sense if it kills the agriculture sector and Agmark comes down and closes down, that’s the effect of a Dutch Disease and it’s generated through the exchange rate of the kina.” So to counteract the Dutch Disease, Governor Bakani said invest in infrastructure, invest in industrial production sectors where the only sector that can be done alternatively is agriculture using advanced technological and cultivation methods. Try something different.

Ok Tedi: Partnerships key to progress

Post-Courier 19.8.2013

By *ANCILLA WRAKUALE*

LACK of political will is a major hindrance in bringing much needed development and services to the people says Ok Tedi Development Foundation Board Chairman Nigel Parker. Parker, who is also the managing director of Ok Tedi Mine, said for seven years in PNG and especially in Western Province, he noticed that there was lack of political will and support from the local politicians to support development partners bring basic services to the people. “We have lacked political will. We have not had the political support. You as the community, OTML and OTDF, we have not had the political will to support us all in developing and delivering projects for the people as we are now doing”. “I have in the past been referred to as the governor of Western Province. Parker said he was pleased to hand over that title back to the real elected and current governor of Western Province Ati Wobiro.

He said the current governor, unlike the previous politicians, is keen on partnership with development partners in the province to move the province forward in terms of development. “In my dealings with the governor in the last 7 months, it has been a pleasure and pleasant surprise that all of a sudden we have an elected politician who has the future of Western Province very much in his heart. Parker said he has seen governor Wobiro at many different impact projects in the province. “That is a novelty and something very new to me. I’ve never seen previous governor’s other than him once or twice in my office trying to get a favour,” Parker said. Parker said he was committed to working with the governor and Fly River Provincial Government in bringing much needed services in areas of education and health to the Western people. Parker said great partnerships with local politicians and development partners would be the new strategy towards developing Western Province.

Ok Tedi: K59.9m Middle Fly road

Post-Courier 19.8.2013

By *ANCILLA WRAKUALE*

COMMUNITY Mine Continuation Agreement (CMCA) villages in the Middle Fly region of Western Province will now benefit from a road link from Aiambak to Lake Murray which will enable villagers to access other basic services that was lacking in their areas. The 50 kilometre road is expected to support expanding local business opportunities in the areas of rubber and eaglewood forestry developments and the barramundi farming taking place in Lake Murray. Middle Fly Women Representative Charlotte Mathew said the new road link will enable mothers to access markets to sell their garden produce and handcrafts. She said the road will also allow women there to access other important basic services like health. Funds for the construction of the road was sourced from the CMCA component of the Western Province People's Dividend Trust Fund. The project is being facilitated by Ok Tedi Development Foundation (OTDF). OTDF Board Chairman Nigel Parker said the road is an integral part of development as it also encourages business opportunities. Parker said this will also see more interaction between mothers and children to access vital health services. The ground breaking ceremony of the road project took place at Aiambak in the Middle Fly region in Western Province on Saturday. The contract value of the road is worth K59.9 million. Starwest Limited, a local engineering company based in Western Province was contracted to design and construct the 50 kilometre road. Procurement, mobilisation and construction of the road is expected to start immediately after the ground breaking ceremony.

Mt Kare: Landowners support developer

Post-Courier 16.8.2013

By *DAVID MURI*

CUSTOMARY landowners of Mt Kare have welcomed the Government's announcement to renew the exploration licence of developer, Summit Development Ltd. Mining Minister Byron Chan made the announcement recently about supporting Mt Kare and other mining prospects because of significant economic opportunities. Mt Kare, which is rich in high-grade gold and silver deposits, is situated between the Enga and Hela provincial border. Chairman of Mt Kare Head Trustee Co. Ltd, Andrias Ayiange, welcomed the announcement saying this project has been unnecessarily prolonged due to lengthy court battles. Ayiange said he successfully fought to oust the former landowner umbrella company and its partner Madison out of Mt Kare. His claims of rightful ownership were backed by former Tari-Pori MP and senior statesman Sir Matiabe Yuwi.

The two men thanked Mr Chan, Prime Minister Peter O'Neill, Tari-Pori MP James Marape and Lagaip-Porgera MP Nixon Mangape for their continuous support for the renewal of a tenement licence on EL1093 to Summit Development Ltd. Mr Ayiange and Sir Matiabe requested Summit Development Ltd to immediately contact legitimate landowners for landowner verification as per the government's direction. "Once all issues have been properly dealt with than we all stakeholders look forward to a long-term win-win outcome that will lead us to peace, harmony and coexistence in a conducive environment to benefit us all," the two leaders said. They backed Mr Chan and cautioned Summit Development Ltd not to conduct any businesses at Mt Kare until a proper memorandum of understanding is in place. Another landowner group led by Mark Tulaya has also supported Summit Development Ltd into their area. Mr Tulaya is the executive director of Mt Kare Heli Aka Haea Investment Ltd. Tulaya praised the developer for identifying genuine landowners.

Bougainville: ABG stay out of landowners' decisions

Post-Courier 16.8.2013

By *Paeope Ovasuru*

The landowners of Panguna and the people of Bougainville should be left to decide if the mine will

be reopened. The Autonomous Bougainville Government (ABG) should only give advice on policy and legislation matters. Central Bougainville MP and Minister for Information and Communication, Jimmy Miringtoro voiced this concern to clarify issues surrounding the signing of a Memorandum of Understanding (MoU) between the Panguna Mine Affected Landowners Association (PMALA) and Chinese company Beijing Aerospace Great Wall Mineral Investment recently. “There has been a great misconception on the content of the MoU. “It is an open MoU with the intention not only to develop the mining sector in the region but also the agriculture and marine resources – two of the most important activities that Bougainvilleans rely on to sustain their lives,” he explained.

He urged the ABG not to meddle with the affairs and decisions made by the landowners because it could cause another crisis if authorities are not careful. He stated that the previous company that went into operating the mine did not take the people’s concerns into consideration that is why they were “chased out by force”. Minister Miringtoro clarified that section 23 of the ABG Constitution gives ultimate power to the people to make decisions on how their resources are utilised, developed and processed. “The ABG should not tamper with this piece of constitution. “They should step in to guide the people to making better decisions that will benefit the region,” he said. He added that Panguna landowners are very well educated people who can make decisions that will be benefit everyone but they should at the same time consult the ABG and the National Government. He further stressed that it is time the ABG must lead its people to have more opportunities created for them. “A lot of people missed out on opportunities because of the crisis for 11 years. Bougainvilleans should be given more chance to decide on how their affairs are run,” he added.

Bougainville: Small & Medium Enterprises a good alternate to mining

Post-Courier 16.8.2013, By ROMULUS MASIU

BOUGAINVILLE leaders both in the National and Autonomous Bougainville Government’s (ABG) need to have faith in the small Bougainvillean businesses and support them in every way to grow and create wealth for the region. Outspoken Central Bougainville Business Association vice chairman Dickson Siparu made the call on Wednesday, at the same time reminding Bougainville parliamentarians that the Small and Medium Enterprises (SMEs) is a very good alternative to mining. He said the three great assets that Bougainville has are its people, abundance of resources and above all a budding SME sector which currently comprises of mostly wholesale and retail business but has a strong interest in manufacturing and downstream processing to add value to cash crops and other natural resources. “Genuine and sustainable development of Bougainville lies in the hands of Bougainvilleans and Bougainvillean-owned businesses”.

Mr Siparu who accompanied National government Minister for Commerce, Trade and Industry Richard Maru to Malaysia to attend the SMEs exposition in Kuala Lumpur was taken aback on how much Malaysia depends on SMEs alone for creating employment and in providing so much revenue for the country through payment of taxes. He added that both Malaysia and Singapore do not depend on mining as a revenue earner and yet they are now developed countries with strong economies that have enabled them to have widespread trade and commercial interests in the countries in the region, including Australia and New Zealand. Bougainville is similar to these countries and has abundant resources which can support the government and its development programs through the operation of SMEs.

“I would like to remind the Bougainville leaders both in the national government and ABG that small businesses have been thriving in Bougainville long before the peace process was established. They did not rely on government or any other support to get started and today these businesses continue to grow, slowly but surely.” Bougainville people have always been described as proud, passionate and hard working with the ability to innovate and create to meet their needs and require-

ments, as demonstrated during the years that the National Government placed an economical blockade on the island. People with very little formal technical know-how have developed a brand of micro-hydro that provides free and sustainable power to villages in Central and South Bougainville. This is just one example of the sort of technological innovations that were developed during those times of need. He said people need to be given the opportunity to develop.

Lawyers keep out of Lihir probe

Post-Courier 15.8.2013

By GRACE TIDEN and TONY SAPAN

NEW Guinea Islands Divisional Commander Anton Billie has called on law firms to stop interfering with the police investigation into the alleged misuse of K100 million belonging to the Lihir people under the Lihir Sustainable Development Plan while the process of investigation was still ongoing. Mr Billie was responding to an article in The National newspaper yesterday which stated that Kuman Lawyers, representing the Lihir Mining Area Landowners Association, had written to Police Commissioner Toami Kulunga informing him that the government had stopped the investigation. The article also mentioned that police had been told to suspend the investigation and that the directive came from Chief Government Secretary Sir Manasupe Zurenuoc, who was quoted saying that an independent audit had been approved and will commence as a matter of urgency. "Where is the truth of this report? This report is a deliberate attempt to divert attention and sabotage the criminal investigations conducted by the Police National Fraud and Anti Corruption Squad into hundreds and millions of kina belonging to the ordinary people of Lihir," he said.

Speaking from Lihir yesterday, Mr Billie said the investigation was almost complete and the main suspects will soon be charged, adding that three people have already been officially arrested and charged for various offences under the Criminal Code Act for being part and parcel of the team that had been illegally paying themselves out of this fund. "To stop the investigation a third time will look suspicious on the part of the police investigators and the hierarchy. It has to be justified with the reasons conveyed to the parties concerned, especially the complainants so that they know the reasons behind such, otherwise it amounts to "perverting the course of justice", a criminal offence under the Criminal Code Act. As far as I am concerned, there is no such directive as yet from the Police Commissioner's office, whom I report to." He said if they (lawyers) want to act for their clients, they have to do so in court and not at the police station or directly going to the investigators to get their clients out, as these were not the courts or magistrates.

Meanwhile, all prime suspects relating to the police fraud squad investigation into the release and use of K100 million in Lihir Sustainable Development Plan funds between 2007 and 2011 surrendered to police yesterday. The five suspects who had gone into hiding three weeks ago in Port Moresby, Mt Hagen, Brisbane and Canada to evade investigations include the former and current chairman of the landowner association and senior management staff of the Lihir Sustainable Development Plan and landowner association. One of the suspects, a senior management staff of the LSDP was interviewed by police investigators yesterday afternoon while the other four will be interviewed by police over the next few days. More than 40 other suspects are wanted by police in relation to the release and use of this fund which was intended for the benefit of the Lihir group under the LSDP between 2007 and 2011.

Lihir mine probe suspended

The National, August 14th, 2013

POLICE have been told to suspend investigation into the alleged misuse of K100 million belonging to Lihir Mine Affected Landowners Association in New Ireland. It is the third time police investiga-

tions have to be stopped. The directive to police this time came from Chief Government Secretary Sir Manasupe Zurenuoc. He wrote to Police Commissioner Toami Kulunga last Wednesday advising him to recall the Police Task Force from Lihir Island while an independent audit was carried out. "I have been instructed (to inform you) to immediately withdraw the Police Task Force undertaking investigations on Lihir Island. In the meantime, an independent audit has been approved and will commence as matter of urgency forthwith," the letter stated. And last Thursday, Kuman Lawyers representing the landowner association wrote to Kulunga saying the Government had stopped the investigation.

This is because all the signatories to the Lihir MoA and Integrated Benefit Package agreed to have all the mining derived funds and benefits audited by an independent auditor. And based on that audit report, the Task Force should undertake any further investigation, if need be. The K100 million alleged to have been misused is part of the compensation package of the landowners of Lihir through the association. Last Thursday, a landowner association official was arrested and detained at the Gordon Police Station in Port Moresby. Kuman Lawyers showed to police copies of the letter from Sir Manasupe to Kulunga but the officers refused to release association official. They said unless there was a written direction from Kulunga, they would detain the official.

Review commences on mineral policies, legislations

Post-Courier 14.8.2013

A NATIONAL Government team led by the Department of Mineral Policy & Geohazards Management (DMPGM) has commenced the final round of reviews of the various mineral policies and legislations. The regional review forums started yesterday in Mt Hagen where stakeholders, including national members of parliament, landowners and non-government organisations attended. The government team will hold other regional forums in Lae, Kokopo and Port Moresby in the coming weeks. In the Hagen forum, the government team presented its progressive report on the review thus far and comments from stakeholders have been noted for consideration. The policies and legislations that are being reviewed and developed are the Mining Act 1992, Mine (Safety) Act, and Mineral Policy and the sector policies including Offshore Mining Policy, Sustainable Development Policy, Involuntary Relocation Policy and Mine Closure Policy.

Acting Deputy Secretary of the DMPGM John Arumba said the review of the existing laws stem from the fact that they (laws) are outdated and need to be amended so that they are consistent with the new trend of development in the mining industry. Arumba said the review process began in 2009 when the then Somare government directed the DMPGM to initiate the process. Since then the department and relevant government agencies have been in consultation with each other and external stakeholders to review the laws. The other government agencies involved are the Departments of Treasury, National Planning & Monitoring, Provincial Affairs & Local Level Government, Prime Minister & NEC, Internal Revenue Commission, Environment and Conservation, Community Development, Commerce and Industry and the Mineral Resources Authority (MRA). A final report of the review will go through due government process before being tabled in cabinet for endorsement.

PNG Allegedly Losing Billions From Mining Sector

Enga governor cites lack of industry policies, proper regulation

By Johnny Poiya

PORT MORESBY, Papua New Guinea (PNG Post-Courier, August 14, 2013) – Papua New Guinea has been losing billions of kina in mineral resources due to lack of strong policies and capacity to properly monitor and regulate the industry. Enga Governor and host to the world class Porgera Gold Mine Peter Ipatas in his keynote address to stakeholders during the Mineral Policy and Legislation

Division's regional consultation program in Mt. Hagen yesterday said developers were exploiting the mineral sector without any good benefits going back to the country and its people. He said there was a serious lack of policy direction in the sector, which consequently resulted in a serious lack of socio-economic development. "The general public's perception is that the country's mineral resources are being exploited unjustly without fair reward and compensation to the local communities and landowners on whose land these resources are located. The government's mining policy is being driven by Industry and Investor interests rather than PNG's interest resulting in the "theft" of our mineral resources," Mr. Ipatas said.

Singling out Enga's experience with Porgera Gold mine, Mr Ipatas said though the mine extracted 17.88 million ounces of gold, earning a total of K19.58 billion [US\$8.3 billion] during the project life from 1990 to 2012, his province still lacked a proper hospital, jail, and good infrastructure. "During that time, the Enga Provincial Government received about K204million in Royalties, Special Support Grants (SSG) and IDP. This is about 1 percent of the total earnings of the mine. About K52 million [US\$22 million] is SSG are still outstanding to the Enga Provincial Government. "The Porgera landowners, on the other hand have received about K410 million [US\$173.7 million] as compensation, royalties, SSGs, and other areas. This amounts to about 2 percent of the total earnings of the mine," Mr. Ipatas said. He said it was important to question whether the total of 3 percent of the earnings was equitable distribution to the landowners and the Enga Provincial Government.

Porgera was estimated to mine 8.98 million ounces of gold with a total earning of K3.143 billion [US\$1.33 billion] during the period of mine life from 1990 to 2012, but it produced and earned more than six times than the estimates and its life extended to 2023. Mr. Ipatas said despite mine expansion beyond the original development plans and estimates, there was no review of the Porgera mine's MDC or MoAs to reflect the change from the original development plan. Vice Minister for Mining Wera Mori said any policy changes that would come after the consultation programs around the region would be done in the interest of the country. Mt. Hagen hosts the highlands regions leg of the Department's regional forums for the review of mineral policy and legislation and development of new mining sector policies. The Mamose forum will be held in Lae on Friday, then the New Guinea Islands forum is on next Monday and Southern region in Port Moresby on Friday next week.

Newcrest: Job cuts not tied to loss

Post-Courier 14.8.2013

Australia's biggest mining company, Newcrest reported a record loss of \$A5 billion (K10.77 billion) due to a plunge in gold prices. Newcrest's PNG Country Manager Peter Aitsi told Radio Australia that the job losses in PNG, particularly at the Lihir Gold Mine, may have not been as bad as most people think. "In terms of Lihir there are 150 positions affected as a result of the changes so that is what we are dealing with at the moment and those changes are now in place and our focus is really in having Lihir ramp up its production and allowing the simplified operations to start to deliver the kind of results that are expecting," Aitsi told Radio Australia. Aitsi said the main challenge for them now at the Lihir operation was to maximise output there and to make sure that the plant is allowed to function at maximum capacity. In responding to revenue drop from drop in metal prices, Aitsi said the Treasurer, Don Polye, through the 2013 Mid Year Economic and Fiscal Outlook said despite the major downturn in prices for mineral commodities like gold and copper, there has been strong growth in the non-mining sector to sustain the economy. Those sectors included revenue from personal income tax and goods and services tax.

When asked on the concerns raised by Prime Minister Peter O'Neill regarding the mine performance in PNG in relation to the economy, Aitsi said their CEO Greg Robison had written to the

prime minister providing him with updates and they continue to meet with key government ministers and the relative agencies that are responsible for the industry keeping them updated of their activities. “Look, in essence, Newcrest is not looking for any special treatment here but what we want to do is just to ensure that the government fully understands the actions that we have taken and the kind of global market that we are operating in and just to ensure that we are able to be provided a stable, and in a sense, predictable operating environment that can see us continue to make the kind of investment decisions that we need to,” Aitsi said.

Landowners sign deal with HGDC

Post-Courier 14.8.2013

By *KONOPA KANA*

HIDES Gas Development Company (HGDC) Limited signed an historic agreement with Welewi Resources Limited (WRL) to explore business opportunities in the Stanley and Ketu LNG project in Western province. Welewi Resources Limited is an umbrella landowner company of the Elevala and Ketu landowners of Petroleum Retention License (PRL)-12 in Kiunga where the proposed third LNG project will be developed. HGDC chairman Libe Parindali and WRL chairman Frank Hamesu affirmed the agreement signed as the way forward for the landowner companies to explore business opportunities in the areas of skilled labour hire, plant and equipment hire, electrical and instrumentation, plant maintenance and radio telecommunication. The agreement also considered the camp maintenance and waste management, mechanical engineering, air, sea and land transport sectors, civil engineering and construction, property development, mineral exploration and agriculture and forestry.

Mr Parindali said in the last four years of operation, the company had successfully grown bigger and employs up to 2700 people in the Hides four para camp project areas in Hela province. He said the company is transparent in all its business deals and Exxon Mobil carries out audits after every six months. “We also set up an ANZ bank branch in the camp so the fortnight allowance are sent from the main office down to the branch and the employees pick it up straight from there,” Mr Parindali said. He also said the company have also partnered with guard dog security services to provide security at the plant site premises. WRL chairman Frank Hamesu said the project is going into development stage next year and the lanco company is working closely with Horizon Oil Papua Ltd, the project developer, to ensure development forums are held and necessary development license’s granted by the state before the end of this year.

Bougainville does not need mining

Post-Courier 13.8.2013

By *ROMULUS MASIU*

BOUGAINVILLE does not need mining to develop its economy and its infrastructure, says vice chairman of Central Bougainville Business Association, Dickson Siparu. “Far too much emphasis is being placed on mining as the only way forward for Bougainville. In addition to this, the people of Bougainville are appalled at the ‘chaotic’ approach with which their leaders are courting all manner of mining companies to resume mining at Panguna,” Mr Siparu said over the weekend. He added the latest one being a meeting between a Chinese company and Central Bougainville MP and Minister for Communications and Information Technology, Jimmy Miringtoro and Lawrence Daveona representing the Panguna Mine Affected Landowners (PMALA). An agreement has been signed by the parties, however, the ABG Minister for Mines said that he had not been consulted and has therefore chosen to distance himself from the whole affair.

Mr Siparu on behalf of the business community in Central and South Bougainville said this kind of behaviour by leaders clearly indicates they are not working for the interests of their people but for

themselves and the mining companies. During the Bougainville Peace Agreement, parties to the Bougainville conflict agreed that the decision on re-opening the mine will be subject to a referendum by the people of Bougainville. Nevertheless, the Autonomous Bougainville Government which is a joint creation of the Bougainville people and the Papua New Guinea government, should be involved in all talks regarding such a delicate issue. Mr Siparu said while he can appreciate the position the ABG is in, in terms of cash for its operations and to provide basic services, he does not believe that they are ready as yet to allow mining in Bougainville to resume.

“Firstly, the ABG does not have the capacity to manage the impact of such a large industry which extracts minerals from under the soil at a significant cost in terms of environmental damage and permanent change to the landscape which will have a negative impact on the lives of the people who rely on the land for their livelihood,” he said. “The people of Bougainville will be marginalised if the mine is re-opened. Experience with other mines in the country show many of the spinoffs from the mine usually go to well established overseas companies that have the capacity to provide products and services to the mining operations. “Lack of significant and direct participation by local companies and the people of Bougainville can lead to problems that may re-open old wounds.”

Mr Siparu believes that businesses in Bougainville can however provide jobs and taxes to develop the region much the same way as mining companies can but without putting too much strain on the environment and the lifestyle of the people. Mining companies extract non-renewable resources and are here for a limited period of time, after which they leave when all our resources are taken out of our land. “Local businesses are here to stay and continue to provide taxes, create employment and create wealth long after mining companies have packed up and left, leaving a landscape which is permanently changed,” he said.

Bougainville Landowner Leader Beds with Chinese Multinational PNG Mine Watch 13.8.2013

As the old saying goes, there are two certainties in life, death and taxes. We can now add a third, Lawrence Daveona’s terrible judgement. Over the last few years the struggling Chairman of the Panguna Mine Affected Landowners Association (PMALA), has got into bed with a veritable rogue’s gallery of spivs and multinational predators – all this, we are told, is done by Lawrence to help Bougainvillean landowners ... what does Daveona do to those he wants to hurt! On PNGExposed bank reconciliation statements revealed that Daveona accepted money from Rio Tinto lobbyist Axel Sturm. Based in a foreign tax haven, the German born Sturm is the largest individual shareholder at Bougainville Copper Limited. Daveona – the man mandated to defend landowning communities – felt there was no conflict of interest, taking money from a lobbyist with a huge stake in the company getting the best deal possible from landowners. And what did Daveona do for Sturm – PNG Industry News reports: “[Sturm] told PNGIndustryNews that Daveona might have received a total of 4000 euros (\$A5710) over various payments and in exchange, ESBC received ‘some information’ that was more difficult to gain access to at the time’. In short Daveona was acting as a double-agent – providing the enemy with difficult to access information on landowning communities. A conflict of interest here? Daveona says no!

Indeed, Daveona told PNG Exposed he worked at the Ombudsman Commission, HE KNOWS what a conflict of interest is, and these payments were entirely legitimate. Were we to doubt his authority on this matter, several lines later Daveona emphatically answers allegations of corruption – made when he worked as a Parliamentary Deputy Clerk – by admitting, yes he supplied police with “grog, 2 laptops and a new Vehicle with fuel” in return for conducting a fraud investigation ... what’s wrong with that?! Ah lets see what the national court says. In the end – surprise surprise – Sturm and Daveona fell out. Sturm told PNG Mine Watch. “It is true that for many years the ESBC sup-

ported Mr. Daveona's efforts to resume mining by BCL. Unfortunately I had to stop funding Mr. Daveona because of his increasing inappropriate behaviour towards Bougainville's President, Dr. John Momis and myself [sic]. Sadly there was no more sustainable cooperation possible for the benefit of Bougainvilleans. Today, quite obviously, Mr. Daveona follows his very own agenda and private interest which is proved by his recent statements. He does not have any regard for the people of Bougainville or even the Panguna landowner's future".

Poor Lawrence.

But not to be outdone it appears Daveona has found an even more dubious outfit to wed landowning communities to – whether they like it or not – the Chinese multinational China Great Wall Industry Corporation (GWIC). According to the Post-Courier, Daveona has signed a Memorandum of Understanding with GWIC. According to reports on Facebook Daveona and his executive colleagues were pissed – “[they were] drunk all night through to day break, at the meeting with the Chinese and the MP for Central Bougainville, a few rough ones misbehaved at the Lynchar guesthouse, paid from the public purse by the MP for Central Bougainville”. Foreign carpetbaggers getting the locals drunk so they sign contracts, that puts the neo back in colonial. And GWIC has a very colourful past – some of its achievements include breaking UN sanctions on Iran, and engaging in espionage in the US. Even Prime Minister O’Neil worked out something was not quite right with these guys when they came sniffing at his door. The Australian writes: “O’Neill’s request for a review [of a MOU signed by his Minister with GWIC] follows concerns raised in the US congress and a corruption case in Singapore”.

But what does O’Neill know, Daveona is a much more cunning character! The Post-Courier tells us that GWIC has been anxiously waiting ten years to come to Bougainville and help the people; they just couldn’t wait any longer! Because that, of course, is what multinationals do, wait around, thinking up ways to help people. And what exactly is it that this charitable multinational weapons manufacturer wants to do on Bougainville – make profit you ask? No no no, they have come to help teach Bougainvilleans ‘world class’ techniques for mine waste disposal. This is quite a change in occupation; who would have thought that when not engaged in espionage, sanction-breaking and missile manufacturing that GWIC would go around the world helping indigenous landowners protect their environments. On the Bougainville Forum a few misguided individuals have suggested – god forbid – that perhaps this Chinese player is planning to buy Rio Tinto out. What evidence do these cranks have? Ahh GWIC do it regularly in other countries, ahh China is a growing industrial power hungry as hell for resources, ahhh China has earmarked PNG as a country ripe for looting – i.e it has corrupt leaders, a toothless media, and a demoralised, divided population, just perfect!

But what do we know – Daveona no doubt has a cunning plan! For a century big-money and multinationals have gone around the world looting and pillaging, not once has anyone brought them to heel through superior commercial acumen – which is not to say indigenous people have not successfully employed other means. But that’s because they have never before come up against Lawrence Daveona – the man who wines and dines with Axel Sturm, plies beer to police and allegedly signs MOUs after a night out on the grog with his colleagues. Watch out China, watch out Rio Tinto, Daveona has your number and is about to squeeze you so mercilessly that your billions of dollars showers upon the people of Bougainville; soon the multinationals will leave Bougainville rueing the day they crossed swords with Lawrence Daveona!! And shortly after flying pigs will do a military style salute overhead.

Fiji: Investment Agreement for US\$ 40 million financing of the Vatukoula Gold Mine
Vatukoula Gold Mines, 4-traders, 12 August 2013

Vatukoula Gold Mines plc, the AIM listed gold producer focused on Fiji, is pleased to announce that the Company has entered into an investment agreement with Zhongrun International Mining

Co. Ltd ("Zhongrun") for Zhongrun to provide US\$ 40 million of funding to implement the production growth strategy and capital investment plan at the Vatukoula Gold Mine ("Investment Agreement"). Under the Investment Agreement the funding will be provided in two tranches of approximately US\$ 20 million each. The first tranche will be provided by the issue by the Company of 188,897,000 new ordinary shares at a subscription price of 6.89 pence per share ("Equity Funding"). This will raise gross proceeds of approximately £13 million. The second tranche will be provided by Zhongrun subscribing for US\$ 20 million of secured loan notes ("Loan Notes").

The Equity Funding will be subject to shareholder approval at General Meeting to be convened shortly and to be held in early September. The Company has obtained irrevocable undertakings from approximately 51% of its shareholders to vote in favour of the Equity Funding. Subject to shareholder approval it is expected that the Equity Funding will be completed by the 10th September 2013 when the new ordinary shares will be admitted to AIM. Once these shares are issued they will represent approximately 55% of the enlarged share capital of the Company. Zhongrun currently holds 37,800,000 ordinary shares in the Company and following the completion of the Equity Funding will hold 226,697,000 ordinary shares, representing approximately 66% of the enlarged share capital of the Company.

The Debt Funding is conditional on the completion of the Equity Funding and the Loan Notes will carry an interest rate of 13% per annum and be for a term of six years. During the first three years the Company will not make any payments of interest (which will continue to accrue) or repayments of the principle. Following the initial period of the three years the Loan Notes will be repaid over the remaining term of three years. The Investment Agreement provides for the subscription for the Loan Notes in early December 2013. The Investment Agreement is also subject to approval by the shareholders of Zhongrun's ultimate holding company, Zhongrun Resources Investment Corp ("ZRIC"). Irrevocable undertakings have been given by certain of ZRIC's shareholders to vote in favour of the transaction in respect of a total of approximately 47% of its share capital.

ZRIC require 50% of its shareholders to vote in favour to approve the transaction. As a result of the size of Zhongrun's existing shareholding in the Company, the Investment Agreement constitutes a related party transaction under the AIM Rules. The Directors of Vatukoula (with the exception of Yeung Ng, Fengwen Zheng and Ian He who were nominated for appointment by Zhongrun and accordingly did not participate in the Board's deliberations) consider, having consulted with WH Ireland, the Company's nominated adviser, that the terms of transaction are fair and reasonable insofar as the Company's other shareholders are concerned.

David Paxton, CEO of Vatukoula Gold Mines Commented:

"We are delighted to have secured the funding to develop the Vatukoula Gold Mine to its full potential. The funding has come from our largest shareholder which demonstrates the continued confidence they have in the robustness of the Vatukoula Gold Mine. This agreement provides financing support on competitive terms in line with recent financings. The US\$40 million will provide us with the balance sheet flexibility to embark on our capital investment programme early in the coming fiscal year. We look forward to working with Zhongrun as we deliver our Company strategy to grow our production to sustainable and profitable level."

Miners put lives at risk

The National, August 12th, 2013

THOUSANDS of alluvial miners in the Bulolo district are putting their lives at risk by handling mercury without any protection. And efforts by the Mineral Resource Authority to conduct training for locals have been ignored by most people involved in this small-scale mining activity. Villagers

living along the Bulolo River said they had been burning the toxic chemical to extract gold without gloves and face masks. They do it with their bare hands. According to two men, who identified themselves as Thomas Peter and Christopher Amos, they had been doing this for years. Peter was seen pouring the chemical on Amos' bare hands at Pine Point last week. They said they bought the chemical from sellers in the valley and that it was being sold "everywhere". Mineral Resource Authority liaison officer Tenang Maidu said they had conducted courses for small-scale miners at Wau. But only 25% of the participants came from the Wau-Bulolo area while the rest were from other parts of the country.

Maidu said locals firmly believed that they had a better idea of how to look for gold and did not need any training on how to handle such chemicals. He said the urge to make money fast had blinded the villagers to security risks posed by handling mercury and other chemicals without any protection. The internet says "mercury and most of its compounds are extremely toxic and must be handled with care." In cases of spills involving mercury (such as from certain thermometers or fluorescent light bulbs), specific cleaning procedures are used to avoid exposure and contain the spill. "Protocols call for physically merging smaller droplets on hard surfaces, combining them into a single larger pool for easier removal with an eyedropper, or for gently pushing the spill into a disposable container. "Vacuum cleaners and brooms cause greater dispersal of the mercury and should not be used."

Good results for nickel project

Post-Courier 12.8.2013

HIGHLANDS Pacific Limited announced on Friday reports encouraging nickel laterite assay results from a reconnaissance exploration programme on its Sewa Bay tenements on Normanby Island, Milne Bay Province. Sewa Bay is approximately 400 kilometers from Port Moresby, 650 kilometers from Ramu's Basamuk Processing Plant at Madang, and 1,000 kilometers from Townsville, Australia. The nickel laterites encountered at Sewa Bay have similarities to other ocean arc nickel deposits such as Kurumbakari (Ramu project) in PNG and other nickel projects in Philippines, Indonesia and New Caledonia. On Exploration Licence 1761 Esa'ala (Sewa Bay), Highlands Pacific undertook a low cost exploration programme of 20 widely spaced hand auger holes drilled to refusal. Each hole was sampled on one meter intervals for a total of 41 samples. Holes drilled ranged between 0.6 to 3.0 metres in depth, with an average of 2.1 meters per drill hole. Managing Director John Gooding said: "This was a low cost exploration programme that has unearthed some encouraging results. We will sit back now and evaluate how to take this forward. Clearly we have an interest in the Ramu nickel project and the plant there is built and operating. However the Kurumbakari deposit is somewhat landlocked and specific for Ramu, whilst Sewa Bay's proximity to the sea could make for an export or shipping opportunity. The first step though is to further evaluate the options for advancing exploration which could potentially be with a partner."

Bougainville Government Will Reject Panguna Mine Agreement

Momis: MOU between Landowners, Chinese company 'act of bad faith'

By Todagia Kelola

PORT MORESBY, Papua New Guinea (PNG Post-Courier, August 12, 2013) – The Bougainville Autonomous Government will reject an agreement that was recently signed between Panguna landowners and a Chinese firm, says ABG President John Momis. The Panguna Mine Affected Landowners Association and the Beijing Aerospace Great Wall Mineral Investment Ltd signed an MOU last week to vet the involvement of the latter in negotiations relating to the reopening of the defunct Panguna mine, especially on mine waste management. However, Mr Momis says the agreement was "an act of bad faith" as it was not done in consultation with the landowners, the ABG, Bou-

gainville Copper Limited and the Papua New Guinea National Government. The four make up the membership of the ABG's Joint Coordinating Committee which makes all decisions relating to the mine.

"If the ABG or BCL made a decision on their own to get an unknown company to work on an important aspect of the Panguna project, the landowners would be very angry. The four parties in the JCC are a partnership. "All decisions about preparations for the negotiations must be made jointly, through the JCC. If any one party acts on their own, it undermines the trust between that party and the other parties. We have all agreed to work together and to respect one another. We must honor that commitment," the ABG president said in a statement over the weekend. The signing in Buka last week was facilitated by the PMALA chairman Lawrence Daveona and Jimmy Miringtoro, the Communications Minister in the O'Neill Government and the Central Bougainville MP in the PNG National Parliament.

But the deal with the Chinese firm is already raising eyebrows within the autonomous region and appears to have caught both the ABG and the PNG National Government by surprise. The decision by the landowners to unilaterally strike the deal compelled Mr Momis to emphasize all Bougainvilleans were affected by the 20-year Bougainville conflict and not just the landowners. "All Bougainvilleans were affected by Panguna, both when it operated and as a result of the Bougainville crisis which started because of Panguna." Mr Momis said the ABG rejected the agreement and if landowners wanted the Chinese company involved they should bring it to the JCC for its consideration.

Ok Tedi Mining welcomes first vessel

Post-Courier 12.8.2013

OK Tedi Mining Limited (OTML) welcomed the first of its four new shipping vessels, the MV Fly Alliance in Kiunga, Western Province last Tuesday morning. OTML Managing Director and CEO Nigel Parker, who officially welcomed the Fly Alliance in a ceremony at the Kiunga wharf, described the vessel as a great turning event for the company and a new era in its logistics department, as the company moves forward to owning its own fleet of vessels. "We are entering a new era and this beautiful vessel is marking our transition towards that in a very physical way," said Mr Parker. "On behalf of the company and all our employees and all our stakeholders, I welcome this vessel, the Fly Alliance into our fleet." "It is our first, into our own fleet so I welcome her here into Kiunga where I know we all will look after her and appreciate her. Mr Parker added that with the mine life extension transiting from January 1 next year, OTML is moving towards becoming a fully owned state enterprise for the benefit of the country.

"I think it's a tremendous opportunity for all of us that we move in this direction and this vessel is first of the four that we currently have under the contract with VShips," he said. Acting General Manager Commercial, Ben George, said the vessel cost approximately 20 million in Singaporean dollars. Mr George said the vessel's contract was signed on 30th December 2011 with the foundation laid on the 7th of May 2012 and delivery in Singapore on the 26th of June this year. When giving the specifics of the vessel, Mr George said the vessel has an overall length of 92m, draft of 4.3m and a capacity of 236 Twenty Foot Equivalent Units (TEUs) with up to 16 reefers and 80 TEUs of ammonium nitrate at an average weight of 12 tonnes. "(The vessel) has a dead weight of 3650 tonnes and can carry up to 3000 tonnes of copper concentrate and cruising speed of 11 knots with a ships compliment of 16 crew," said Mr George.

He added the Fly Alliance is powered by two caterpillar engines each producing 1650 horse power and has a bow thruster for enhanced maneuverability. "The vessel also has two liebherr 30 tonne cranes to service four cargo holds. They are certified for unlimited international trade and will operate to and from Australia," he said. Also present at the welcome ceremony at the Kiunga Wharf

were Mrs Parker, Musje Werror, General Manager Employee and External Relations, Aihi Areni, Manager Kiunga Operations and his staff, Captain Karo Yama, Team Co-ordinator Shipping and representatives from V Ships Limited. Following the welcome ceremony, Mr Parker and the rest of the party were given a tour of the vessel by Captain Phillip Jambavi. Some of the areas toured were the vessel's dining facilities, engine room, wheel house, deck and container storage area. The OTML's vessel was designed by Shiptech PTE LTD and built by Keppel Singmarine. VShips Papua New Guinea Limited will manage the vessel.

Newcrest Swings to Loss

Mining Firm Hit by Writedowns Over Slide in Price of Gold

BY RHIANNON HOYLE, Wall Street Journal, 11.8. 2013

SYDNEY—Newcrest Mining Ltd. reported the biggest annual loss in its history, after a sharp fall in the price of gold forced it to write down the value of its mines and investments by 6.23 billion Australian dollars (US\$5.73 billion). Melbourne-based Newcrest also scrapped its final dividend as it looked to conserve cash at a time when mining costs are rising and investors are losing faith in gold as a so-called safe-haven asset, especially after the U.S. Federal Reserve signaled it could start to wind down its fiscal stimulus as soon as next month. Newcrest, which owns mines in Australia, Papua New Guinea, Indonesia and Ivory Coast, reported a net loss of A\$5.78 billion for the year through June compared with a profit of A\$1.12 billion a year earlier. On an underlying basis, which strips out one-off items like impairment charges against assets, profits of A\$451 million were ahead of the A\$434.6 million median of six analysts' forecasts compiled by The Wall Street Journal.

Once the darlings of stock markets around the world, gold miners have been driven on to the back foot by a 20% slump in the price of the precious metal since the start of the year. The sudden halt to a decadelong bull-run in the gold market has led many mining companies to slash spending, close mines, lay off workers and scale back executive pay. "Newcrest's financial results reflect a substantially different operating environment to the prior year," Chief Executive Greg Robinson said. Driving this shift is a change in mood among investors toward risky assets. With the developed world appearing on the cusp of a recovery, many investors are seeking higher returns from currencies or equities that they had previously shunned when Europe was struggling to get on top of the debt woes and the U.S. was loosening monetary policy. Newcrest is the world's fourth-largest gold miner by market value behind Goldcorp Inc., Barrick Gold Corp. and Newmont Mining Corp. It is the largest in Australia, where total production of the precious metal is only outpaced in volume terms by China. In addition to falling prices, Newcrest's earnings were hit by disruptions at several of its mines. Annual gold production fell 8% to 2.11 million troy ounces.

Lihir in Papua New Guinea--where Newcrest has been mining lower-grade ore--was disrupted by an electrical fault at an oxygen plant, and separately by a dispute with a group of local landowners. At Gosowong, one of the company's mines in Indonesia, heavy rain hurt efforts to target thicker seams of gold. Newcrest said it expects to produce 2.0 million-2.3 million ounces of gold in the current fiscal year, and 75,000-85,000 metric tons of copper. The Lihir mine--acquired through Newcrest's A\$9.5 billion takeover of Australia-listed rival Lihir Gold Ltd. in 2010--accounted for more than half of the company's writedowns. Impairment charges were also taken against three other mines, along with its 33% stake in Evolution Mining Ltd. Other miners, including Rio Tinto PLC, have also taken impairment charges on assets bought when commodity prices peaked. Evolution Mining and gold-and-copper producer OZ Minerals Ltd. last month warned of a combined hit to their bottom lines of up to A\$640 million. Each blamed the looming writedowns on sharp falls in prices of commodities like gold--Australia's third-biggest export. Newcrest didn't say when it was likely to reinstate its dividend. It is continuing to focus on slashing costs, targeting a 20% cut in

spending on exploring for gold deposits and early work on new mining projects. The company has also axed hundreds of workers and closed one of its Australian offices.

Deep sea mining to transform Cook Islands' economy

Post-Courier 9.8.2013

Deep sea mining has the potential to transform the economy of the Cook Islands, an official of the South Pacific country says. A report in the British newspaper The Guardian Monday cites a geological survey by Imperial College marine geochemist David Cronan estimating the 772,204-square-mile exclusive economic zone of the Cook Islands contains 10 billion tons of manganese nodules rich in manganese, nickel, copper, cobalt and rare earth minerals typically used in electronics. With a population of 14,000 and an annual per-capita income estimated by the United Nations at just \$12,200, mining the minerals "has the potential to basically transform our economy hugely, significantly with just the value of the resources sitting on the sea floor," Mark Brown, the Cook Islands' finance minister, told The Guardian. "We still have a jump to make the move from developing nation status to a developed nation status," Brown said of the archipelago of 15 small islands between New Zealand and Hawaii. "The seabed mining industry provides that potential for us." While mining is not likely to begin for five years, Brown said talks are under way with major mining companies and other nations regarding licensing deals, with the first tenders due to be granted before June 2014. The Cook Islands would expect "stakes in (mining) companies for free" in return for their "rights to exploit our resources," he said. "We are here to meet the new players," Brown said last week at the Deep Sea Mining Summit in London. SOURCE: UPI/ PACNEWS

Bougainville: ABG unhappy with agreement

Post-Courier 9.8.2013

By WINTERFORD TOREAS

THE signing of a memorandum of understanding between the Panguna Mine Affected Landowners Association (PMALA) and a Chinese company, Beijing Aerospace Great Wall Mineral Investment Ltd, in Buka last week has not gone down well with many Bougainvilleans. This signing, which was facilitated by the Central Bougainville MP Jimmy Miringtoro and other key personnel in the landowners group without the Autonomous Bougainville Government's knowledge has already drawn a lot of criticisms from people. One of those who had openly expressed his disappointment by criticising this move taken by the landowners is the Minister for Mining in the Autonomous Bougainville Government Michael Oni. According to a text message sent by the Mining Minister to the PMALA Chairman Lawrence Daveona, Mr Oni said he was very disappointed with the approach taken by the Communications Minister Jimmy Miringtoro. He said though PMALA had an open door policy for negotiating the Panguna mine, the approach taken by Mr Miringtoro was not accepted.

"Yes, PMALA has an open door policy for negotiating the Panguna mine. But I am very disappointed with the approach the National Minister has hijacked the parties into signing the MoU on Panguna mine without even informing the ABG of the new initiatives PMALA was taking," Mr Oni said. "This is a clear sign of the Bougainville National MPs disrespect for ABG. It's simply a divide and rule tactic." Mr Oni, who is also the ABG member for Ioro constituency in Panguna District, is now calling on Mr Miringtoro and PMALA to tell Bougainvilleans their motives, processes and strategies to resolve the Panguna and Bougainville issue. "Mr Miringtoro and PMALA must come out and explain to the ABG and the 300,000 people in Bougainville their motives, processes and strategies to resolve Panguna and Bougainville issue towards preparing Bougainville for the referendum for independence." He said this signing which was "facilitated by the Communications Minister Miringtoro is not for the benefit of PMALA and the people of Bougainville". Former fac-

tional commander from the Torokina District of South Bougainville, Albert Magoi has also expressed similar sentiments.

Forum addresses Panguna issue

Post-Courier 9.8.2013

HUTJENA Secondary School hall was packed to capacity when the Autonomous Bougainville Government (ABG) and ex-combatants gathered for a Mining Forum last Friday in Buka. The ex-combatants travelled from North, Central and South Bougainville and were led by Sam Kaona, Albert Magoi, Ishmael Toroama, Thomas Kereri and others. The forum allowed the government to come out with its position on the planning process towards reopening the Panguna Mine. During the forum the government thoroughly spelt out what they — the landowners, ex-combatants and Bougainville Copper Ltd (BCL) — needed to do before reopening the Panguna mine. A proposed negotiation structure for ABG and landowners as well as the BCL estimated time frame were discussed at the forum. The proposed negotiation structure consists of the final approval for negotiating positions and for agreements by members of individual landowners associations, the Bougainville Executive Council and Bougainville Parliament. The forum clearly indicated how the Bougainville Executive Council will be set up to direct all negotiations. It will represent everyone including the landowners, ex-combatants, ABG and all Bougainvilleans.

The forum also pointed out that according to BCL's 'estimated timeline', negotiations will start at the end of this year (2013) and continue into 2014 while pre-feasibility studies will begin in 2016. Actual feasibility studies will commence in 2017 followed by the construction hopefully in 2020. It was revealed that BCL will have to gather a lot of information and perform a lot of studies in order for it to decide if it is worth while coming back to reopen the mine. In an interview with Post-Courier in regards to the proposed BCL timeline, former militant commander and now Principal Commander of UBS Security Service in Buka, Albert Magoi, said the timeline is too stretched. He said feasibility studies should be brought back to 2014 and production to begin in 2015. Mr Magoi wants Panguna Mine to open and go into production one or two years before Bougainville goes into referendum and independence. He said the referendum needed money before anything could happen. Mr Magoi also urged the ABG to quickly finalise the mining draft policy and have it put out for discussion. He said this policy will protect the indigenous rights of Bougainvilleans as well as give them maximum benefit when the mine is back in operation.

Deep-sea mining firms up standards as Nautilus 'turns corner'

By Simon Rees, Mining Weekly, 8th August 2013

TORONTO (miningweekly.com) – Nautilus Minerals has faced some tough times over the past 12 months, its difficulties mainly related to a commercial dispute between the company and the government of Papua New Guinea (PNG) that arose in June 2012. The disagreement's knock-on effects weighed on the development of Nautilus' flagship Solwara 1 deep sea mining project in PNG territorial waters, although the company believes it is now back on track as it seeks an amicable resolution or a favourable ruling through an arbitration hearing set to convene on August 26. "I think we've turned the corner," Nautilus Minerals interim president and CEO Michael Johnston told *Mining Weekly Online*. "We've been in discussions with the government, aiming to address the commercial issues that form the dispute's basis ... there's a desire on both sides to get this wrapped up." "I've consistently told people that the dispute was always about commercial issues, the biggest one concerning background intellectual property. I believe we now have that resolved," he added.

The Solwara 1 project seeks to exploit seafloor massive sulphides (SMS) that form an ore body close to vents at depths of 1 600 m. The high-grade mineralisation has been brought up by site's hydro-

thermal plumes and then deposited on the nearby seabed. Mining will entail the use of underwater vehicles to cut and crush ore that is then fed as slurry into a pump and lifted to a surface vessel. Here the ore will be disaggregated from the deep-sea water, with output then transferred onto a neighbouring vessel for transport to PNG and further processing. Solwara 1's resource offers an inkling into the wider potential of SMS deposits. Effective November 25, 2011, and at a cut-off grade of 2.6% copper, the project had 1.03-million tonnes grading 7.2% copper and 5 g/t gold for 74 160 t copper and 165 600 oz gold indicated. Inferred material contained 124 740 t copper and 316 900 oz gold.

DEEPER THINKING

As Nautilus progresses Solwara 1 and several other projects, concern in some quarters has been raised about deep-sea mining and its potential effect on the environment. Some of the most vocal opposition has come from nongovernment organisations (NGOs), although Johnston argued that much of the information published is often misinformed or simply wrong. "There's a lot of stuff put in the press by NGOs and anti-mining bodies with a lot of erroneous facts. Some of it is very poorly done," he said. Environmental considerations were of the utmost importance for the company, he stressed. "Solwara 1 is probably one of the most studied pieces of planet's deep ocean. It's had something like 36 scientific papers written on it," he added. Deep-sea ecosystems are important because they are unique; they have evolved at great depths and use the sulphur carried within the hydrothermal water as an energy source.

"We also know there are species able to survive at 100°C that live near the vents. They are important for those seeking to understand the limits of life at high temperature," senior scientist geology and geophysics at the Woods Hole Oceanographic Institute Maurice Tivey told *Mining Weekly Online*. Tivey then emphasised the importance of disposing any water disaggregated from the ore back to its original source. Further, water in the immediate proximity of vent sites must be treated with utmost caution due to its acidic qualities. Johnston concurred, adding that Nautilus not only models countless variables but also seeks advice from the world's most qualified people. "We'll also have researchers present at every stage of operation," he said. Disaggregated water will be returned using the project's pumping system. "[And] we won't be engaging with water that comes directly out of the vent," he said. "It's important to note that deep sea water is uniform at 2.6°C with a pH value of 8.2. This is the case to within half a metre of a vent site."

GETTING IT RIGHT

Nautilus is following best practice. However, there are fears that other companies might not be as diligent. "It's always a concern and that's where NGO consultation, public policy and government policy is required," Johnston said. There is also a worry that developing nations will be unable to afford effective monitoring of deep-sea mining operations. One solution might be to pool resources between nations. "The grouping of sovereign nations to monitor deep-sea mining may be the way forward. For example, there's a group called Sopac that represents about 15 southern Pacific countries that is pulling together," Norton Rose Fulbright QC Wylie Spicer told *Mining Weekly Online*. Spicer has over 35 years' experience in the shipping and offshore oil and gas industry. He also specialises in deep-sea mining law. "Sopac has already released proposals regarding the regulation of contractors and the group's constituent nations," he added. One key player in constructing a framework for environmental best practice will be the International Seabed Authority (ISA), a supranational body established by the Law of the Sea Convention.

The ISA has the authority to award exploration and exploitation leases for deep-sea mining in international waters. "They are adamant about best environmental practices with respect to all kinds of activities and they are backed by various international agreements and binding conventions," Spicer said. "At the start of 2013, the ISA released a study providing recommendations for exploitation. One of the study's central platforms related to environmental regulation." But Tivey is uncertain

how the ISA will successfully monitor compliance and reclamation work. “On land, one can simply visit a site to make sure reclamation is being done. Checking the deep sea sites is another matter entirely,” he said. “[And] while they can put rules in place, there’s still debate about who will do the monitoring,” he added. “Most likely the companies will be required to do so, although it would be best practice to have an independent body or an independent contractor that has no conflict of interest and is able to assess the situation. Hopefully something like that will be put in place instead.” Deep-sea mining may also lead to an international royalties or a revenue-raising system. “At some stage there will be a functioning deep-sea mining industry with some of the profit, whether you call it a royalty or a tax, going to the ISA. The authority will then be responsible for the distribution of this sum to other countries in the world,” Spicer said.

“This fits in with the notion that all mankind should share in the wealth accrued by exploiting minerals from the ocean floor in international waters. But how they set up an equitable mechanism for payment to all countries will be an immense challenge,” he added. When considering the benefits to mankind, proponents of deep-sea mining argue it also affords a partial solution to offsetting the interruption and impact caused by surface operations. Questions about how, where and to what extent traditional mining should take place will undoubtedly intensify as the global population continues to climb. “It’s getting harder to develop mines on land and there are fewer places left on the planet where you can establish a mine without affecting people,” Johnston said. Nonetheless, it is critical that marine ecosystems are afforded equal respect to those on land. In this regard, binding frameworks for deep-sea mining, environmental best practice and monitoring should be formally codified sooner rather than later. By striking the right balance now, future mineral rewards from the deep will be both great and good.

Bougainville: Philip Miriori on Panguna mine

Mekamui, Mekamui News, via PNG Mining Mine Watch, 8.8.2013

On the 6th of August I went up to Panguna to do an interview with the President of Meekamui Government Of Unity President Philip Miriori, after his Finance Minister contacted Mekamui News to run an interview on the hot topic that is going on in Bougainville the reopening of Panguna mine. President Philip Miriori started by telling Mekamui News that here in Panguna we are cleaning up the place from the mess that is left behind by BCL, so whoever comes to visit will be happy and breath fresh air. I asked him what is Meekamui Government Of Unity’s stand on the issue of reopening the mine? He replied with a smile and said: “Our position is loud and clear: Panguna mine will not reopen; the people will decide about the future of the mine, but after Independence not now.” “When the leaders are saying that the referendum and independence will be possible with the reopening of the mine that is wrong, Independence is the choice of the people and in Bougainville we paid off with blood and it must come without mining.” When you say no to mining is there any other alternatives for ABG to bank on for the much-needed funds? “ABG must talk about diversifying economy, there is tourism, cocoa, copra and the list goes on.”

There are several players talking about the mine issue, ABG, EX-COMBATANTS, LANDOWNERS WITH Lawrence Daveona, BCL and the Meekamui, if any of the above sign a MOU or an Agreement will you join in the negotiation? “Meekamui Government Of Unity will not join any negotiation for the reopening of the mine; we suffer because of this mine, the air that we breathe was poisoned, the water we drink is full of chemicals and our food was not good during those days. BCL has left us with a big mess, division, separated families, our sacred sites were destroyed etc. When the leaders and people are talking about reopening the mine they must take into consideration that squatter’s settlements will be created and many Bougainvilleans will have no job. More destruction to my land and environment, there is that freedom and peace now that we enjoy today after the mine has closed down. In the future if you want to reopen the mine would you invite back Rio

Tinto BCL? BCL has a bad record on human rights violations here so we don't want BCL back again, there are better companies outside." After Independence will you talk about reopening the mine? "Yes, because it's our own Government and whatever comes out of mining will float onto the island, right now if we reopen it somebody else will benefit and get rich." On the 24th of July there was a big ceremony and a signing of memorandum of understanding between the three top Commanders is that what leads to the reopening of the mine and lifting of the checkpoint?

"There is a misunderstanding among the people and the wider community about the signing of the MOU, it's not for the reopening of the mine but the people will have safe passage on Bougainville." The court case in the US has been ruled in favour of Rio Tinto and dismissed, what's your take on that? "When we see the story on the newspaper together with many people on Bougainville, we are not happy. Compensation is the biggest issue on Bougainville so when there is no compensation and you talk about any big mining on Bougainville it's going to be a big NO." In the mainstream media they are saying that the majority wants the mine reopened after the forums held so far, if so do you think another bloodshed is likely? "The situation on Bougainville will go back to square one if they are talking about BCL coming back. You will accept all the problems like that, here in Panguna we will stand our ground whoever wants to reopen the mine must kill us first before he can reopening the mine." President Miriori ended the interview by saying: "In my lifetime I don't want to see Rio Tinto BCL come back to my homeland."

Mt Kare: Landowners to unite for change

Post-Courier 8.8.2013

Women leader urges landowners to put differences aside for the Mt Kare mine development

A women representative and principal landowner of Mt Kare has urged customary landowners of Mt Kare to unite and allow the Mt Kare mine project to proceed. Ipai Ikime, who is a principal landowner from Eli Aga clan of Mt Kare called on landowners to put their differences aside and support the developer Summit Development Limited of Indochine Mining to start exploration and drilling activities at the mine. She said there have been delayed for too long because of landowner issues and this has to stop. She said her father and other elderly people from the project area negotiated for the gold and silver mine and hope to see the project taking place. "Another contributing factor is that there is a communication breakdown between the landowners and we need to restore communication and support the project developer to start with exploration and drilling at the mine," Mrs Ikime said.

She challenged purported landowners in Port Moresby to return to Mt Kare and identify their land and work with the project developer rather than becoming con-artists and 'paper landowners' at Port Moresby. She also urged landowners to come to a common understanding and work together with the development of the mine for mutual benefit or else it would be a failed project and they would not see any tangible developments taking place. "Mt Kare has a long standing history of customary landowners' dispute and Indochine has taken up a bold step to work together with all factions of customary landowners and we must put our internal differences aside and work together for the project to proceed as scheduled," Mrs Ikime said.

Clash expected among groups

Post-Courier 8.8.2013

By LAWRENCIA PIRPIR

Vice President of the East New Britain Chamber of Commerce James Wong has warned that Papua New Guinea faces imminent clash between groups. And he said this was not going to be black versus white or Papua New Guinean versus Chinese, it is going to be the haves and the have nots. "I'm surprised it hasn't happened already but it will come," he said. Mr Wong spoke on behalf of

the ENB Chamber of Commerce during the one-day Independent Commission Against Corruption consultation at the Gazelle International hotel in Kokopo. He said “..the fact is, with the LNG project and with all these things happening, it hasn’t helped average Papua New Guineans on the ground. The rich get richer awarding contracts to their friends, building contacts and all these things and the people of Papua New Guinea we’re still suffering.”

Mr Wong said PNG had very good line managers in all its line agencies but lack of ongoing strengthening of existing systems and processes had led to a lot of overlap and what we are creating in ICAC is already out there: police prosecution with the Ombudsman Commission and all that. He said it had been frustrating because we haven’t strengthened the capacity of existing systems and continuing governments since independence have purposely diverted funding away from police services and other places, preventing effective service delivery. Mr Wong also noted that even the level of education in primary schools and high schools had dropped.

France Forgives Huge New Caledonia Debt From 1970s

\$385 million debt related to mining industry underwriting

WELLINGTON, New Zealand (Radio New Zealand International, August 7, 2013) – The French government has decided to forgive New Caledonia a debt of US\$385 million dating back to the 1970s. This was disclosed by the French High Commission in Noumea and follows last month’s visit to the territory by French Prime Minister Jean-Marc Ayrault. New Caledonia had contracted this debt through two protocols in 1975 and 1984, under which France underwrote the nickel price to ensure the territory had a minimum level of income from its mining sector. The previous French provision was to arrange a repayment in line with the territory’s ability to pay. The write-off has surprised observers, with one suggesting Mr. Ayrault wanted to follow in the footsteps of two of his predecessors, Michel Rocard and Lionel Jospin, who were signatories of the key autonomy accords of 1988 and 1998.

Lihir mining: Police search for land group members

The National, August 7th, 2013

POLICE are looking for the former and current executives of the Lihir Mining Area Landowners Association. New Guinea Islands acting divisional commander Supt Anthon Billie said the executives were wanted for questioning over the use of millions of kina released under the compensation package from the Lihirgold mine. He said a team of detectives was investigating the release and use of K100 million [US\$ 44 million] from the Lihir Sustainable Development Plan funds between 2007 and 2011. Police are looking for the executives in Port Moresby. Billie said they were also trying to track down those who might have gone overseas or to other parts of PNG.

Indochine Mining Limited Announces Successful Completion of Capital Raising

Sydney, Aug 7, 2013 (ABN Newswire) - Indochine Mining Limited is pleased to announce the successful capital raising of \$3 million via private placement of 38 million new IDC shares at \$0.08 per share with institutional and sophisticated investors. The shares are expected to be allotted on Tuesday, 13 August 2013. The funds will be used for activities in connection with resource extensional drilling at Mt Kare Gold/Silver Project PNG, and working capital.

About Indochine Mining Limited

Indochine Mining Limited (ASX:IDC) is a gold-copper exploration and development company. In

Cambodia, it has the largest mining property holding in a country that has had very limited modern exploration, and is within a region known for world-class gold and copper deposits. In Papua New Guinea (PNG), also known for large gold and copper deposits, Indochine holds an option over a major gold resource at Mt Kare. In Laos, potential exploration areas are being evaluated.

Mt. Kare: MP: Let's go home

The National, August 7th, 2013

By JEFFREY ELAPA

PEOPLE from Mt Kare living in Port Moresby have been urged to return home and support Summit Development Ltd in its exploration work. Summit Development Ltd has been awarded a two-year extension to its exploration licence. Lagaip-Porgera MP Nixon Mangape, who is also a principal landowner of Mt Kare, said the people should acknowledge the Government's support for the operation of the mine and the extension of the exploration licence. Prime Minister Peter O'Neill confirmed in Parliament recently that the Government would grant an extension to a mine exploration license to Summit Development for the exploration of the Mt Kare mine in the Hela and Enga provinces.

He said the people of Mt Kare should benefit from their resources and the Government had decided to grant an extension to the operation and further exploration in the area. "Let's give the opportunity to our people to benefit and participate in the development from the mine," O'Neill said. Mangape said the people must benefit from the mine. He said the company had published its pre-feasibility study report on the project. A landowner investigation report was pending. "The Government's response has been very encouraging, and I thank Prime Minister O'Neill and his government for their support," Mangape said. He said many landowners had been living in the city for a long time and urged them to return home and support the company's operations.

Western Province: Mountain project on hold

The National, August 7th, 2013

By GYNNIE KERO

THE Star Mountains project is still in exploration phase and would take more work before getting anywhere close to doing a feasibility study, Highlands Pacific PNG general manager Ron Gawi says. Gawi said: "We (Highlands Pacific) have suspended all drilling and put the camp at Tifalmin and all our equipment under care and maintenance until such time we are ready to restart drilling there." Highlands Pacific said that given unavoidable delays in drilling at Star Mountains due to unseasonal dry weather and the potential for further logistic delays in weeks ahead, the company believes it is prudent to suspend drilling for the time being. Highlands has a very close working relationship with both Ok Tedi Mine Ltd management and the PNG government. Managing director John Gooding, in a statement, said: "We are genuinely excited about the quality of results achieved so far at Star Mountains and we are hopeful that this new porphyry district in time will produce great benefits for all in PNG. "We will remove the two rigs from site this month and look to develop a new concerted programme for later in 2013.

"Highlands Pacific has been conducting extensive exploration activities in the Star Mountains since 2010 when it drilled the first holes at the Olgal prospect, some 39 years after Kennecott drilled two shallow holes there in 1971." Gooding said the company has invested some US\$27 million into the exploration leases during that time. "It is important that we ensure that we continue to apply our existing cash reserves (in excess of US\$10 million) and other future funding in a structured manner and where appropriate with well positioned strategic partners." "Highlands will continue to support

the people of PNG and the efforts of the O'Neill government to increase and improve infrastructure development by seeking to discover and progress new mineral resource projects in the country. "The company's other ongoing exploration activities and obligations in PNG will continue and the company looks forward to a renewed level of activity in the Star Mountains later in 2013," he added.

Western province: Landowners endorse Stanley plan

The National, August 7th, 2013

THE chairmen of 36 integrated land groups in Western have endorsed the Stanley liquefied natural gas project and are eyeing benefit-sharing negotiations at the development forum. The endorsement has also paved the way for the Stanley Gas Field Landowners Association to represent the petroleum retention licence area (PRL4) of the incorporated land groups (ILGs) during project awareness and consultation, benefit-sharing negotiations and actual project development. Association chairman Rex Aepe told a recent meeting at the Kiunga Vocational School in Western that the engagement of Capacity Development Partners (CDP) and Twivey Lawyers would further boost their position in meeting the requirements of the Oil and Gas Act for community and major infrastructural projects, local participation in business and capacity building and support for women and youth programmes and equity participating interests. "The 36 ILG chairmen have approved a bid to buy back the 22.5% government equity in the project. "The 2% free carry equity will be shared by the pipeline and storage facility landowners, impacted local level and provincial governments.

Ramu land case ends

Post-Courier 7.8.2013

By ROSALYN ALBANI-EL-EVARA

THE special Land Titles Commission (LTC) hearing for the Ramu Nickel has been completed and a declaration as to who the landowners are, is now imminent. This is from the Provincial Mines Director John Bivi. Mr Bivi said the hearing had been completed following the site visit to Kurumbukari in the Usino-Bundi District. He said the site visit was a mandatory requirement in the exercise but one in which the Commissioner George Minjihau and his team had had difficulties in trying to complete on time due to funding constraints. However, he said this was made possible, thanks to funding support of K50,000 from the Madang Provincial Government. He said the commission was now in the process of writing its decision and once this was completed the declaration would be made. Mr Bivi said it had been a long wait for all parties involved and commended the officials both past and especially present for their efforts in bringing to closure this end of the business. "It has taken almost six years - two years under the present commissioner and his team who have been under immense pressure to get this exercise done. I would like to sincerely thank them for their efforts," Mr Bivi said.

Meanwhile, Mr Bivi stressed that until the declaration had been made authorities would not be entertaining any claims for land use payments. He said this had to be made clear as there was some misconception that declarations had already been made. He revealed that these powers would be vested only in the LTC and by the appointed commissioner and no other persons. Mr Bivi said this had to be made known because the administration was aware that an officer within Ramu NiCo Management (MCC) Limited (named) had been dishing out letters with names of persons, claiming them to be duly recognised as principal landowners. "This officer has been giving misconceptions. No decision has been made yet on this matter. The declarations will be made public and all concerned will be notified," he said. He said the matter was a serious one, adding that already a meeting was being planned in which the officer concerned would also be summoned to explain his ac-

tions. “The meeting will be with the commissioner, Madang government and MCC and members of the Nokomboi clan. The officer will have to explain his actions,” he said.

Mr Bivi said while a declaration had yet to be made, all funds for Land Use Payments were being held in a trust account in the bank. The Madang Provincial Government would also be a signatory while the other signatories would be MCC and the State, he said. “No claims for land use will be entertained until the declaration has been made and to only the duly recognised landowners. “I am appealing to all to respect the work of the land court as they have been appointed by Government to get the job done and properly so that everyone will be happy. “If there are any are aggrieved then the place for them to raise that would be in the courts,” he stated. The land under dispute is where one of Papua New Guinea’s largest mines is located.

New Zealand: Risks of sea floor mining plan too great

By Eric Barratt, New Zealand Herald, Aug 6, 2013

Proposal to extract phosphate from Chatham Islands seabed could destroy vital fishery, writes Eric Barratt.



Scientists believe that the Chatham Rise is New Zealand's only known juvenile hoki nursery. Photo / APN

What's good for the environment is good for business. Those of us in the fishing industry know that better than anyone. Without enough fish, we wouldn't have an industry. Our success depends on our ability to grow our business while protecting the source of that growth. Last year hoki fishing made \$195 million in export earnings. I'm proud of the value that adds to the New Zealand economy, and the number of local jobs it reflects. Development is good for New Zealand. I'm not anti-mining. But I am deeply concerned about a proposal before the courts to mine the protected seabed of the deep waters off the Chatham Islands. Chatham Rock Phosphate are lodging a proposal with the Environment Protection Authority this week to mine for phosphate (for use in fertilisers) by vacuuming up large tracts of the Chatham Rise seabed, extracting the phosphate and returning the debris to the sea.

Scientists believe the Chatham Rise is the location of the only known juvenile nursery for hoki in New Zealand. It seems that all young hoki migrate from the spawning grounds (off the West Coast of the South Island and the Cook Strait) to the Chatham Rise. Once the fish are bigger, they migrate off again to other areas. Interfering with this nursery could devastate the entire hoki fishery and cost the country millions of dollars. We simply don't know enough to allow this to happen. Not only that, seabed mining at this depth has never been done before. Risking an entire fishing industry to experiment with untested techniques and for limited economic gains makes no sense. Imagine finding out in 10 years' time that we'd decimated the hoki stocks? Chatham Rock Phosphate agree that

everything in the direct line of the drills will be killed. What no one knows is the long-term effect of dumping the dirty cloud of debris back into the sea after the phosphate has been extracted.

The risk to other fish stocks and marine life is even greater because Chatham Rise is in an underwater "national park" - a Benthic Protection Area (BPA). In 2007 the fishing industry persuaded the Government to "fence off" 1.1 million sq km of our seabeds to prevent any bottom trawling or dredging in these "parks". We protect these areas for a reason. They represent a full range of marine seabed habitats and ecosystems, and protecting this helps us secure a sustainable seafood industry. If you do the maths, the potential damage to the seabed in this "national park" is staggering. The drills will vacuum up the equivalent of a small mountain like Mt Victoria in Wellington every day that the mining vessel is on-site - for 15 years. By the end of that, the Chatham Rise mine site will be 20 times bigger than New Zealand's largest open cast coal mine (the Stockton mine on the West Coast of the South Island) and 250 times bigger than the proposed new Escarpment open cast coal mine on the Denniston Plateau. The area affected would be nearly three times as big as the Auckland Harbour.

Today there are 17 BPAs and 19 protected seamounts within New Zealand's Exclusive Economic Zone. That means 30 per cent of the zone is now protected from dredging and trawling. It makes a mockery of our attempts to protect these seabeds if we are about to allow a mining company to rip them up using untested techniques, with no guarantee that any economic benefits will stay in New Zealand, and no certainty that the fish stocks won't be damaged. And unlike any proposed mining in our national parks on land, this will happen 400m under the sea where we can't scrutinise it. I hope the Environment Protection Authority will see sense and say unless we have better baseline monitoring and research that tells us this is safe, it's not worth risking a New Zealand industry that produces seafood for more than one billion meals each year around the world.

Opposition concerned with OTML takeover bid

The National, August 6th, 2013

By JEFFREY ELAPA

THE opposition is concerned about the imminent takeover of the Ok Tedi mine (OTML) by the Government, according to spokesman Tobias Kulang. The takeover was announced by Prime Minister Peter O'Neill in Tabubil, Western, last week. Kulang said the opposition had suggested that OTML be allowed to continue under its current arrangement, which was delivering for the state and stakeholders. He said OTML had been performing well and the state must ensure it did not destroy it through ill-conceived decisions. Kulang said the welfare of the people, workforce and the substantial amount of support to the state through dividends and taxes were all hanging in the balance. "This is a highly successful mining company with an outstanding track record of operating excellence," he said. "As a result, the mine has posted very good profit over a sustained number of years and has paid handsome dividends to its shareholders, including the state and the people of Western. "The company's success story can be attributed to its very professional and independent board, and the very professional and motivated workforce who enjoy a well-structured and competitive benefit stream. "The imminent takeover of the mine by the state poses a huge threat as it will politicise the board and management as it always does with all state-owned enterprises and other state interests," Kulang said

Ok Tedi: O'Neill accepts union's petition

The National, August 6th, 2013

PRIME Minister Peter O'Neill flew to Tabubil last Friday to receive a petition from the Ok Tedi Mining and Allied Workers Union on their stand through the transition period from OTML Phase 1

to Phase 2. With him were Mining Minister Byron Chan, Middle Fly MP Roy Biyama, Tourism Minister Boka Kondra and Telefomin MP Solan Mirisim. Union vice-president Anthony Tipiso was at Camp Four at Tabubil with the 2,000 skilled national workforce to present the 15-point petition. Some of the key points discussed were the dual pay system where expatriates were paid in foreign currency and local workers paid in kina for the same work. O'Neill assured the workers they would get their benefits. "No employee will lose their benefits ... whatever is legally due to you will be paid before 2014," he said.

Lack of development in Wau, Bulolo a concern

The National, August 6th, 2013

By RIGGO NANGGAN

BULOLO and Wau, in Morobe, have been the haven for "milk and honey" for government and foreign investors for many decades but are still not seeing any tangible developments. This was raised at a public forum organised by the Constitutional and Law Reform Commission and Bulolo district administration last Thursday. The two towns were the pillars of development in Papua New Guinea since the 1930s but were the last in any development today. Many participants raised concerns that Bulolo and Wau were referred to as mining towns and they were, but there is nothing to show for it. "Prices of goods and services are sky high here because our two towns come under the names "mining town" and although it is true that a mining boom is taking place in our district we, the local people are being hit hard and not the mining companies or their employees," a speaker, Bruce Yuka, said. Bulolo district administrator Tae Guambalek had to cut into discussions and explain that the team, lead by the chairman, Tambul-Nebilya MP, Benjamin Poponawa and Gazelle MP Malakai Tabar as Commissioner, was there to gauge ideas and views, especially from the affected communities of the Watut River towards the review of environmental and mining laws relating to management and disposal of tailings.

Included in the team were lawyers, officers from Mineral Resources Authority (MRA) and NGO representatives. Deputy chairman of the Upper Watut River Impact Communities Association Robert Petrus told the forum that many people living along the Watut riverine have encountered problems such as skin rashes and sores, especially on their legs and genital areas. Petrus later handed a copy of a report compiled by the association containing information and photographs of environmental damaged and effects on the people to Poponawa and Tabar. Poponawa said before the forum in Bulolo, they tried to gain access into Hidden Valley but were rejected by the company. The team has visited Porgera, OK Tedi before coming to Bulolo. They will visit Lihir next.

Investment funds to be audited externally

Post-Courier 6.8.2013

The Mineral Resources Authority (MRA) has initiated an external audit of its management and disbursement of Public Investment Program (PIP) funds for mining projects in the country. Under the MRA Act 2005 the MRA is tasked with the responsibility to administer PIP funds relating to development projects such as classrooms and health centers in areas impacted by mining, and host provinces of mining projects in the country. PIP funds are monies allocated by the National Government according to its commitments in the various mining projects Memorandum of Agreements (MoAs). These monies are allocated through the annual general budget allocation. The MRA's initiative is to ensure transparency and accountability in the way the authority "itself" has spent these funds from 2008-2012. To commence the exercise, it (MRA) has put out public advertisements in the print media calling for bids from auditors to carry out the audit.

The audit will cover all PIP projects in all the eight mining projects in the country. The projects are Sinivit, Ok Tedi, Porgera, Lihir, Ramu, Hidden Valley, Tolukuma and Simberi. Acting Managing Director of the MRA Philip Samar said the authority wants to be responsible to the government by carrying out this audit exercise. He said the initiative also fitted in very well with the National Government's overall objectives on transparency and good governance. Mr Samar said the fact that the use and application of PIP funds were not audited in the last five years was an oversight on the part of the MRA and that the authority wanted to set the record straight through the audit initiative. Mr Samar said the findings and recommendations of the audit would be presented to the National Planning and Monitoring Department which is the agency responsible for the planning and use of these funds on behalf of the National Government.

Seabed mining could earn Cook Islands 'tens of billions of dollars'

Tiny nation expects stakes in companies for free in return for rights to exploit its resources, says finance minister. Rupert Neate, *The Guardian*, 5 August 2013



Aitutaki Atoll, part of the Cook Islands, one of the world's poorest countries with a per capita income of £7,945. Photograph: Alamy

The Cook Islands hopes to transform itself into one of the world's richest countries within a decade by sending robots to the sea floor to collect minerals that it believes are worth tens of billions of dollars. Mark Brown, the Cook Islands' finance minister, said mining the minerals on the bottom of the South Pacific could increase gross domestic product a hundredfold. "It has the potential to basically transform our economy hugely significantly with just the value of the resources sitting on the sea floor," he told the *Guardian*. Brown said there is such a supply of minerals at the bottom of the ocean surrounding the Cook Islands – an archipelago of 15 small islands between New Zealand and Hawaii – that it could transform the nation into one of the richest in the world in terms of per-capita income. The UN estimates that the per-capita income of the Cook Islands, which has a population of 14,000, is currently \$12,200 (£7,945). This compares with about \$50,000 in the US and \$40,000 in the UK. "We still have a jump to make the move from developing nation status to a developed nation status," Brown said. "The seabed mining industry provides that potential for us." But environmentalists warn mining could irreparably damage the country's beaches and marine ecosystem.

The Cook Islands – named after Captain Cook, who visited the islands in 1773 and 1777 – were found to have a vast amount of underwater riches in the 1970s, but only recent advances in technology have made mining economically viable. A new geological survey by Imperial College marine geochemist David Cronan estimates that the Cook Islands' 2 million square kilometre exclusive economic zone contains 10bn tonnes of manganese nodules. The nodules, which vary from the size

of a potato to that of a dining table, contain manganese, nickel, copper, cobalt and rare earth minerals used in electronics. The minerals will be mined using robots first developed for underwater warfare and espionage. The technology has already been adapted for underwater oil and gas projects, but has yet to be used for large deep-sea mining projects. Brown said it would be about five years before mining starts. He said he is in talks with some of the world's biggest mining companies and other nations about licensing deals. "We are here to meet the new players," Brown said at the world's first deep-sea mining conference in London last week. "We have had a lot interest from some companies and countries, [but] we certainly won't be jumping into bed with the first person to come along." Talks are under way with the UK, China, Korea, Japan and Norway, and the first tenders are due to be granted before June 2014, he said.

Papua New Guinea has already granted a deep-sea mining licence to Canadian mining firm Nautilus Minerals to extract gold and copper from the seabed, but large-scale mining has yet to start. The Cook Islands government acknowledges that the prospect of largely untested deep-sea mining in some of the world's most pristine tropical waters raises serious environmental concerns. "The Cook Islands already has a very good industry in terms of tourism," said Paul Lynch, the islands' seabed minerals commissioner. "The good, clean, green beaches are not something we want to harm just for the sake of mineral wealth. "We have the only legislation in the world dedicated to deep water minerals," he added. He says the country has introduced legislation to protect the environment and turn half of the country's waters into a marine park.

Greenpeace warns that deep-sea mining "poses a major environmental threat to our oceans, which are already suffering from a number of pressures including overfishing, pollution, and the effects of climate change". Natalie Lowrey, co-ordinator of its deep-sea mining campaign, said: "Serious concerns have also been raised about the potential for heavy metals entering marine food chains with serious consequences for the health of coastal communities." Brown said the Cook Islands – which is self-governing in free association with New Zealand, and whose head of state is the Queen – would expect "stakes in [mining] companies for free" in return for their "rights to exploit our resources". He said the islands would maintain a significant stake in each stage of the mining process from exploration and extraction to refinement and sale. One of the first mining companies to be involved is likely to be UK Seabed Resources, a British subsidiary of US defence and engineering giant Lockheed Martin. Lockheed first collected nodules from the Cook Islands' seabeds in the 1970s. UK Seabed Resources has already been awarded a licence to explore 58,000 square kilometres of Pacific seabed outside of territorial waters. The licence, awarded in March, was granted by the International Seabed Authority, a UN-created body that controls oceans outside of national exclusive economic zones.

David Cameron, who supported UK Seabed Resources' bid, said the seabed mining industry could be the worth £40bn to the UK economy over the next 30 years. "We are involved in a global race where we have to compete with the fast-growing economies of the south and east of the world," the prime minister said. "We want to make sure we get every opportunity out of this." Brown said the potential income for the Cook Islands could be so vast that a sovereign wealth fund would be set up to manage the cash for future generations and provide a safety net if the islands are swamped by rising sea levels as a result of climate change. He is about to embark on a world tour to learn about their sovereign wealth funds. "It's important to learn lessons of the past from other counties that have come into wealth," he said. "To learn lessons from those that have squandered theirs. This is not a renewable resource, you exploit it once, you have the revenue from it once," he said.

Squids in

If mining doesn't work for the Cook Islands, there's always squid. The country is considering creating a new industry centred on fishing for giant squid, following the successful creation of a squid fishing industry on the Japanese island of Okinawa. "We thought to ourselves, if we can find it here

maybe we could do the same, something for our own local market," said William Sokimi, the fisheries development officer of the Secretariat of the Pacific Community, which represents 22 Pacific island countries. A recent small-scale fishing trial caught four diamondback squids and a neon flying squid, the biggest one weighing in at 17kg. "So far, it is looking very promising ... we have now established that giant squid can be caught in the Cook Islands," Sokimi told Radio Australia. He admitted, however, that work needs to be done to convince the locals to eat squid. "We've given out some recipe booklets with about 53 recipes," he said.

Review of mining laws

The National, August 5th, 2013

LAWS governing PNG's mining, mining safety and mineral policy legislations are being reviewed to deal with global competition. A major awareness drive is being planned for the Highlands, Momase and Southern regions from August 13 to 23 for public consultation before the review is finalised. The Department of Mineral Policy and Geohazards Management (DMPG) is reviewing the principal policies and legislations, including the Mining Act 1992, Mining Safety Act 1997 and Mineral Policy. Secretary Shadrach Himata said it would include the development of new mining sector policies to develop a globally competitive mineral policy and legislative framework. He said the review would summarise the evolving trends in the mining industry at both the international and domestic stage, while ensuring a stable regime to encourage progress and development for the state and the people of PNG.

Gulf stance remains

Post-Courier 5.8.2013

Gulf Provincial Government's position on Gulf Liquefied Natural Gas project remains unchanged – that all its gas resources from the Elk and Antelope gas fields at Baimuru must be processed in the province and nowhere else. The Gulf Government maintained its stance on Wednesday after its leaders met with Petroleum and Energy Minister William Duma in Port Moresby. The same message was delivered to InterOil Vice President Isikeli Taureka and his management team in Port Moresby last week. Gulf Governor Havila Kavo, Kikori MP and Minister for Labour and Industrial Relations Mark Maipakai and Kerema MP Richard Mendani stated this to Mr Duma and the State's negotiating team yesterday in Port Moresby. The Gulf leaders said they were adamant that the Gulf LNG processing plant must be developed at Kerema Bay in Gulf Province and that their 'No Pipeline Policy' for the province's gas and oil resources stand. The State was told if Inter Oil/Liquid Niugini Gas Ltd and Exxon Mobil are not prepared to develop the country's second LNG Project then the State must find a new developer.

They said InterOil had failed to honour its commitments to the project and also failed to honour the Memorandum of Agreement it signed with the State in December 2009 by failing to make a Final Investment Decision (FID) by June 24, 2013. InterOil and LNGL were the development partners under the 2009 agreement with the State and Gulf Government to develop the gas reserves. The partners have since brought in Exxon Mobil as a developer. At a joint meeting of the Gulf working committee and the State negotiating team on June 20 – four days before InterOil's FID deadline – the Gulf Province's position was discussed as a non-negotiable position. InterOil has been given 180 days by the State to show cause their interest to develop the gas reserves and they have until the end of the year, if they fail then the State will terminate its MoA and look for a new developer.

Ok Tedi: K10million windfall for 10 villages

The National, August 5th, 2013

THE Mineral Resources Development Company (MRDC) through its subsidiary company Mineral Resources Star Mountains (MRSM) has paid a dividend of K10 million to beneficiaries from 10 villages. The recipients gathered at the Tabubil Golf Club on Saturday to receive their dividends, which represented payments for 2011. The amount will be divided equally among the 10 villages, namely included Bultem, Kavorabip, Migalsim, Migalsimbip, Kumkit, Ankit, Nioksikwi, Ok Tedi Tau, Finalbin and Wangbin. The payment was witnessed by Western Deputy Governor Borok Pitelok, Fubilan Catering Services general manager Paul Povey, the board of MRSM and the senior management of MRDC. MRDC client and administration services manager Imbi Tagune made the presentation to MRSM chairman Bill Menim on behalf of the 10 villages. Tagune said he was happy on behalf of MRSM to make this payment to the people of Ok Tedi and the beneficiaries from Western. He said MRSM was doing well and serving its people in the Ok Tedi area. "The board of MRSM and the leaders from the villages must continue to work together with you the people so that your company MRSM can continue to grow and reap benefits," Tagune said. MRSM chairman Bill Menim thanked Tagune and MRDC for the payment. He said the money would be divided equally among the beneficiary villages and would be invested for the benefit of future generations. The event had given villagers an opportunity to raise some of their concerns concerning their future as beneficiaries from the Ok Tedi mine area.

Prime Minister meets OTML staff

Post-Courier 5.8.2013

PRIME Minister Peter O'Neill flew into the mining township of Tabubil in Western province last Friday to listen to workers' and landowners' grievances. Accompanying the Prime Minister were Mining Minister Byron Chan, Boka Kondra (Culture and Tourism Minister and MP for North Fly), Roy Biyama (MP for Middle Fly), and Solan Mirisim (MP for Telefomin). Upon arrival in Tabubil, the delegation was met at the airport by OTML managing director, Nigel Parker, and provincial government representatives before being taken on a brief drive through the township of Tabubil. As this was the first time for any PNG Prime Minister to visit Tabubil, the drizzly weather did not dampen their spirits as school children, local residents and OTML staff excitedly lined up along the streets to welcome the Prime Minister and his entourage. Mr O'Neill and his entourage met briefly with OTML Mining and Allied Workers' Union representatives at the 'White House' – the OTML company headquarters before proceeding to address the workers and company representatives at the 'Camp Four' bus stop. Mr Parker formally welcomed the Prime Ministerial delegation before Anthony Tipiso, Vice President of the OTML Mining and Allied Workers Union spoke on behalf of the 2,000 plus workforce.

Mr Tipiso said the Prime Minister's visit was very much appreciated as it was the first time for any Prime Minister to visit Ok Tedi and meet with workers and hear their concerns. Among the concerns raised was the welfare of the workers following a recent announcement by government to take back ownership and control of the mine. These concerns were all contained in a petition which was handed over to the Prime Minister. Prime Minister O'Neill responded and reassured the OTML workers that they will be paid out all entitlements due to them prior to the changeover. The crowd applauded to this response from the Prime Minister. He said the government was already aware of many of the issues surrounding the Ok Tedi Mine. However, he said the government will look into the concerns raised by the union representatives, including a request for government to free up land for OTML staff to build permanent homes upon their retirement, when they return to their home provinces. Mr O'Neill also reassured them that the management of the mine will be left as it is and without political interference. After the speeches, the OTML staff presented 'bilum' gifts to the visiting dignitaries.

LNG works winding down

The National, August 2nd, 2013

The PNG LNG project has employed up to 21,000 people, including 9,000 Papua New Guineans, who will start being laid off towards the end of this year as construction work slows down, says Esso Highlands managing director Peter Graham. He said he was immensely proud of the contribution the company had made towards human resource development of PNG. "The workforce has slowly been decreasing, but it will stay pretty much the same size at the plant site to year end this year," Graham said. "And then we start to contract. "The biggest number of people is involved in the early stages, because there's a lot of earth work." Esso Highlands is actively involved with helping nationals look for other opportunities as LNG construction work winds down. "We've been doing some creative work with our Papua New Guinean workforce to help them through the transition," Graham said. "It's helping people understand the assets they have, how they can better manage their lives, to value the assets that they've got. "We've also talked with local employers in town about job opportunities." He said when the project started, it was expected that only 3,500 nationals would be employed, but this had gone beyond all expectations.

LNG: Pipeline security concern

The National, July 31st, 2013

By MALUM NALU

PIPELINE security remains the biggest concern for the PNG LNG project, says Esso Highlands Ltd managing director Peter Graham. Graham said yesterday the project would be working closely with impacted communities along the pipeline from Hides in Hela to the Omati River delta, in Gulf, to get their support and instill a sense of ownership in them, as they would be the ones who would ultimately provide security. The offshore pipeline between Omati and Port Moresby has been completed, while the onshore component runs from Omati to Kutubu in Southern Highlands, with the final stretch between Kutubu and Hela. "That is arguably the most challenging piece of the project that's left," Graham said. "It's difficult, technically, because of the terrain and it's going through areas where there hasn't been much work in the past. "We're working with the communities to make them understand what it means to have a pipeline coming through, talking with them about employment opportunities that do exist and don't exist. "That's where a lot of our focus is today. "There's a huge effort going on in community projects, to get the support of the community as we go through. "We have lands and community affairs blokes who are out every day talking to the community leaders about their needs, how do we build capacity in the communities, things like supporting and mediation with schools in the area, or building a meeting place for people in the community so they can get together and discuss issues."

Exxon: Onshore pipeline wastes being processed

The National, July 30th, 2013

By FIDELIS SUKINA

WASTE from onshore pipeline activities at the PNG LNG project continues to be processed at the waste management facilities, ExxonMobil environmental field advisor Isaac Jipsy says. He said this during a recent quarterly media workshop to provide updates on the PNG LNG Project. Jipsy said: "The project is using the best possible practices available in such a way that it has little or no negative impact to the environment. "There is always a way to save cost and we are using five methods of waste management – avoid, reduce, reuse, recycle and dispose". ExxonMobil also uses old tyres from the trucks at the Hides and pipeline areas as buffers near roadsides. Jipsy said this is known as the eco-flex method where the interior of the tyre is removed to be used. He also said that 60 tonnes

of biosolids, which include food waste, were reused as top soil at a land fill area to help bring back the vegetation and support recycling. "These are some of the innovative ways of recycling and reusing of old products," he added.

Women make giant leaps in Hela

The National, July 29th, 2013

A QUIET revolution is taking place in Hides, Hela, site of the massive gas conditioning plant, as women take their place in a traditional society dominated by men. This was evident at Kuranda, Hides, on Saturday when 212 women and three men graduated from a year-long hands-on training programme in food processing, nutrition and hygiene conducted by Esso Highlands Ltd (EHL), operator of the PNG LNG Project. A similar graduation was held at Juni the same day, while another one will take place at Komo today. Adorned in colourful Papua New Guinea and Hela attire, the women marched along the main road to the Kuranda Evangelical Church of PNG Women's Training Centre, where they received their certificates and displayed scones, bread, cakes and other pastries they baked using drum ovens, plus fruits and vegetables they grew. They concurred that it was a life-changing experience, given that they now make very good money from sale of scones and vegetables with the abundance of cash because of the LNG project.

They have their own bank accounts at the nearby ANZ Bank branch at Para and no longer depend on their husbands to be the sole breadwinners. Jukuli Kapiako, who spoke on behalf of the women graduates, said the drum oven was like a husband to her as it was now the breadwinner for her family. "Our lives have changed because of the drum ovens," she said. "In the past, we slept in pigs' houses while our husbands married many women." Tai Himu said the graduation marked a complete attitude change in Hela. "We have never been like this before," she said. "In Tari custom, a woman's job is pigs, children, and gardens. These were the only things we used to do. "We stayed dirty, we didn't have any money. In the past, we had problems with our husbands. Arguments and fights erupted when they didn't give us money to buy household essentials. "With the drum ovens, we no longer depend on our husbands." We can provide everything for the household ourselves unlike in the past, when we relied on our husbands."

Komo boasts longest runway in PNG

The National, July 29th, 2013

THE PNG LNG Project's recently-completed Komo airfield, in Hela, is longer than Port Moresby's Jackson International Airport and just as wide. Esso Highland Ltd's (EHL) civil aviation consultant, Mark Koester said Komo was 3,200m long. "It is longer than Jackson, which is 2,750m. The width, from line to line, is about 45m," he said. "From shoulder to shoulder is 57m, which is the same as Jackson." Komo has some of the most-modern navigational aids in the world. "We're using a central system which integrates airfield lighting, navigational aids and all the meteorological information," Koester said. "It's a system that catalogues and controls all of that." However, there are no immediate plans for Komo to take commercial flights, as EHL only uses the giant Russian aircraft, the Antonov An-124, to take in parts for the Hides gas conditioning plants six days a week from Port Moresby. Yesterday was its 74th flight to Komo. EHL lands and community affairs interface, Brad Mason, said the company was using the Antonov because the Highlands Highway could not be used. "The Antonov is bringing in cargo mainly for the Hides gas conditioning plant," he said. "The cargo that it brings in is quite sensitive cargo, which can't survive the Highlands Highway trap. "We're still in construction phase for Hides, so we don't have operational plans for Komo, until we complete Hides gas conditioning plant construction." The An-124 is the world's largest seri-

ally manufactured cargo airplane and world's second largest operating cargo aircraft, behind the one-off Antonov An-225 (an enlarged variant of the An-124).

Letter to the editor

Please explain progress on Koekam mining

Post-Courier 29.7.2013

CAN I ask the Mining minister Byron Chan, Kompiam-Ambum member John Pundari, developer Chinese-owned Nanjiang Holdings Ltd, Elmaniel Inc and landowner representative Willie Pyawe and Bob Muiyo on what is going on at the alluvial mining at Koekam? The people of Kompiam-Ambum, Enga and the rest of Papua New Guinea need to know the progress of the new alluvial gold mining at Koekam in the Kompiam-Ambum District but there is nothing in the media. Yet we hear of so many landowner issues not being addressed and environmental damage happening along Timin and Koe Rivers. The resources at Koekam belong to the customary landowners but it affects the economy and the rest of Papua New Guinea must know what this alluvial mining is doing and the plans set to develop Aperas, Wapai, Pakalilyam, Yawalimanda, Paip, the rest of Kompiam LLG and Enga Province. Nanjiang Holdings Ltd cannot just hide from the rest of the world and destroy what is above and extract what is below. Nanjiang Holdings and Elmaniel Inc, Byron Chan and John Pundari and landowners must give progress reports in the media for Papua New Guinea to know. I also call upon former member Dickson Maki, Mark Minala and Rex Nakau to give us their side of the story in handling landowner issues so that truth must always prevail and everyone must be winners at the end, especially the illiterate poor landowners at Koekam. Malipin Aiyelwan Yuuk

Regional Organization Releases Deep Sea Mining Video

Various viewpoints presented to inform Pacific people

SUVA, Fiji (Fiji Times, July 29, 2013) – In an attempt to shed a little more light on the subject of deep sea mining, the SPC-EU Pacific Deep Sea Minerals Project launched a new 25-minute film earlier this month. This was revealed in a statement issued by SOPAC which explained that the short film, titled 'Under Pressure', was aimed at increasing public awareness around the topic. The video sites opinions from different organisations anti-deep sea mining NGOs, politicians, government agencies, deep sea mining companies and SPC. It is available to the general public on the [SOPAC website](http://www.sopac.org/dsm/index.php/under-pressure-documentary) (<http://www.sopac.org/dsm/index.php/under-pressure-documentary>).

Miner advocates cautious approach to sea bed mining in Solomons

Radio New Zealand International, 26 July, 2013

The mining company exploring for deep sea minerals in Temotu Province of Solomon Islands insists it's taking a very cautious approach to its work. Australia-based Bluewater Metals was granted a licence last year to search for gold in sites around Temotu. Greenpeace has found the potential impact of deep sea mining is not properly understood yet and Temotu people concerned about the environmental impact of deep sea mining are calling for more consultations before it proceeds. Bluewater's co-founder Timothy McConachy told Johnny Blades their highest priority is the environment.

TIMOTHY MCCONACHY: We're taking baby steps every step of the way so that we can assess and review the outcomes of our work. And we'll proceed to the next step with care once we've assessed these baby steps. In exploration we're not damaging the environment in really any way. It's as much or as little as researchers would do carrying out scientific investigations, and that's exactly what we're carrying out at this stage - a scientific excavation.

JOHNNY BLADES: So the excavation stage for this project is not really much about whether there's gold there and so forth, but whether it's going to be safe, environmentally viable.

TM: Again, we're taking baby steps, that's our philosophy. And it's equivalent to the precautionary approach, what we're doing. It's exploration, not mining. The benefits that could come from if we are successful could result from mining, which will be a few years down the track, and also the need for sub-sea minerals, which I think is... We will follow how oil and gas went from land into the sea about 70 years ago. I think that minerals will go the same way.

JB: It sounds like there's a lot of unknowns, including with the technology that might be used to mine down there.

TM: The facts are that we're learning as we go, and hence the baby-step, cautious approach that we're taking. We want to be open and transparent. It's a learning curve that everyone is on. By taking the baby-step approach we actually learn as we go. But I think we're fairly knowledgeable. I have over 25 years in deep sea minerals deposit knowledge with a PhD from the University of Toronto, having studied these hot springs on the sea bed for a PhD. And when I was at CSIRO I had seven years there just studying these deposits all the time.

JB: But there is this sense of these countries that are quite undeveloped in the Pacific whose communities don't necessarily get a say in matter.

TM: Sometimes their leaders are not always transparent in things, that these countries are being guinea pigs. And I think, again, that the approach that we're taking, we're exploring, not mining, at this stage. And there's a lot of mining that SOPAC - the South Pacific Geoscience Commission is rolling out at the moment, has done for the last year and a half or so. And they're developing and building the capability that is actually educating the people in the south-west Pacific. It's not just government people that go along to the workshops that they've been running. It's open to NGOs and all sorts of different people that have genuine interests and they're genuine stakeholders in this business.

LNG: Gas plan protects ecology

The National, July 26th, 2013

By FIDELIS SUKINA

WITH the Papua New Guinea LNG project nearing completion, concerns about the environment are being addressed. This was mentioned yesterday at the media workshop held by PNG LNG project for their first quarterly report this year. Places of concern by local communities and breeding grounds for nature are among the top priorities of the LNG project. Jane Mogina, biodiversity adviser with Esso Highlands, said there are new species of plants and animals being discovered and some areas of significance are being put into conservation. "Places like the Lake Kutubu has 20 species of Fish, of which 12 are endemic (only found in the lake). "Mt Bosavi, also along the onshore pipeline area, is a dormant volcano and lacked information on the biodiversity ... it is now to be preserved as a conservation area. "Mitigation measures such as identifying and avoiding the areas of breeding and customary areas and protecting endangered animals and plants will be a priority during the construction" Mogina said. She said the pristine areas of forest in the pipeline network are of great concern and community engagement groups from PNG LNG are always on hand to negotiate for better and safer options for the protection of the area's biodiversity.

Bougainville Revolutionary Army reconcile Factions bury 17 years of differences to bring stability

By ROMULUS MASIU

Post-Courier 25.7.2013

IN AN historic occasion, three key former Bougainville Revolutionary Army (BRA) Commanders

put aside their differences to reconcile in the interest of Bougainville after 17 years of hostility. The three are ex-BRA kingpin Ishmael Toroama, Moses Pipiro from the Me'ekamui Unity Government and Chris Uma from the original Me'ekamui faction. They were followers of late revolutionary leader Francis Ona who ignited the 10-year Bougainville Civil War in protest against the Panguna copper mine operated by Bougainville Copper Limited (BCL). The reconciliation has opened up a new and positive chapter for Bougainville's future. The split between the three came in 1996 at Roreinang Mission when BRA strongman Joseph Kabui, later to become the first Autonomous Bougainville Government President, led a team to the negotiation table with the Papua New Guinea Government to find a non-military solution to the war. The move was vehemently opposed by late Francis Ona who refused to negotiate. The result was the establishment of the Me'ekamui Government. PIPIRO then broke away from the original Me'ekamui commanded by Mr Uma and formed the Me'ekamui Unity Government with Philip Miriori. Mr Toroama maintained a pro-ABG stance.

The split resulted in numerous altercations which continued until recently and potentially threatened the peace process. With yesterday's reconciliation, this is now a thing of the past and a step forward for Bougainville's peace process. The historic event saw a customary ritual performed to signify peace and unity among the three warlords. They signed a Memorandum of Agreement to work hand in hand for the future of Bougainville. The ceremony was witnessed by ABG Vice President Patrick Nisira and ministers, United Nations representatives and other donor agencies. "I stand united with you today," Mr Pipiro said. "This is the way forward for all of us. We must be united." Mr Uma said unification is the only way forward. He thanked all former fighters and assured the people of Bougainville this reconciliation will bear fruit in the near future. Whilst the reconciliation bodes well for the Panguna Mine re-opening, the three said the re-opening of the mine must be sanctioned by the people of Bougainville and not by them as individuals. Mr Toroama reminded the people of Bougainville that the reconciliation does not guarantee the Panguna Mine will be opened, however said it will give safe passage to people or investors "who want to come and explore our beautiful island". And Mr Pipiro stood by his stated claim of K10 billion compensation from BCL before the mine can be opened.

Ok Zedi: Plan for tailings dam

The National, July 25th, 2013

A TAILINGS dam is the "single most important additional remediation measure" for the Ok Tedi mine under its mine life extension proposal. PNG Sustainable Development Program chairman Sir Mekere Morauta announced two weeks ago that the programme regards environmental impacts of the mine as its greatest challenge and actively pursues improvements in the mine's environmental performance through OTML. Addressing the PNGSDP annual general meeting, Sir Mekere said: "Since 2002, OTML has spent more than K3.3 billion on environmental management. "This includes the Bige dredging and rehabilitation programme, Bigte pyrite storage pits, tailings sulphur removal plant, trans-shipping monitoring, die-back and recovery monitoring, ecology monitoring, industrial waste monitoring and community health assessments. "The cost of sulphur removal and storage programme alone, began in 2005, reached US\$840 million (K1.88 billion) by 2011.

"With dredging and sulphur removal in place and the stable waste dump incorporated in the mine life extension proposal, PNGSDP regards a tailings storage facility as the single most important additional remediation measure." A feasibility study on possible sites has begun and is expected to be completed this year. PNGSDP is hopeful of a good outcome, Sir Mekere said. Total cost, including work done last year was US\$2.5 million (K5.6 million). Ok Tedi is now a mature mine and if mine life extension, now before government, is approved OTML will have the financial capacity to re-examine its tailings disposal options. The mine as it stands today is worthy about K3.2 billion, according to Treasury department, but if MLE goes ahead, it would be worth much more. A further 12

years could be added to the mine's life. He said there has been no incremental environmental damage under PNGSDP majority ownership.

Letter to the editor

Investigate mining in East Sepik

Post-Courier 24.7.2013

I WANT the authorities to investigate and confirm to all parties of a proposed mining currently said to be underway along the Toresseli ranges of East Sepik Province if they are aware of the operation of the mine going on. The the operation of the mine seems to be rushed and is one step ahead already without any proper awareness which is supposed to include all government agencies responsible for any big or small scale mining exploration as is the normal procedure before a full scale operation takes place. The proposed mining is said to include areas starting from Kobaibus village, in West Yangoru LLG all the way to Yamil village on the Maprik side along the Toresseli ranges. The locals are doing clearing under the supervision of three expatriates on the ground from the developer. The landowners there do not seem to care and are just rushing to have the so-called mine start its operations without bothering to verify if the developer is a genuine one or another. They are also not aware of what long term damages this proposed mining will bring and all the negative effects that are associated with mining activities. Most or if not all are only interested in the promised royalties. I therefore, kindly request our good local MPs, the Provincial Government and all concerned authorities to investigate this and confirm if they are aware of the operation going on at the proposed mine site, and tell us if proper procedures were followed. This particular part of the Toresseli range is known for its heavy gold deposits which were first discovered before World War 2 and all proper legal procedures must be followed by any interested developer that is allowed in. To the landowners, if this is a legal miner then I would suggest you stop this mentality of thinking about royalty only and ask the developer to initiate long term projects. Tobanuim – NB village

Seabed mining healthy says Mining vice minister Mori

Post-Courier 24.7.2013

VICE Minister for Mining and Chuave MP, Wera Mori, a professional geologist, described seabed mining as healthy for PNG. He said there would not be any footprint of environmental damages left behind unlike other land based –mining, gas and oil explorations. Mori challenged Non Governmental Organisations (NGO) and their consultants to actually visit the ocean floors and conduct tests to support their negative propositions of the sea bed mining of the Solwara 1 Project. The experienced geologist-cum politician called on the people to understand the basic facts and not to accept the negative comments perpetrated by the NGO and their consultants as well as other organizations that would only confuse them further in relation to seabed mining activities. Mori's comments come at a time when discussions are now taking place between the senior management of Nautilus Minerals (PNG) Ltd and the National Government in relation to the development of the Solwara 1 Project.

The current talks are being centered on the premise that the national government will be taking equity of a certain percentage in the project which is set to resume its explorations after it had been abandoned following strong opposition from certain sectors of the PNG communities including NGOs and the people from areas where the Solwara 1 project is located. "Unfortunately, mining has always received a lot of negative publicity. "People have related mining to pollution and other negative activities. "In this case of seabed mining and for that matter, the Solwara 1 Project being developed by the Nautilus Minerals, I want to assure the people of PNG that it is healthy for this country because unlike the land-based mining operations, which have their own share of problems, seabed mining will be completely different because its operations are and will be located in a totally diffe-

rent environment. Mori said the Solwara 1 Project is totally different to land-based mining operations. "These are two different mining operations where the latter involves the dumping of its wastes either to the sea or in the river systems that at some degree cause some form of environmental damages to the communities," Mori said.

LNG Project 80pc completed

Post-Courier 24.7.2013

THE multi-billion oil and gas project is now 80% completed. In its 13th PNG LNG Quarterly Environmental and Social Report, released by the project's operator, Esso Highlands Limited said the construction phase of the project is now 80% completed, with over 130 million work hours completed since construction began. The report said the K43.75 billion (US\$19 billion) PNG LNG Project is moving towards the end of the construction phase, with commissioning activities increasing as worksites prepare to transition to the production phase. The PNG LNG quarterly environmental and social report provides an update on the project's construction, health, safety, environmental and social management progress. The report highlighted significant milestone achieved during the first quarter of 2013 in the areas of construction. By the end of the quarter, the total workforce was 20,270 which was a slight decrease compared with the 21,220 workers at the end of last year. This decline was an expected result of demobilisation activities at some worksites following completion of work scopes.

Of the total project workforce, 66 % are assigned to roles within the Hides Gas Conditioning Plant and the LNG Plant site. The report said the project achieved significant milestone in the first quarter of this year. A significant one was the completion of both the offshore pipeline and upstream infrastructure contractor's scope of work. In addition to the offshore pipeline and upstream infrastructure contractors completing their work scopes, a new contract was awarded for construction of the Permanent Facilities Compound near Port Moresby airport. A major telecommunications milestone was also achieved during the first quarter, with completion of a 400-kilometre Fibre Optic Cable from Omati to Caution Bay. From the project, more than 250 billion cubic meters of gas is expected to be produced and sold during the life of the project. This will provide a long-term supply of LNG to customers in the Asia Pacific region, including: the China Petroleum and Chemical Corporation (Sinopec); The Tokyo Electric Power Company Inc; Osaka Gas Company Limited; and the Chinese Petroleum Corporation, Taiwan.

K8.2billion spent on PNG businesses

Post-Courier 24.7.2013

THE K43.75 billion (\$US19 billion) PNG LNG Project has achieved another milestone in the first quarter of this year with the 15,000th Papua New Guinean entrepreneur benefiting from the Enterprise Centre's workshops, use of workstations, business meetings or provision of information. The Centre has also provided the equivalent of more than 7100 training days and over 880 advisory and mentoring days to PNG businesses. The Enterprise Centre plays an important role in connecting projectors with Papua New Guinean suppliers, particularly Landowner Companies (Lancos), for both construction and commissioning-related activities. During this quarter, the project spent K227.6 million (\$US106.4million) with Lancos. This brings the total project spend- to- date with Lancos to more than K1.7 billion (\$US790million). Other Papua New Guinean businesses are also being used for support services, such as equipment hire and camp rental. Together, these additional services and Lanco services brought the total in-country spend to more than K8.2 billion (\$US3.8 billion) for the multi-billion oil and gas project to date.

Bougainville crisis claims over K3billion

Post-Courier 24.7.2013

BOUGAINVILLE crisis-related claims have amounted to over K3 billion. This shocking revelation was recently made by the Minister for Finance, Treasury and Planning in the Autonomous Bougainville Government (ABG), Albert Punghau. Mr Punghau said this K3.6 billion worth of claims was raised by those in North Bougainville with only a few from Central and South Bougainville respectively. He however said this amount could either double or triple if many in Central and South as well as others in North Bougainville start sending in their crisis-related claims. Most of these claims stem from damages done to properties including houses, loss of businesses and other valuables that were destroyed during the decade long civil war. Mr Punghau said though these claims were genuine, the ABG was not able to make these payments as its internal revenue earnings is just around K9 million per annum. He said that is why it was important that the Panguna mine is reopened because the “surplus” revenue earned could be used to offset such hefty claims. ABG is predicting that it’s revenue earnings for this year is expected to increase to about K17m, however this is still not enough to address some of these pressing issues like this billion kina worth of claims.

Three new mines to be opened in PNG

EMTV, July 23, 2013 via PNG Mine Watch

Government is confident three more mines will go into operation. Acting Managing Director of Mineral Resources Authority Philip Samar said they are Mount Kare, Solwara 1 and Woodlark Island Explorations projects making them the next generation of mines in the country. Papua New Guinea has seven existing mines from the Woodlark class, Porgera Gold to Ramu Nickel. Philip Samar said the national government was committed to bringing on stream the next generation of mines in the country. Mr. Samar said the government expects three advanced exploration projects to become mines during the term of the current government. Mr Samar said the awareness exercise on Woodlark was part of the government’s commitment to bringing on stream new mines. The state team led by MRA conducted education awareness programs in Guasopa station, Kaurai and Kulumundau villages last week. An estimated five hundred people attended. The people say they now fully understand the MOA and the development forum process. However, the province’s political head raised concerns in parliament that his government does not want to deal with another blunder following the Misima Gold mine closure. The pre-development forum will be held in-light of an application for a mining license which Woodlark Mining Limited has applied for.

Glencore Said to Work With Bank of America on Frieda River Sale

By Brett Foley, Bloomberg, Jul 22, 2013

Glencore Xstrata International Plc (GLEN), the world’s biggest publicly traded commodities supplier, is working with Bank of America Corp. to find buyers for its stake in a copper and gold project in Papua New Guinea, a person with knowledge of the matter said. The Baar, Switzerland-based company hasn’t made a final decision to sell the Frieda River project, said the person, asking not to be identified because the information is private. Frieda River was being developed by Xstrata Plc, which Glencore acquired in May. Glencore now owns about 82 percent of the project, according to its website. Highlands Pacific Ltd. (HIG), which owns the rest, said last week that Glencore is continuing the sale process and that the PNG government is interested in taking over the project. Xstrata initially announced plans to sell all or part of Frieda River in June last year. A spokesman for Glencore declined to comment on its plans for the mine. Xstrata has estimated the cost of building the Frieda River project at \$5.2 billion. If developed, Frieda River is projected to produce 204,000 metric tons of copper and 305,000 ounces of gold over a 20-year mine life, according to the project’s website.

Glencore has yet to decide whether to continue developing Frieda River. Frieda River is one of four mines that Glencore could sell if it is unable to divest the Las Bambas copper mine in Peru by Sept. 30 next year, under an agreement with China's Ministry of Commerce in April. The other three are Tampakan in the Philippines and El Pachon and Alumbrera in Argentina. Glencore agreed to sell Las Bambas to secure China's approval of the Xstrata takeover. Glencore, which added coal, copper, zinc and nickel mines to its commodities trading operations with the Xstrata takeover, joins companies including BHP Billiton Ltd. (BHP) and Rio Tinto Plc (RIO) in evaluating assets for divestment and rationing capital spending after a slump in commodity prices crimped margins. Melbourne-based BHP sold its Pinto Valley copper mine and railroad in the U.S. to Capstone Mining Corp. (CS) in April for \$650 million. Rio last month sold its Eagle nickel and copper project in Michigan to Lundin Mining Corp. (LUN) for \$325 million.

Western plans better education

Post-Courier 22.7.2013

Ok Tedi Development Foundation Limited (OTDF) has joined forces with the Western Provincial Department of Education, and other development partners to improve the standard of education in the province. The Provincial Administrator and the Provincial Education Adviser have taken the initiative to bring together various stakeholders to form the Western Province Education Steering Committee (WPESC) to review the education system and find collaborative, long term solutions to improve the current poor state of education in Western Province. The committee comprises the Provincial Education Advisor, the three district education superintendents, the provincial planner, PNG Sustainable Development Program Limited (PNGSDP), OTDF and the Evangelical Church of PNG. Also on the committee is a representative from the Community Mine Continuation Agreement (CMCA) region representing the 156 villages benefitting from the Ok Tedi mine.

This first formal appointment of a community leader at this level is a welcome decision by the administration and former teacher and Middle Fly leader Richard Zumoi is the inaugural CMCA representative. The committee held its first meeting last month in Kiunga where issues such as the shortage of teachers, the appalling state of school infrastructure and the lack of teaching resources and capacity were discussed. OTDF Chief Executive Officer Ian Middleton, who sits on the committee on behalf of both OTDF and Ok Tedi Mining Limited (OTML), said it was important that both companies worked in partnership with the provincial government and its administration and all other partners with an interest in education to address the many issues affecting this vitally important sector throughout the province.

"Generally speaking, the primary education standards in Western Province are very poor, resulting in very high illiteracy rates, non-attendance at schools and limited resources, this committee now brings a united front and real hope for the future needs of our children. This committee has the capacity and now opportunity to ensure school standards are elevated by ensuring that whatever available resources we have are well planned and used wisely to improve this sector," Mr Middleton said. Chairman of the Committee and Provincial Education Adviser Netsey Baerey said the province had longed for such an institution to help improve the standard of education in Western Province. "This committee will now provide us a pathway to follow along which we all can collectively find long term solutions to the many problems facing education in the province," Mr Baerey said.

Process gas in Gulf

Post-Courier 22.7.2013

By *ANCILLA WRAKUALE*

Gulf provincial leaders have pledged their full support to InterOil for the second liquefied natural

gas project in Gulf Province, adding that all gas resources are processed in Gulf. All three local MPs including their local level governments are adamant and remained unmovable on the no pipeline policy for their oil and gas resources. Gulf Governor Havila Kavo said any developer engaged to the Gulf LNG project is required to build and operate a gas processing plant in Kerema Bay. The Gulf leaders comprised of Governor Havila Kavo, Kikori MP and Labour and Industrial Relations Minister Mark Mapakai and Kerema Open MP Richard Mendai all echoed the same sentiments at a joint news conference with the new InterOil executives in Port Moresby last Friday. The three Gulf leaders said the LNG project would be the single biggest economic project in the province and they want to see it progress. Kavo said all processing of their resources should remain in the province so it provides employment and maximum benefit for the people there.

The leaders who met with InterOil's newly appointed Executive Vice President Isikiel Taureka, said they would like to work together with InterOil to ensure that the project is in the best interest of the Gulf people. They also took the opportunity to present to InterOil their position paper on 'no pipeline policy' for the Gulf LNG Project. The developer for the project, InterOil Corporation, and its joint venture partnership with gas giant Pacific LNG and Exxon Mobil are still working towards a Final Investment Decision (FID) from the state. The initial talks at the exclusive negotiations for InterOil and its joint venture partner, Pacific LNG Group, was that InterOil and Pacific LNG selling ExxonMobil Papua New Guinea Ltd, an interest in PRL 15 that is sufficient to supply gas to develop an additional LNG train at ExxonMobil's Konebada site. However, the provincial leaders are adamant that the current Antelope and Elk fields have major gas reserves for a LNG plant facility in Gulf for downstream processing so that the province gets the maximum benefit for its resources.

Nautilus forms local working group

Post-Courier 19.7.2013

A JOINT working group has been established to oversee the development of Solwara 1 deep sea mining project in Bismarck Sea of New Ireland province. The working group, New Ireland Nautilus Mineral Working Group (NINMWG) consists of three representatives each from the New Ireland Government (NIG) and Nautilus Minerals Limited. The working group was established under a Memorandum of Understanding (MoU) signed on Wednesday in Port Moresby by representatives of NIG and Nautilus Minerals. Governor of New Ireland, Sir Julius Chan described the MoU as "historic, first of its kind and penetrating into new time" involving the NIG from the initial stages of the Solwara 1 project. "We want to set the cornerstone for future arrangements in similar extractive industries. "Before anything happens, NIG, the elected representatives of the mine affected areas will be directly involved from the start. The spirit of co-operation is vital. I'm very pleased that from here on, the spirit of misunderstanding is removed. "Here we are upholding the spirit of consultation as required by the constitution and Organic Law of Provincial and Local Level Government. "Life after development is important. "This is an aspect the stakeholders must consider in the whole process," Sir Julius stressed. Ministers for State Enterprises and Mining, Ben Micah and Byron Chan respectively, gave their full support and pledged to fully co-operate and work with all stakeholders for the maximum benefit of the people of West Coast, New Ireland and Papua New Guinea.

The country manager for Nautilus Minerals, Mel Togolo stressed that "what we do must be of greater benefit to the people". CEO of Nautilus Minerals Niugini Limited, Mike Johnston thanked Sir Julius for being the driving force in ensuring that the people and NIG gain maximum benefit from the project. "It is important to understand the challenges and issues involved at early stages of the project so that all stakeholders benefit," Mr Johnston said. Previously, the NIG opposed any new mining and exploration activities in New Ireland province following continuous failure by the National Government to honour its financial obligations and project commitments under the Lihir Memorandum of Agreements (MOA) of 1995. That MOA specified for among others the National

Government to allocate each year major infrastructure grants, Special Support Grants and major infrastructure projects. The infrastructure projects include an international airport, an international seaport, a modern well equipped hospital at Namatanai and major redevelopment and sealing of the Bulminski Highway. To date, none of the major projects have been undertaken and Sir Julius has warned on a number of occasions that "the agreement you sign is not worth the paper you're signing, if the State is not going to honour its obligations".

Row on Gulf social mapping

The National, July 19th, 2013

A LOCAL association in Gulf has expressed concern that a thorough social mapping for the Gulf LNG has not been completed. Evavo Landowners Association chairman Ohaka Hoko says Inter Oil has not completed social mapping to identify the legitimate landowners in the development of Petroleum Retention Licence 15 (PRL 15). "Social mapping should be completed thoroughly before the project kick-starts, Hoko said. "The University of Papua New Guinea student anthropologists were engaged by InterOil to do the job but failed to complete it." Hoko said InterOil's decision to engage ExxonMobile to develop the Gulf LNG project "was not a good idea". "However, as long as all processes (upstream, mid-stream and downstream) are done in Gulf and not in Central ... Exxon Mobil can operate," he added. InterOil refuted Hoko's statement, saying: "All social mapping and land investigation studies were completed. "The results and all reports were conveyed to the Department of Petroleum and Energy. "The people responsible for the exercise were professionally competent and if university students were involved in the exercise, they would have been involved as field assistants only."

Solomons Premier Does Not Oppose Undersea Mining

Temotu's Beu: no evidence mining will impact environment

WELLINGTON, New Zealand (Radio New Zealand International, July 18, 2013) – The premier of Solomon Islands' Temotu province says until he receives proof that seabed mining is environmentally unsafe, he will not stand in the way of it taking place in the region. The comment follows reports that local people are unhappy the national government has granted a license to an Australian company, Bluewater Metals, to do exploratory drilling for gold in the seas off Temotu province. But Father Charles Brown Beu says there is no evidence to show that undersea mining will have any impact on either fish or the marine environment. "If the people are made aware of these things in no uncertain terms most definitely people will welcome this. It's only because they still do not understand and it's not easy to understand these things, it is the first time ever in Solomon Islands." Father Charles Brown Beu says if there is any sign that the mining is unsafe the onus is on the national government to put a stop to it.

Mining executives urge Solomons' Temotu to open up sea bed

Radio New Zealand, 18.7.2013

Mining executives are urging people in Solomon Islands' Temotu province to open up their seabed area for minerals exploration. The Australia-based Bluewater Metals was granted an exploration licence last year to search for gold in 12 sites near Temotu Province and has said if it is successful, it will upgrade Lata's airport and hospital. The company's founders, Timothy McConachy and Harvey Cook, say their company is more than ready to extract seabed minerals for the benefit of island nations using safe, environmentally friendly technology. But our correspondent in Temotu province, George West, says the local people are very unhappy that the national government is allowing un-

dersea mining to go ahead. "The communities want more consultations and even in the long run maybe they are going to demand some - something for what they think their share of the natural resources is in their seas or bordering their seas." George West says he understands students are using social networking to organise some sort of protest action.

Joint group to oversee Solwara 1

The National, July 18th, 2013

A JOINT working group has been established to oversee the development of the Solwara 1 deep sea mining project in the Bismarck Sea. The group called the New Ireland Nautilus Mineral Working Group (NINMWG) consists of three representatives from the New Ireland provincial government (NIPG) and Nautilus Minerals Ltd. The group was established under a memorandum of understanding signed yesterday in Port Moresby by representatives of the provincial government and Nautilus Minerals. New Ireland Governor Sir Julius Chan described the MoU as "historic, first of its kind and penetrating into new time" involving the NIPG from the initial stages of the Solwara 1 project. "We want to set the cornerstone for future arrangements in similar extractive industries. "Before anything happens, NIPG, the elected representatives of the mine affected areas will directly involve from the start. "Spirit of cooperation is very vital. I'm very pleased that from here on, the spirit of misunderstanding is removed. "Here we are upholding the spirit of consultation as required by the Constitution and Organic Law of Provincial and Local Level Government. "Life after development (mine life) is important. This is an aspect the stakeholders must consider in the whole process," Sir Julius stressed.

Ministers Ben Micah (State Enterprises) and Byron Chan (Mining) pledged their support and cooperation with all stakeholders for the maximum benefit of the people of West Coast, New Ireland and PNG. Country Manager for Nautilus Minerals Mel Togolo stressed that "what we do must be of greater benefit to the people". CEO of Nautilus Minerals Niugini Ltd, Mike Johnston thanked Sir Julius for being the driving force in ensuring that the people and provincial government gained maximum benefit from the project. "It is important to understand the challenges and issues involved at the early stages of the project so that all stakeholders benefit," Johnston said. Previously, the provincial government opposed any new mining and exploration activities in New Ireland following continuous failure by the National Government to honour its financial obligations and project commitments under the Lihir Memorandum of Agreements (MoA) of 1995. That MoA specified for, among others, the National Government to allocate each year major infrastructure grants, special support grants and major infrastructure projects. The infrastructure projects include an international airport, an international seaport, a modern well-equipped hospital at Namatanai and major redevelopment and sealing of the Bulminski Highway. To date, none of these projects have been undertaken and Sir Julius has warned on a number of occasions that "the agreement you sign is not worth the paper you're signing, if the State is not going to honour its obligations".

Greenpeace calls for halt in the granting of deep seabed mining licences

ABC Radio Australia, 17 July 2013

Environmental organisation Greenpeace International has called for a suspension in the granting of deep seabed mining licences. A new report from the organisation has found that deep seabed mining could have a serious impact on the ocean environment and on the livelihood of coastal communities. "We have some traditional medicines found in that sea area and as soon as explorations started, the communities began to see that this traditional medicine in the sea was eroding," Seni Nabou, the political advisor for Greenpeace in Fiji, told Radio Australia's Pacific Beat. Ms Nabou says a licence has already been granted for deep seabed mining in Papua New Guinean waters. She says a lot

more work needs to be done to protect the world's oceans before companies should be allowed to start operating. "We don't believe that seabed mining applications should be granted," Ms Nabou said.

"Environmental impact assessments are not priority prior to any of this exploration taking place, nor are they being made public. "No exploration or exploitation should take place unless or until the full range of marine habitats, biodiversity and ecosystem functions are adequately protected." Ms Nabou says many of the habitats on the deep sea floor are yet to be studied by scientists. "The habitats are dark, previously thought to be lifeless by scientists, but we know now that this is not true," she said. "There are still too many unknowns out there, which is why we are joining the Pacific Conference of Churches...in calling for a moratorium on these applications until we know more." Ms Nabou says she wants a network of marine reserves to be set up in 40 per cent of the world's oceans, where no extractive activities can take place. "We particularly want to see rules to ensure that environmental and cumulative impacts of seabed mining as well as potential impacts, alternative uses and livelihoods have been thoroughly assessed," she said.

Tensions Allegedly High At Solomons' Gold Ridge Mine

Conflicts reported at site, police say no complaints made

By Jeremy Inifiri

HONIARA, Solomon Islands (Solomon Star, July 17, 2013) – Solomon Islands police are keeping the ongoing tensions between villagers and employees of Gold Ridge Mining Limited in central Guadalcanal under their radar. Reports the Solomon Star obtained from those on the ground said there have been confrontations between workers and villagers over the past weeks.

Road blocks and arguments led to physical confrontations between the two parties, but the police have not been notified. However, acting police chief Juanita Matanga said although incidents occurring at the mine site were not formally reported to the police, they were aware of the situation up there. "We have not received any formal complaints about the incidents happening there but we are closely monitoring the situation," Ms Matanga said.

A villager from the area who asked not to be named, said youths often set up road blocks and threw stones at company vehicles and properties during the nights. "Public vehicles also often don't go up the road for fear of being victims of the youths' wrath," the villager said. "This has been going on for months, however Police have done nothing about it," he said. Ms Matangi said should there be a need for an immediate response, police will deploy its resources to the area. She added that at this stage, the best way to go about addressing the matter is for elders to sit down and talk with their youths to stop their behavior and unwanted actions. "It is the duty of elders to help our young people understand the consequences of their actions." Recently, Gold Ridge has complained of villagers going into the mining site and carrying out gold panning themselves.

Editorial

Showtime looming fast for LNG

The National, July 17th, 2013

PAPUA New Guineans carry on with their daily lives, quite oblivious to the fact that the country's single biggest resource project is under construction at present and close to completion. Unknown to them, this behemoth affects every one of them drastically. It is responsible for the high prices of goods and services. It is responsible for the value of the kina going up. It is responsible for flight of public servants from their lowly public service positions to the more lucrative jobs offered by the

project. It is responsible for the hardships faced by the agriculture and the manufacturing sectors as they are forced to bear high costs of imported inputs, lower kina returns for exports and for the flight of labour from these sectors. Yet, knowledge is very scarce indeed if you ask the common person of the project in our midst which affects us dramatically now and will continue to do so both in good ways and bad into the future.

The Liquefied Natural Gas (LNG) project is Papua New Guinea's single biggest construction project of all time. It is also PNG's first LNG project. At the end of March 2013, the PNG LNG project construction was 80% complete, Esso Highlands reported in its first quarter environment and social report just released. A total 20,270 people directly connected with the project have clocked up 130 million work hours. More than K8.2 billion out of the K36 billion target cost has already been spent. The largest airport in the country was carved out of bush and jungle at Komo in Hela and it is taking in the largest aircraft on the planet. More than 700km of pipeline has been laid to connect a conditioning plant at Hides in Hela, to liquefaction and storage facilities located near Port Moresby. These facilities will produce some 6.9 million tonnes of gas per year. The gas well is projected to produce well over 250 billion cubic metres of gas in its lifetime and that is only using the current two-train projection.

All things being equal, the project is on schedule for its first gas delivery towards the end of 2014. If negotiations currently under way is firmed up, another train might be added in the near future to the two-train project utilising Gulf province's Elk gas reserves currently being developed by a consortium headed by InterOil Ltd. Were that to happen, projected production figures will increase many times again. This is a world-class project, the largest single project energy giant ExxonMobil has ever undertaken worldwide. It has required putting together a financing arrangement involving seven credit agencies from countries as diverse as Australia, China, Italy, Japan and the United States and 21 banks from around the globe. Each of these financial institutions required the most stringent tests and checks and balances so that it is near impossible to cut corners or fudge figures. To have done so would have caused one or more in this financing coalition to pull out of the project, collapsing the deal on its head.

The US Exim credit agency invested K4 billion and ExxonMobil itself invested K4 billion upfront, making the US the biggest single investor in the project. A project of this magnitude requires Congress oversight and that is as rigorous as it ever gets. This deal was put together between 2008 and 2009, the years of the global credit crunch, making finance so tight for major global players that the chances of putting a multibillion kina deal together in Papua New Guinea was near impossible. To take up equity (19.6%) in the project, the Government had to sell its 17.4% interest in Oil Search, cashing up the 196.3 million shares it held in the company. The Independent Public Business Company issued convertible bonds to raise K1.68 billion which still fell short of PNG's upfront equity contribution requirement (including sunk cost and the shortfall created by the sale of Oil Search shares) which was in the vicinity of US\$1.95 billion. That this has been pulled off is a coup of a magnitude that beggars description. As LNG host province Governor Anderson Agiru once said: "PNG LNG is the biggest nation transforming deal ever undertaken in PNG ever before and it will be a long time before it is overtaken."

Government plans to take over Frieda project, West Sepik

The National, July 17th, 2013

THE state may commercially take over the development of the large Frieda River copper project, Mining Minister Byron Chan told Parliament yesterday. Chan said the project, which was in Telefomin, West Sepik, had undergone various explorations and pre-feasibility studies over the years and the results had been positive. But, he said the project remained undeveloped and the current

consortium was dragging its feet. The Government was contemplating increasing its shareholding in the project to take controlling interest, he said. "The Government has expressed interest through the Public Enterprise and State Investment Minister Ben Micah to acquire more shares in Frieda. This position is now being investigated. "The project has not been prioritised by the company because of current development in the world market but the government is aware and has support of MPs from the affected provinces of West and East Sepik to take the opportunity. "It is on the market and the government is looking at taking over the project. "Government has the expertise, knowledge and experience with finance and partners to do develop the Frieda River project. He said the government needed an estimated K5 billion to K7 billion to develop the project which would cover costs for infrastructure such as ports and roads.

Western: Dialogue urged on Stanley gas plan

The National, July 17th, 2013

THE Government and Stanley Gas project developer Horizon Oil should hold dialogues with the landowners in Western to enable them to participate effectively in the proposed gas enterprise, Tourism Art and Culture Minister Boka Kondra says. He mentioned this after committing K100, 000 towards the Stanley Gas Fields landowner association to prepare for proper development negotiations prior to full liquefied natural gas (LNG) operation in 2014. Kondra said at a press conference in Port Moresby recently that the government and Horizon Oil must initiate effective dialogues with the landowners to allow them to get involved effectively in the development of the project from.. "The developer must also come and talk with me in relation to the project because I am from the area and I represent the people ... I am their voice ... let's start good and finished good so the end result is good," he said. Kondra said the project, which would be the second largest project after Ok Tedi in North Fly district, Western, would not be like Ok Tedi, where landowner participation was almost nil. Present at the conference were representatives of Stanley Resource Investment Limited (SRIL), a local landowner company owned by the association and North Fly District administrator Dume Wo. SRIL presented a cheque for K200,000 from its profit to the Stanley Gas Landowners' Association to prepare the association for development negotiations. Stanley Gas, which will be operated by developer Horizon Oil, is the third liquefied natural gas (LNG) project in PNG.

G4S guards pursue petition

By GRACE TIDEN

Post-Courier 17.7.2013

THE 40 plus G4S security guards who walked out of their jobs at the Simberi Gold Mine in New Ireland Province recently due to pay issues are still waiting for a proper response from the company management. The guards flew into Kokopo a week ago after claiming that their pay did not match the environment they had worked in. The men came together this week at the company branch office in Kokopo to further discuss the issue and enquire whether the company will still respond to their petition. The workers had given a petition to the company management while still at Simberi and left the island for Kokopo when their petition was not responded to. Mr Malai Manzaum, representing the frustrated security guards said they were told on Monday this week that they would be contacted regarding their petition but up until today, there were still no correspondence on the part of the management. "There is still now feedback. We were only told to fill in our entitlement forms," he said. The guards claimed that their rate of K3.70 per hour was low. Mr Manzaum said G4S security workers working on Lihir Island where the Lihir Gold Mine was located were getting around K6.33 per hour and a locally owned security firm on Lihir was paying their guard three times more than what the Simberi guards were getting and the agrieved guards at simberi are fighting to be on par with their colleagues at Lihir Gold Mine. He said their rate was low even though they provided security at the camp and pit sites at Simberi. Several attempts that have been

made to get comments from PNG G4S acting managing director Chris Desilva were unsuccessful. Mr Desilva only said that the company would not comment on the issue.

More about the development contributions of mining and petroleum companies in PNG

By Margaret Callan, DevPolicy Blog on July 16, 2013

In a recent blog post I summarised data for 2009-11 on financial flows with potential development benefits from Papua New Guinea's four largest mining and petroleum operations. I estimated the size of the main categories of financial flows. In descending order they are: taxes, royalties and dividends to the national government, procurement from PNG-based business, payments to development authorities and trusts, compensation and royalties to landowners and communities, expenditure on company community development programs, and dividends and royalties to sub-national levels of government. This post considers the information available on the second last category — company community development programs — and finishes with some overall conclusions about the mining and petroleum sector's contribution to development in PNG. These draw on my presentation at the Development Policy Centre's recent [PNG Update](#) (podcast available [here](#)).

Development benefits from corporate community development programs

Estimated total payments for community programs by four companies (Lihir Gold Limited, Oil Search Limited, Ok Tedi Mining Limited (OTML) and Porgera Joint Venture) amounted to PGK176 million per year from 2009-11. This sum is modest compared with the size of taxes and other payments to the national government (PGK1568 million). However, in the context of company payments to sub-national governments of PGK140 million, and the national government's 2011 budget contribution of PGK210 million to all provinces for education, health, transport infrastructure, village courts, town and rural services, PGK176 million is a significant contribution to meeting development needs in PNG's provinces and districts.

A word about information sources. Three of the four companies publish annual sustainability and responsibility reports (Lihir and Porgera through the reports of their parent companies, Newcrest and Barrick); Ok Tedi and Porgera produce annual statistical summaries ('Porgera Information Booklet', 'Ok Tedi Mining Historical Statistics') that include community programs. In general, these reports outline the company's commitment to supporting community development and provide descriptions of selected programs with supporting data and photographs of some facilities and beneficiaries.

From company reports one can get a reasonable overview of the types of programs supported and a sense of the extent of their reach, for example, number of people accessing company-funded health facilities. However, the data is far from comprehensive. So, for example, it is not possible to accurately assess expenditure by sector. But the reporting is sufficiently detailed to rank the sectors. It seems clear that infrastructure, health and education are the largest components of corporate community programs. Infrastructure programs include building and maintaining roads, bridges, wharves and airstrips, schools, health facilities, community centres and women's facilities, power supplies, and water supply and sewerage works. Support for health services includes extending to the community access to medical services provided for employees, as well as funding and providing logistical support for community health centres, health patrols, disease control and treatment, and medical or health emergencies. Education, including scholarships for school and university, and small business development and rural livelihoods are two other important areas of focus.

The published information is generally inadequate for assessing the development contribution of these corporate community programs. We know that company programs are highly valued by those who access them, but we know much less about population outcomes or impacts. For example, what

proportion of the local population is served by the infrastructure or services provided? Are there teachers, instruction materials and other supplies at the schools that have been upgraded? Are education, health and income indicators improving?

It seems that few companies monitor and report publicly on this sort of information. It isn't easy to do and it requires companies to make a significant investment in program monitoring and evaluation. One exception I found was Oil Search Limited's 2011 sustainability reports which included *inter alia* health indicators for populations with access to health services in project impact areas. While it is not clear how robust the data is, at least the company has taken the first step of tracking the effectiveness of its community health program using PNG's national health information system indicators. It reported that: HIV-infected pregnant women receiving anti-retro viral treatment reached 100% in 2011 (50% in 2009), the percentage of children under 5 who were completely immunized was 77% in 2011 (52% in 2010), and malaria incidence fell from 218 per '000 in 2009 to 120 per '000 in 2011.

Fortunately the information gap in corporate reporting is partially filled by independent research, often sponsored by the resource companies. Such research is frequently disseminated through PNG's National Research Institute and Institute of National Affairs as well as academic journals and universities. Data on corporate programs is also sometimes available from commercial sources, for example, the contractor for OTML's community health program (AbtJTA) publishes annual progress reports and independent evaluations. Health appears to be the sector most studied by independent researchers. Their studies provide evidence that company health programs in some project areas have made a significant difference to immunization rates, nutrition, antenatal care, supervised births and the incidence of malaria and filariasis. Balancing these positives, researchers have also documented negative socio-economic impacts from mining, particularly for women, such as increased family violence, extramarital liaisons, abandonment and food insecurity due to the loss of food gardens and insufficient alternative livelihoods. See for example, the [report](#) [pdf] of the Porgera Environmental Advisory Komiti.

Conclusions about development contributions and reporting

The following five points stood out for me from this case study:

1. Companies should raise the bar on their reporting. It took a lot of time and effort poring over reports and seeking clarification and additional information to extract some fairly basic data and other information for this research. It is hard to understand why it should be this difficult, particularly when they all endorse the monitoring and reporting principles of the Global Reporting Initiative and have publicly committed to contributing to the development of PNG and mine-affected communities. The data that was easiest to obtain, though by no means straightforward, covers financial flows. But without information on how money is spent and who benefits, we know little about its development impact. Many companies collect some of this potentially useful information, but they may need more expertise in data collection and analysis, as well as leadership from their management executives, before publishing more and better data that is relevant for assessing their development contributions.
2. Health is an important exception. Studies in some project areas provide evidence of improved population health and better access to services as a result of corporate programs that are closely integrated with government and other service providers, including churches. This experience may provide a model for the health programs of other companies in the sector, and for other key sectors for resource companies such as transport infrastructure and education.
3. More research would be needed to throw further light on the development impact of corporate procurement (benefit distribution along the supply chain), and of compensation and royalty payments to landowners and communities (control and benefit sharing in families and communities).

4. Project communities and responsible PNG authorities would do well to identify ways to improve the accountability of the provincial development authorities and trusts that receive funds from resource companies. At the very least they should publish audited annual reports.

5. Finally, all mining and petroleum companies are required to report regularly to the Department of Environment and Conservation on the socio-economic impact of their projects. But the Department has set no guidelines for these reports, does not provide any response to them, and does not publish them. The PNG Chamber of Mines and Petroleum could make an important contribution to transparency and accountability in PNG by doing three things: introducing a standard format for members' reports that includes clear and consistent information about payments and programs; publishing these reports; and disseminating them widely.

Government telling lies on Woodlark Environmental Impact Assessment (EIA)

Brian Brunton, PNG Mine Watch, July 16, 2013

Last week the government advertised in newspapers that the Woodlark EIA was available for public viewing at the Milne Bay Provincial Government Office. This was after a meeting in the Governors office in which it was clear the government had no intention of releasing the document to the public, and the meeting was reminded by civil society reps that the law said they had to release it. Well, the EIS is not available at the Milne Bay Provincial Government Office. Telephone calls to the "environment office" and the provincial administrators office revealed that. What was worse, is that no one in the provincial government office seems to care. This is the document that will tell us what the company and the government think they are going to do with the mine waste from the Woodlark mine. We know from private talks that the company wants to dump the mine waste in the sea as that is the cheapest option. We know that other companies elsewhere have lied on the effect of STD Submarine Tailings Disposal.

We know that the national government will do anything for miners, and sells out its people by allowing pollution in rivers and the sea. We know that the government actually owns and controls some of the biggest riverine mine waste dumpers. So it has a conflict of interest. Thank you Governor, Hon. Titus Philemon, for standing up and saying you are watching what happens to the Woodlark mine. You know only too well that that the Misima mine did nothing in the long term for Misima and Milne Bay. You are disgusted with the lack of consultation by the Mineral Resources Authority, that flies-in-flies-out without proper respect to the People of Mine Bay, with a "road-show" trying to talk-up the mining companies point-of-view with select Woodlark Island landowners. You also know that once the mine waste and tailings is in the sea it will move. That is what the research of metal levels on the coral all around Misima, in 2008 showed. You also know that Normanby Mining wants to dump its waste in the sea somewhere near Sanaroa.

Mining shareholders dismiss Panguna compensation suggestions

Radio New Zealand, 16 July 2013

As a possible re-opening of the Panguna copper and gold mine in the Papua New Guinea province of Bougainville looms one vested interest group is signalling its not happy with talk of compensation being sought. At a series of fora around the province the Autonomous Bougainville Government has been explaining its mining legislation and seeking the reaction of Bougainvilleans to a re-opening of the mine, which 25 years ago sparked the civil war. A re-start of the mine is considered vital for sparking the moribund Bougainville economy, especially as it counts down to a vote on possible independence, likely within three years. There is significant support for a re-opening but with provisos that compensation be paid and rehabilitation undertaken. The president John Momis says these issues have already been broached with the company, Bougainville Copper Ltd, whose

executives will not be surprised by the conditions. The head of a group representing minority shareholders, Axel Sturm from the European Shareholders of BCL, says they support a relaunched mining company building roads and hospitals but dismiss suggestions it should pay compensation. He spoke to Don Wiseman.

AXEL STURM: We shareholders - as I understand, Rio Tinto, also, is a major shareholder - we are OK to invest another US\$5 billion into the mine. And I think that is more than enough compensation for a situation that was not caused by Bougainville Copper.

DON WISEMAN: Whatever has happened has happened. The condition that the people of Bougainville are putting on it is that there is compensation paid before you move to Stage 2, which might be the reconstruction. So my question is whether you would support that, and you sound to me like you're not happy with that idea.

AS: No, I'm not happy with the idea to give recompensation in the form of money. Rebuilding former structures - that is clear that we would back that - but we would not back to give the Bougainvilleans money so they go away to Australia or elsewhere in the world and spend the money there, instead of staying on the island and working for the future of the island.

DW: That would be your condition? If they got compensation money it would have to be spent on Bougainville?

AS: No, compensation money [would be] in the form of investment on Bougainville. That may be hospitals, schools, roads or whatever, but not in the form of money to single persons who then go away from Bougainville. That we will not back. We are backing everything which is for the benefit of Bougainville, but not for the benefit of single persons on Bougainville. And it's always the same situation in the past, that single persons try to get advantage, and others - poorer people - stay poor. That's a problem.

Gooding: Ramu nickel project in full swing

The National, July 15th, 2013

By GYNNIE KERO

THE Ramu nickel cobalt project is progressing through ramp up and is producing at a maximum rate of about 40%, Highlands Pacific managing director John Gooding says. He said the maximum rate or nameplate capacity of the Ramu NiCo project is 31,000 tonnes of nickel and 3,300 tonnes of cobalt contained in a hydroxide product. Highlands Pacific holds multiple commodity assets in Papua New Guinea including the Frieda copper project and the Ramu nickel project. If developed, Frieda will become PNG's largest copper project where Highlands has a stake of 18.18%. Its partner is Xstrata, which free carried through Highlands for US\$270 million (K598.67 million). The resource there is estimated to be around 2.8 billion tonnes for 13 million tonnes copper and 20 million ounces gold. Highlands Pacific also has an 8.56% interest in the US\$1.5 billion (K3.3 billion) Ramu nickel cobalt project.

Gooding told The National in Port Moresby last week that "Frieda River work continues on the project ... however, the new merged entity Glencore Xstrata has recently stated that they will not develop greenfields' projects at present and are seeking interested parties for both the Frieda River project and the Tampakan project in the Philippines. "At the Star Mountains project, some field work continue while drilling has ceased for a period, with expectations that the previous good results obtained in this new porphyry province would enable drilling to be recommenced in the future. "Unfortunately the resource markets are suffering at present and most mining and exploration organisations have to review how they are doing things. "But the industry is cyclic and we shouldn't forget that," he added.

Woodlark Island mine development: Philemon is ‘watching’ Post-Courier 15.7.2013

“I am watching and I’ll be watching.” Milne Bay Governor Titus Philemon stated this in parliament during Grievance Debate last Friday, with regards to pre-development awareness and associated activities regarding the Woodlark Island mine development. Mr Philemon was very unhappy that many government agencies and departments whose activities are associated with the mine development on Woodlark were simply bypassing his government and administration. “There is no letter to my office and there is no consultation in the matter,” he said. “You fly into Alotau unannounced, hire helicopter and plane and fly over the hole in Misima and onto Woodlark,” he said. He said he can’t allow that to happen with a big scar in the ocean created by the State on Misima with nothing tangible and beneficial happening for the people. “Misima is a scar in our hearts. Nothing there is reversible, and nothing was sustained during the mine’s life; and I wouldn’t want to see that happen on Woodlark,” he said. He said Woodlark is a paradise in Papua New Guinea and is one of the most beautiful places on earth; and anything regarding the pre-development awareness must totally involve his government, administration and the local people on the island.

The governor has also asked that the Department of Lands and Physical Planning be also involved in the forum. He said the department should be involved because land is a very important issue and the people should be educated about their rights and ownership. He said the involvement of Mineral Resource Authority, Treasury and Finance, Labour and Industry and other line agencies is okay; but Lands is missing and it needs to be involved more. “The land belongs to the people, and ownership must be sorted out so that it remains with the people before the mine comes to the island,” he said. He reminded parliament and its departments that land is very important to the existence of the people of this nation and those that fly in without notice must start to act properly. “You fly and bypass us; you’re going to build the mine in the air,” he posed. He said when there is something good, everybody is happy.

Mining Tax Revenues In PNG Drops 53%

Drastic decline to fuel ballooning deficit

By Haiveta Kivia

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 12, 2013) – Taxes collected from the mining and petroleum sector in Papua New Guinea dropped a whopping 53 per cent and it will fall further because of the dropping gold price on the World Markets. This will also have an effect on the National Budget which this year is a Deficit Budget estimated at K2-3 billion but will likely balloon to K7 billion or K8 billion by the end of the year. IRC collected K5.853 billion in direct taxes last year compared to K6.1 billion in 2011 which is a drop of five percent. Treasurer Don Polye presented the IRC Annual Reports of 2010, 2011 and 2012 in Parliament on Wednesday stating the lateness of the reports were due to the National General Election, last year and the political impasse in 2011. The overall tax collection, stated by Treasurer Don Polye, according to the Internal Revenue Commission’s Annual Reports from 2010, 2011 and 2012, was on the rise.

But actual tax earnings in PNG actually dropped by five percent from 2011 to 2012 but was saved by the increased Goods and Services Tax (GST) which rose from K560 million in 2011 to K1 billion last year. The biggest drop in tax collection was experienced in the Mining and Petroleum tax which dropped by a massive 53 percent and is set to drop further for this year’s collection. The industry paid K2,073,533 billion in taxes in 2011 but that fell to K981,087 million last year and it will plummet further this year because of the dropping Gold price on the World Markets. Dividend Withholding Tax also took a big dive, dropping by 39 per cent from K290,708 million down to K176,495 million. The fall has been contributing to what the IRC terms as sale of shares of a large resource project from a private company to the State.

IRC did not mention the name of the mining company. That company's Dividend Withholding Tax is now directly paid to the State as dividend. Individual Income Tax continues to be higher earner for the IRC with K2,645,116 billion because of the increased formal direct employment with the construction phase of the LNG project. But high level of tax will only be sustained through the construction phase and will drop as the construction phase is now winding down in the project and jobs will be lost. Corporate Income Tax rose by 27 per cent from K1,373,092 in 2011 to K1,740,503 last year and Interest Withholding Tax jumped from K40 million to K67 million. Most direct taxes rose but they were pegged back by falling taxes in the mining and petroleum sector and it will have a drastic effect on our 2014 National Budget.

Solomons Government To Be Sued Over Mining Issues

Gold Ridge landowners allege breach of royalty payment laws

HONIARA, Solomon Islands (Solomon Star, July 11, 2013) – The Gold Ridge landowners council in the Solomon Islands has resolved in a meeting yesterday that they will take the government to court over a serious breach of the mines and minerals (Royalties) regulations 2011. The mines and minerals (Royalties) regulations 2011 legalizes and governs the control of the fund, distribution of royalty and the payment of royalties. But in what appears to be a total contempt of the regulations, the Permanent Secretary (PS) has admitted approving payments without adherence to the regulations or any other regulations for that matter as stipulated in Regulation 4 (4) of the Mines and Minerals (Royalties) Regulations 2011. Asked which regulations or instructions he was using when raising payments, the financial controller of the ministry of mines said: "We raised all payments approved by the PS, a normal government process". But according to the permanent secretary, who is the accountable officer of the said ministry, he said everything is in a mess and only an audit can establish where things went wrong; "I have signed the payments based on the accompanying supporting documentations that came with the payment vouchers. But I agree, only an audit can establish where things went wrong," Rence Sore was quoted in the meeting yesterday.

A report presented by an officer from the financial management section of the ministry of finance and treasury about the actual payments made from the Gold Ridge landowners special trust account has sparked much frustrations and anger amongst members of the landowners council. "Is this how the government treats us?" a disgruntled Titus, a member of the landowners council, questioned the government delegation during the meeting yesterday. Subject to the provisions of these regulations and section 45(4) of the Act, the ministry responsible for finance shall administer the fund and any special account. Regulations 4(1) stipulates: The ministry responsible for finance shall open and maintain a special account held by the Government in trust for the landowners and any other beneficiary, with the CBSI or any approved commercial bank in Solomon Islands for the receipts of moneys from the fund for the benefit of the landowners or other beneficiary. Schedule 1, (3) states that Guadalcanal provincial government is a beneficiary.

The regulations also specified that any royalty payment paid to the Guadalcanal provincial government at 20% shall only be expended on development projects approved by the minister of provincial government in consultation with the Guadalcanal provincial government. However, the MOF document cited by Forum Solomon Islands International (FSII) News showed that SB\$3,704,602.53 [US\$510,494] was paid to the Guadalcanal provincial government in cash between 13th February 2013 to 3rd May 2013. This raises the question of whether the amount paid to the provincial government accounts for 20%. The regulations clearly stipulated that 80% shall be paid to the Gold Ridge landowners special trust account for and on behalf of the Gold Ridge landowners, whilst 20% shall be paid into the Guadalcanal provincial government special trust account and on behalf of the Guadalcanal provincial government. "So why is the SB\$3,704,602.53 paid from the landowners special trust account and not from their own special trust account? This only goes to show how ar-

rogant the government is. Clearly, the NCRA government has breached the 2011 regulations. This is a serious breach and FSII supports a lawsuit against the government by Goldridge Landowners," said chief executive officer of FSII," Benjamin Afuga.

Mr. Afuga added: "This is just the tip of the ice-berg. Sooner or later more corrupt practices will be uncovered because people out there are sick and tired of corruption, therefore more and more people are willing and will come forward and reveal more". The report showed that payments are not done according to the spirit of the Mines and Minerals (Royalties) Regulations 2011. In what appears to be a clear breach of the regulations, many of the payments are paid to the Guadalcanal provincial government, individuals and business enterprises. The report also showed that a total payment of SB\$2,369,645.05 [US\$326,537] was paid to a leader of the Gaena'alu movement or commonly known as the Moro Movement. On 14th September 2012, SB\$2,079,815.56 [US\$286,599] and SB\$636,000.00 [US\$87,640] were paid in cash to the leader of Gaena'alu movement and on 27th September 2012, a further SB\$289,829.49 [US\$39,938] was again paid to the same individual in cash. Mr. Afuga added: "It is highly suspected that the handshake payment of SB\$1 million [US\$137,800] (in hard cash) made by the Prime Minister to the Gaena'alu movement at their headquarters at Komuvaolu village on the Weather Coast of Guadalcanal in the same month last year was derived from the SB\$2,369,645.05 unlawful payout from the landowners special trust account."

In an earlier meeting between landowners and the government, the Attorney General, Mr. Billy Titiulu has made it very clear that the mines and minerals (Royalties) regulations 2011 is valid and therefore any payment outside of the regulations is illegal. Both the MP for Central Guadalcanal Constituency and MPA for Malango Ward expressed dissatisfaction and anger at the manner the government has mishandled landowners' royalty payments. Hon. Peter Shannel Agovaka said: "The Gold Ridge Mining project and the only one in the country does not benefit us the people of Gold Ridge, no, not at all, so the best thing to do is close the mine, end of story." Hon. Agovaka further stated that someone is responsible for this mess and whoever that someone is; he or she must be answerable. "Regulations 97 and 2011 are very clear, except that the 2011 regulations omitted certain Landowners benefits, including omission of Landowner representatives as signatories to the special Trust Account, Walton Naezon said. In one of their earlier meetings, the government delegation has boldly stated that an invitation was made to the landowners council for submissions for the mines and minerals (Royalties) Regulations 2011.

But the landowners council strongly denied being invited to make any submissions for the 2011 regulations. "But why you are doing payments outside of the 2011 regulations which you championed? This is ridiculous. Your actions are unbelievable and unjustifiable," said Mr. Naezon. Mr. Naezon added: "The landowners council and the people of Gold Ridge felt letdown by the government. Why, is it because our MP is not in the government? "All payments paid from the special trust account are done outside of any regulations and this is a big mistake that amounts to a legal suit." A lawsuit against the government is imminent. "Yes we will sue the government for breaching the mines and minerals (Royalties) regulations 2011. We will seek legal advice and work together to defend our rights," Mr. Naezon told FSII News after the meeting yesterday. In the meantime, Naezon reminded the good people of Gold Ridge to remain calm and allow the law to take its course.

Mt Kare exploration to go on

The National, July 11th, 2013

PRIME Minister Peter O'Neill has confirmed that his government will grant an extension to a mine exploration license to Summit for the explorations at the Mt Kare mine in the Hela and Enga provinces. O'Neill said it was long overdue for the Mt Kare people to benefit from their resources and

the Government had decided to grant an extension to the operation and further exploration in the area. “We have received an application for an extension for further exploration from Summit, the operator of the Mt Kare gold mine,” O’Neill told Parliament yesterday. “I have discussed with Mining Minister Byron Chan and we have agreed that it should be extended because it has been long overdue. “Let’s give the opportunity to our people to benefit and participate in the development from the mine.” O’Neill was responding to questions from Lagaip-Porgera MP Nixon Mangape’s who wanted to know why it had taken eight months to process Summit’s licence renewal application.

Editorial

Time to condemn and prosecute the corrupt

Post-Courier 11.7.2013

IT has been over three years since the discussions on the PNG LNG Umbrella Benefits Sharing Agreement were held in Kokopo, East New Britain Province. For a number of Papua New Guineans those discussions led to unimaginable wealth when the PNG Government released public funding known as the Infrastructure Development Grants, Business Development Grants and Ministerial Commitment funds to project area landowners to facilitate development. Today most Papua New Guinean families living in the project impact area continue to face the same socio-economic challenges despite the presence of a world-class resource project. What happened to all the millions of PNG Kina which the Somare and then the O’Neill Governments paid out as part of the State’s commitment to the project? If there was a clear case of the blatant misuse of monies belonging to the people of Papua New Guinea this has to be it.

It is in that light we welcome the decision by the Prime Minister Peter O’Neill to suspend funding to resource project areas until a full audit is done on how the monies were spent and where. The sad truth behind this story is there is nothing on the ground in some of these LNG provinces to show that was where the money was spent. The grants like the Infrastructure Development Grants and the Business Development Grants are suppose to fund the establishment of critical infrastructure and get the local community to participate in potential business opportunities. Mr O’Neill, in a letter to the powerful Economic Ministers Forum, said the funds were mismanaged and misapplied. “Quite frankly there is no evidence on the ground on the use of these funds. The people who trusted us to bring service and development for the use of their resources have been either forgotten or denied their rightful benefits.

This is a sad state of affairs which we must address urgently so that future funds are protected and genuinely used for bringing development to our people,” stated the Prime Minister in his letter to his cabinet colleagues. We wonder how many technocrats took note of the Prime Minister’s comments and the undertaking he made to get to the bottom of the issue. There is no doubt monies earmarked for the UBSA and the LBSA were misused and it is time to investigate and bring to justice those whose hands misapplied and misused those grants. The O’Neill Government last month increased the penalties for stealing from the State. The loss of millions of Kina in public funds via the UBSA and LBSA arrangement should be thoroughly investigated and those responsible charged and prosecuted. Charging them under the new robbery laws that were recently enacted should send out a message to others that such behaviour will not be tolerated and the wrongdoers will be subject to prosecution. It is unfortunate that 38 years after independence there are Papua New Guineans who continue to put their wantok and tribe before community and nation. The time has come to draw the line and condemn those who accept and live such a life – enough is enough.

Ad hoc committee to oversee Landowner grants

Post-Courier 11.7.2013

By *ISAAC NICHOLAS*

PRIME Minister Peter O'Neill has given instructions to suspend funding to resource project areas until a full audit is carried out on millions of kina spent over the years with nothing to show on the ground. Landowners and the provincial government of Hela, Southern Highlands, Gulf, Central and Western province will be affected by this decision to freeze Infrastructure Development Grants (IDG), Business Development Grants and Ministerial Commitment funds under the UBSA and LBSA. For Western Province the Prime Minister during Question Time in Parliament yesterday ordered a freeze on the Trust Account from Ok Tedi to landowners and the provincial government until a complete review of the trust structure is sorted out. The Prime Minister has now created an ad hoc committee that has him as chairman, with Governors from the affected provinces and developer ExxonMobil as members' for the management of IDG, BDG and Ministerial Commitment.

In a letter dated July 5, 2013 to economic Ministers William Duma, Don Polye, Charles Abel, James Marape and Richard Maru, he informed them of the decision. "As we are fully aware the Infrastructure Development Grants (IDG), Business Development Grant and Ministerial Commitment funds under the UBSA and LBSA have not be utilised properly for their intended purposes since their inception. These funds in millions of Kina have been totally mismanaged and misapplied resulting in a lack of services and tangible development in the project areas. "Quite frankly there is no evidence on the ground for the use of these funds. The people who trusted us to bring service and development for the use of their resources have been either forgotten or denied their rightful benefits. "This is a sad state of affairs which we must address urgently so that future funds are protected and genuinely used for bringing development to our people," the Prime Minister said.

"You will recall my earlier directive for a full scale audit and to date I have yet to be informed on the progress or outcome of this audit, if it has been already done. This was necessary to establish how IDG/BDG/Ministerial funds were used, projects delivered and what remedies or measures the Government can take to ensure proper utilisation of these funds amid public concerns." "Whilst this audit is pending, it is important that we take some corrective measures so that undisbursed funds for 2013 and any future funds are managed properly and high impact projects are funded and delivered to the project areas." "Consistent with the understanding I had reached with a number of key Ministers, an ad hoc committee has been established comprising four governors, representatives from the developer and myself as chairman. The ad hoc committee will now oversee the management and administration of these funds until a proper structured process is put in place after the completion of the audit investigation." He stated that this effectively meant the functions and responsibilities of the current administrative structure including decision-making process for the disbursement of funds would be performed by the adhoc committee. "In the meantime, no IDG/BDG/Ministerial funds are to be disbursed or released without the vetting and approval of the ad hoc committee." "I trust you will fully understand the rationale for this temporary management approach and ensure all necessary technical and logistical support is rendered to the ad hoc committee to carry out its responsibilities."

Ok Tedi: Mine Landowners seek more say

Post-Courier 11.7.2013

By *KONOPA KANA*

The Star Mountain Local Level Government area Landowners want to be involved in the Ok Tedi Mining Continuation Agreement Process after they successfully registered an Incorporation Land Group (ILG). The Mohomal Kweiptan clan had finally received their land group certificate No: 17837 from Department of Lands and Physical Planning in October 19, 2010. Chairman of Mohomal clan Elias Elkina said that the time has come for us to announce to the North Fly District that

the land area from Migalsim to the mining site is now represented by the land group. Mr Elkina said that the clans district like Kimka Sepyan, Kimka Ambongam, Wangbin, Wanansekin and Bultem are the only current beneficiaries. He said that the land group only registered the land so to be part of the mine continuation program.

“The Government of the day, Ok Tedi Mining Limited Management team and other relevant authorities must be aware that any decisions of the mine or signing of Memorandum of Agreement (MOA) for continuation will only be determined with the group participation,” Mr Elkina said. Mr Elkina said that this announcement served as a strong statement for the developer not to close their eyes and mine resources from the Fubilan Mountain because now the area has a registered land group in place. He said that the land group executive is now in place and is waiting patiently for the government and the developer to advise us to come together to plan for the future of the mine. Mr Elkina said that in the past years of the mine operations the developer had mined all the resources and have caused so much destruction to the environment where landowners are the ones mostly affected. He said that was the reason the land group quickly registered so that they have a say in the mining continuing agreement process.

Maori firm helps PNG mining industry

Radio New Zealand, 11.7.2013

A Maori consultancy firm is teaching the autonomous Papua New Guinea province of Bougainville how to boost its mining industry.

Tuia International has an office in the capital of Buka, where it is engaging directly with the region's political leaders. It's offering advice about best practices about mining legalisation and economic development. Mining on the island was once one of the most lucrative industries for Papua New Guinea, but in 1996 the mines were shut down which sparked a political crisis and civil war stifling its economic development. Tuia International director Mike Taitoko says the regional government wants to pick itself up and Maori are playing a key role in doing that.

LNG revenue fallout

The National, July 10th, 2013

By GYNNIE KERO

THE manufacturing and renewable resources sectors will be affected by the high inflows of revenue from the LNG project, Institute of National Affairs executive director Paul Barker says. He said the appreciation will have an impact on several sectors, including tourism and service providers. Barker said this after Papua New Guinea's Central Bank issued a warning on threats to the agriculture sector in PNG, which may result from the strong kina spurred by LNG sales. Central Bank Governor Loi Bakani predicted in the March quarterly economic bulletin that there would likely be an appreciation of the kina next year when revenue from the project starts coming. He said that if agriculture was not ready or if it did not receive support from the government, it could be killed off by this appreciation, particularly if international prices for food commodities remain low. Barker said: “We need to be clear on the heavy inflow; if we borrow heavily and pre-commit all the funds, then they won't materialise for some time and we'll be operating on a deficit for some time. “Also with lower commodity prices for most of PNG's export products, like gold, petroleum, copper, and now nickel, but also agricultural products like coffee, oil palm, cocoa and copra-coconut oil, then exports earnings and revenue would be well below earlier forecasts.”

Barker explained the commodity prices were down because of lower demand in places like China and lower and more uncertain global economic growth. “This is reducing mineral exploration and

development in PNG. So it's crucial that the government invest and use the money well to empower and provide opportunities for the people of PNG for better education, health, roads, ports and other infrastructure, law and order," he said. "If too much money flows into the economy and is not absorbed effectively, it would have an inflationary effect ... and if it rushes into the local currency (without being partly sanitised offshore in a well-managed and accountable sovereign wealth fund), it would cause the kina to appreciate, as it did in 2012 (during the construction phase). The effect would undermine the competitiveness of agricultural, forestry and fisheries exports (and import substitution, like fruit and vegetable or sugar production) and also manufacturing and tourism and some other local services. "In 2012, the strengthening of the kina helped reduce the high local inflation, but it really hurt PNG's farmers, struggling at a time when agricultural commodity prices were falling already, and PNG's tourism providers, who saw the products they had per-sold in US dollars bringing them lower earnings in kina."

Interview: John Momis, President, Autonomous Bougainville Government

Business Advantage, 9 July 2013

The President of Bougainville, John Momis, wants work on restarting the giant Panguna gold and copper mine to begin later this year. In this exclusive interview with Business Advantage PNG, he outlines the steps now needed to restart operations.



Business Advantage PNG (BAPNG): Why do Bougainvilleans now support re-opening the mine?

John Momis (JM): The Panguna Mine was the primary source of the war, which reduced Bougainville to basics. We need to deal with it because the Panguna Mine is a mega project. We need the revenue to be generated from it—revenue for the government as well as income for the people. So with the way things are going, we don't have much option really. We don't have much money coming from the National Government in terms of its commitment to allocate adequate funding for reconstruction and for the big job of creating an autonomous government. I think, once the mine is open, Bougainville will be very well off, and we can manage to reconstruct Bougainville and promote sustainable businesses. 'The former commander of the Bougainville Revolutionary Army, Sam Kauona, is now on side and in agreement with the need to re-open the mine.' With the collaboration of credible partners from outside, the government itself will have enough money to create a new government. We also need money to create something that's sustainable and in accordance with the principles of good governance and democracy.

BAPNG: Is there much opposition among local landowners and Bougainville people to the re-opening of the mine?

JM: There is a little bit of opposition but with clarification and with our efforts to create awareness, more and more people are in support: ex-combatants generally, the landowners themselves and the population in general. So, there is not much opposition. There is opposition from some quarters, and that is quite small, due to a lack of understanding. The former commander of the Bougainville Revolutionary Army, Sam Kauona, is now on side and in agreement with the need to re-open the mine. He also agrees with the new mining law, which I expect the Autonomous Bougainville Government (ABG) to pass by September this year.

BAPNG: The landowners' umbrella group is seeking a payment of K10 billion (US\$4.45 billion). How critical is that before any real work gets under way? Does it have to be in cash or could it be in some other form?

JM: No, it doesn't have to be [in cash]. As a matter of fact, I am advocating that we should, without too much delay, start negotiations with Bougainville Copper Ltd (BCL) so that they can address some of the burning issues affecting the landowners whose land and whose lives have been detrimentally affected. But we can't do that unless BCL are given some kind of guarantee that they will be allowed to operate. So, the sooner we negotiate with them, the better for us. 'Well, people say that the lease has expired, but precedents have been set that say that once leases are expired they must be renewed to the same company, and that is BCL. So, that's the assumption we're working under.' The K10 billion [that] people are talking about can be provided in different forms of development assistance to villagers to rebuild their villages and sort out some of the problems they've had as a result of the mine. It's not a question of paying K10 billion at one go.

BAPNG: Do you see BCL as the only viable company to re-open the mine itself, or do you see the possibility of another mining company competing for the rights?

JM: The landowners themselves want BCL. That's their declared condition. I don't necessarily believe BCL is the only one, but because they legally own the leases, we've got to start with them, and under our own law, BCL will have to meet our conditions. I have also mentioned to BCL that perhaps there is a place for a third party to be involved.

BAPNG: What role would they have?

JM: A third party may want to take up shares.

BAPNG: The landowners say that the mining lease for BCL to operate the mine has expired—Rio Tinto has told us that it's still working on the assumption that the lease entitlement is still alive. What's your understanding of the status of the original lease?

JM: Well, people say that the lease has expired, but precedents have been set that say that once leases are expired they must be renewed to the same company, and that is BCL. So, that's the assumption we're working under.

BAPNG: The landowners' prerequisites for re-opening the mine indicate they want to actually own the mining lease and then sublease it to the mining company. Have we misinterpreted that, and is that viable anyway?

JM: That is an issue that has to be discussed between us [the ABG] and the [National] Government and the landowners. Under our new proposed mining law, the landowners own the resources. They have total ownership of the resources, but the government has the custodial role. Only the Government can issue licences, both at the exploration stage and development stage, and the Government is responsible for governance of benefits. The Government is [also] responsible for ensuring that environmental impact studies are conducted so that you know that there are no detrimental impacts on the environment and the life of the people. So, the issue of whether the people themselves will own the lease and negotiate is an issue that has not been discussed in full.

BAPNG: What do you regard as critical in order to get the mine up and running again?

JM: Law and order and rule of law—that's number one. That is why we've spent a lot of time holding forums to allow people to participate in discussions of important issues including law and order, ownership, distribution of benefits and, of course, environmental impacts on the land. Getting all the different factions together—landowners, ex-combatants, other citizens of Bougainville and the government—is crucially important. Once we come to a consensus, then people will have a sense of ownership of the project, and this also extends to whichever mining company that finally agrees to participate under our conditions. 'We have had positive discussions with executives from BCL, but we now have to sensitise Rio Tinto executives in London about the way in which we want to proceed.' We've already started the initial discussions with BCL about some of the issues that must be resolved before they start their construction work. It has done a study of the order of magnitude that seems to be very attractive and confirms that currently the mine is a mega project.

BAPNG: BCL estimates it could take five years to rehabilitate the environment and conditions in order to actually get the mine operating again. Do you see the length of time as a problem?

JM: For us, we need to start generating revenue as soon as possible. We have a time line—2015 and onwards is the ideal window. We have to conduct a referendum to determine our final political status. The historic moment of designing our future is imminent and we need money to achieve that. Procrastinating on opening the mine, even five years, is a bit far. We must come to an agreement to allow BCL to come and set up their liaison office in Arawa to deal with some of the practical problems, which are not immense, which are not insurmountable, to enable BCL to start spending money on reconstruction work, and that will bring a lot of income to the people and revenue to the ABG, and I think that is what we need. People, I think, misunderstand that you must wait for the production phase. *Reconstruction* is where companies spend a lot of money and that's what we want. We don't want to procrastinate on that.

BAPNG: So would you like to see BCL physically return by the end of this year? Can you see it happening?

JM: That's correct, yes. We will go for that. Of course, we have to take precautions. We have to do things right, and hence the lengthy period of consultation we've been having. That should iron out a lot of the problems and help us to come to a consensus to decide what to do. We have had positive discussions with executives from BCL, but we now have to sensitise Rio Tinto executives in London about the way in which we want to proceed. So far, we have been successful in taking a consensual approach towards restarting the mine.

Government hailed on fly-in fly-out stand

The National, July 9th, 2013

THE Resource Owners Federation of Papua New Guinea has congratulated the Government for recognising that the fly-in fly-out practice by the extractive industry has drained PNG of its economic, social and infrastructure development benefits. Federation president Jonathan Paraia said in a statement yesterday that building a township in each mining project area would not cause any major problems. "It is economically viable to build such a township to accommodate fly-in-fly-out workers instead of flying them in and out every four weeks or so from their place of employment," Paraia said. He said apart from this, there were many economic benefits that would be derived from such an arrangement. Based on the 1997 National Research Institute findings on the economic impact of the fly-in-fly-out arrangement for a mining project in PNG, among others, the following consequences were noted:

- The direct loss is the personal consumption transferred from the local economy to overseas organisations. This part mainly consists of that portion of wages and salaries which would have been consumed locally, but have now been transferred elsewhere; and
- Using the national income accounting equation, it is estimated that on an average the annual loss of national income is between approximately K5.2 million and K13 million. Considering the multiplier effect, the annual loss must be approximately K11 million.

Western Province official arrested over K500,000

Post-Courier 9.7.2013

The Acting Administrator for the Fly River Provincial Government Dr Modowa Gumoi, has been arrested and charged with one count of misappropriation late yesterday evening at the Boroko Police station in Port Moresby. Dr Modowa was charged with one count of misappropriation — misapplying K500,000 belonging to the Western Provincial administration. Police at the Boroko Police Station confirmed his arrest yesterday evening. Dr Gumoi was refused bail and has been remanded in custody at the Boroko Police Station awaiting court proceedings. Police investigations revealed

Dr Gumoi held a PEC meeting with his co-accused Ati Wobiro on March 24, 2013 in Port Moresby whereby four LLG presidents were flown in to the city and allegedly pressured to agree to and approve the general engagement of Posman Kua Aisi Lawyers. It is alleged the accused did not follow official procedures to have the funds released. Other stakeholders involved in the misappropriation of these funds will be brought in for questioning following current ongoing police investigations into this matter. More arrests are expected to occur on the accomplices of the accused.

Simberi: Guards in mass withdrawal

Post-Courier 9.7.2013

By GRACE TIDEN

Around 40 G4S security guards based at the Simberi Gold Mine in New Ireland Province left work last week claiming their wages did not match the environment they worked in. A mass resignation of workers took place last Thursday after the European international company failed to address a petition that was given by the workers. Spokesman Malai Manzaum said their rate of K3.70 per hour was low compared to the rates of security workers in the neighbouring mining site of Lihir. He said they worked for 12 hours a shift for 28 days and the 14 days break was without any form of pay or allowances. "There are no risk or traveling allowances. The wages we get is not enough to enjoy our breaks with our families," he said. The frustrated workers said they started working at Simberi in October, 2009 and the first wages rate was K2.15. After one year, the rate was increased to K2.77 and in October last year, guards were getting K3.70 an hour.

Mr Manzaum said they had discussions with the management staff that flew into the site last week. However, workers decided to call it quits at the end of the week due to the lack of response from the top. The workers returned to Kokopo and Port Moresby respectively and approached the NGI Regional Labour Office seeking assistance to claim for their entitlements. NGI Regional Labour Office Manager Frank Ottio confirmed that the workers have been in contact with his office, adding that they will be liaising with the company in regards to the workers' entitlements. However, he said they had no issue with the wages rate of K3.70, which he said was well above the National Minimum Wages rate of K2.29. PNG G4S acting managing director Chris Desilva, when contacted yesterday, said he will respond to the issue today.

Ramu Nico dedicated

Post-Courier 8.7.2013

RAMU NiCo Project in Madang is committed to delivering the benefits to the stakeholders and the country despite the challenges faced today, including the high cost of unit product and the slumping price of nickel metal in the world market. Chairman of Ramu NiCo Management (MCC) Ltd, Zhao Shimin said this last Tuesday during a visit by the Minister for Environment and Conservation, John Pundari and his technical officers to Basamuk Refinery. The minister was also accompanied by the Governor for Madang Jim Kass, chairman Zhao Shimin, director and executive vice president Gu Yuxiang, Vice President Mr Charles Zha, registered works manager of Basamuk refinery Brendan Cecil while other company officials were at Basamuk to receive the delegation. "We are dedicated to and confident in overcoming different obstacles and achieving nameplate capacity with the assistance of the PNG government and to make more contribution to the economic development in PNG," Shimin emphasized, while extending his company's gratitude to the DEC and the Madang Provincial Government for the support since the inception of the project. Shimin said 2013 was critical for the Ramu Project to ramp up from load commissioning to design full capacity template.

The project was commissioned in March 2012 and officially entered operation in December 6, 2012. It is now targeting at 50% of design capacity this year, 80% in 2014 and 100% in 2015. The chairman also reiterated that Ramu NiCo was not only targeting at making a breakthrough in tech-

nology and production but also attaches great importance to safety and environment management. "More than K4.48 million (\$US 2m) has been spent on environment management and different facilities concerning environment in the first half of the year. In June, a safety and environment month campaign was successfully concluded, in which the company staff and community had actively participated," Shimin said. Pundari congratulated and acknowledged Ramu NiCo's resilience and perseverance on guiding the project to the operational phase despite the downturn in metal prices, including gold and nickel. Pundari said the government was encouraged to see Ramu NiCo having to contend with a lot of unknown factors when deciding to invest in the country and assured that DEC is always available to work with the company and other resource developers as partners.

PNG Clan Leaders Welcome Third Planned Gas Project

Post-Courier 8.7.2013

Communities not prepared for negotiations: Umbrella Association

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 8, 2013) – The recent announcement of the 3rd LNG Project in the Western Province by the Minister for Petroleum and Energy Hon William Duma was welcome by the 42 ILG clan leaders of the impacted area of PRL 4 of the Stanley Gas Project. This announcement gives confidence to the people that the Petroleum Development license will be granted, paving way for a development forum and the benefit sharing agreement. The chairman of the Umbrella Association and Company, Mr Rex Aipe and his director Mr Ben Gru, are currently in Port Moresby to talk to the Department of Petroleum and Energy and Commerce and Industry and other partners in the preparations towards the benefit sharing agreement. Mr Rex Aipe is very concerned that the impacted communities are not prepared for the negotiations. According to the Oil & Gas Act the impacted ILGs are important parties to the agreement. The social mapping and land boundaries demarcation for the well heads and pipeline have been completed; but there are still issues that DPE needs to correct during the clan vetting exercise.

Mr Aipe said that the Western provincial government has left them to work on their own. The provincial government and Kiunga Rural LLG will benefit from this project, yet the leaders and government officers are not proactively involved. Mr Aipe fears the people will not maximise on the business opportunities and community and LLG major infrastructural development because they are not prepared. "There is no consultation and the political leaders, especially the Governor, is quiet. We have learned a lot from the Ok Tedi Mine and do not want to see the people missing on this project," Mr Aipe said. A local content plan has been submitted by Horizon Oil together with the PDL applications and our discussion with Department of Commerce reveals they have not sighted the plan for preliminary consent and feedback. Mr Aipe is concerned that the local content plan developed by Horizon Oil is too broad and does not outline the specific level of service contracts the landowners can participate in: "This is a sign that we are been left out already."

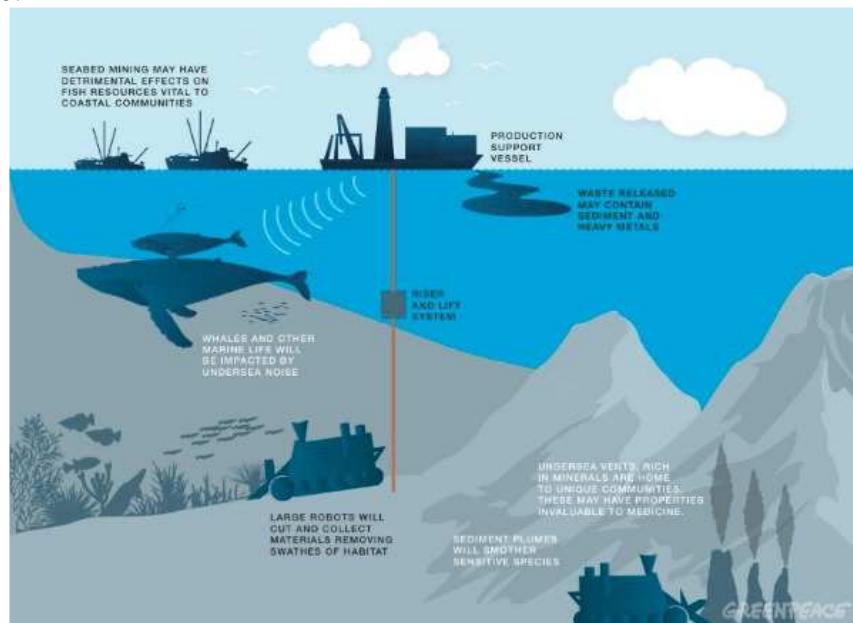
The report also stated that engineering works of the gas plant, storage tanks and pipeline are almost complete. Mr Aipe said the project will not wait for them. Some discussions with PNG energy Development Limited (EDL), a 50:50 joint venture between Origin Energy LTD and PNGSDP to supply gas to power the Ok Tedi Mine and surrounding industrial and domestic users is already underway. "As land owners, we want to participate in these spin-off business ventures. I want a similar arrangement to the gas to electricity project in Hides to Pogera Mine, where the local companies are fully participating," Mr Aipe said, calling on the government to recognise this request. "We do not want to face the same issues and concerns faced by the land owners of the PNG LNG project," said Mr Aipe. In addition, Mr Aipe is concerned that according to the 2nd quarter activities report of 31 January 2013 by Horizon Oil, early works in advance of a PDL grant have progressed. According to the report, the civil site construction engineering and tender process and fabrication of the construction and permanent camp have been completed in China.

Mr Aipe is now appealing to the Minister for Commerce and Industry to intervene and support the review of the local content plan and consult with Horizon Oil on the specific areas where the land-owners can participate in the early works. Mr Aipe said, "our umbrella company has the capacity to participate in the early works, as we purchased heavy equipment and are ready to participate in any subcontracts for landfills, earth works, land clearing and pipeline land clearance." He further said, "I am fully in support of Minister Maru's initiative to promote the SME concept in the country to address the unemployment and urge government officers to support this move by the government."

Greenpeace takes on deep sea mining

MINING.com News, July 7, 2013

Greenpeace International is warning the extinction of unique deep sea species and other significant irreversible environmental damage to oceans would be a likely result of an emerging trend to exploit seabed minerals. A new report from the environmental activist group has found that the potential impact of deep sea mining is not properly understood. "Mining could devastate biodiversity hot-spots and endanger deep sea organisms as sediment waste and pollution from toxic heavy metals are discharged. This comes as only 3% of the world's oceans and less than 1% of the high seas are protected, making them among the most environmentally vulnerable places on Earth," Greenpeace said. "Copper, manganese, cobalt and rare earth metals are found in or on the seabed and a growing number of governments and companies are developing deep seabed mining ventures for mineral exploration. Canada, Japan, South Korea, China and the UK are just some of the countries that have been granted contracts by the International Seabed Authority, which is holding its 19th session in Jamaica from July 15-26 where more applications will be considered. "The International Seabed Authority Council has approved 17 exploration contracts to date for the seabed that lies beyond national jurisdiction in the deep seas of the Pacific, Atlantic and Indian oceans, compared with only 8 contracts in 2010.



"Commercial mining operations may start as early as 2016. There is also significant exploration interest within national waters, particularly in the Pacific Ocean, and one license to mine the deep seabed has already been granted in Papua New Guinean waters. "We're on the verge of a dangerous new kind of gold rush in our oceans," protect the ecosystems that we all rely on for our survival,' said Alicia Crow, Greenpeace International oceans campaigner." Download the Greenpeace report: www.greenpeace.org/canada/Global/canada/report/2013/07/DeepSeabedMiningReport.PDF

MCC's EIA on chromite mining indicates chromium 6 is present

PNG Mine Watch, 6.7.2013

“World Class” Ramu Nico Mine Management has blatantly come out to the media refuting claims that the chromite stockpile at the Kurumbukari mine is a threat to health and the environment. Moreover, the mine has claimed that there is no chromium 6 present. The following are chosen extracts taken from the **Environmental Impact Assessment** for the Department of Environment & Conservation for “World Class” Ramu Nico Chromite Export. It shows obvious points that chromium 6 is present at KBK. Included are the plans of storage, transportation and handling of chromite. “... *the major minerals that would be mined are Nickel and Cobalt. Other minor minerals such are Iron, Aluminum, and Chromite make up the remaining percentages of the mineral composition of the ore at Kurumbukari*” “... (EIA) was conducted to identify the process and possible environmental impacts that could occur during mining and transportation of chromite concentrate from Kurumbukari to the export facility in Madang”. “Annual production of chromite is predicted to reach 160 000 tons and this was proposed to be buried on site in the original Environmental Plan. **If this large quantity of chromite is not safely removed from the site, it may cause serious environmental impacts because of the possibility of chromium (IV (sic)) leachate run-off into the downstream water bodies and ecosystems**”. “It is an iron chromium oxide ($FeCr_2O_4$), which may be oxidised, releasing chromium. If elevated concentrations of chromium, in particular chromium (VI), enter the environment they have the potential to impact the freshwater environment and downstream freshwater users”.

“Chromium is hazardous because it affects human physiology, accumulates in the food chain and can cause several sicknesses...**In this Project, Chromium (VI) is expected to occur**”. “**Water samples from the chromite leachate ponds and tailing pools showed chromium (IV (sic)) Cr6+ levels...**” (Chromium 6 is present) “By 2014, production will increase to 160 000 tons and with approximately 15 000 to 20 000 tonnes of chromite rejects and these will be buried at the Kurumbukari mine. The rejects will be buried at least 1 meter below the ground at vacant mine sites”.

„...chromite rejects from the beneficiation plant will not be suitable for sale and will be buried in mined out areas, under 1m of soil. Only the quality black sand or chromite will be bagged for export”. “Chromite will be loaded onto large haulage trucks at the stockpile yard at Kurumbukari Mine Site. The trucks will drive to the Usino junction and then use the Lae Madang highway to transport the chromite to Madang” (Usino junction to Madang town is approx. 105km and road conditions are severe). “MCC proposes to utilize the Madang wharf for the export of its chromite concentrates. MCC proposes to utilize approximately 5 hectares of the Port Facility for storing chromite before export”.

“Some potential impacts that occur include; **If a new wharf is constructed the visual nature of the physical site will be altered permanently, including habitat destruction.** However, it is proposed that for the time being the existing Madang wharf will be utilized” “main aim of removing chromite from the ore and from the mine site is to; **Minimize possibility of chromium (IV (sic)) leachate runoff that may become toxic to the air, water and the ecosystem**”. “PNG does not have a standard law for Chromite mining and handling”. Packaging “No toxic labelling will be done because it is not a toxic product”

Handling “Use with adequate ventilation. Minimize dust generation and accumulation. Do not breathe dust, vapour mist or gas. Avoid contact with skin and eyes. Use dustless system (vacuum) for handling, storage, and cleanup so that airbourne dust does not exceed the permissible exposure limit...Avoid prolonged or repeated exposure. These simple instructions must be adhered at all times and proper safety procedures and gears must be used”.

“...other impacts that might arise from chromite stockpiling and storage may include;

- It will generate ash when transporting the chromite from chromite concentrate to stockpile in Madang.

- *The chromite will be washed away into the environment and;*
- *The chromite will permeate into the soil”. “...MCC has no plans to develop its own wharf immediately because it is still not viable. However, there is a potential for the PNG government to construct a wharf...”*

According to the extracts “World Class” Ramu Nico will adhere to safety requirements in storing, handling and transporting such a dangerous mineral, hence, there should be no concern for the health and environmental impacts that are associated to chromium pollution. However, with regards to recent scientific findings of a major pollution caused by mine tailings at Basamuk (a case in which “World Class” Ramu Nico continues to deny), it should not be ignored of the plausible consequences chromium pollution brings. This should be a worry for the landowners, the government and the people of Madang if they are concerned for their own health and the environment.

LNG: Effects to exchange rate

Post-Courier 5.7.2013

REVENUE receipts in the form of foreign exchange inflows from the production of the PNG LNG project will have implications on the kina exchange rate says the Governor of the Bank of Papua New Guinea Mr Loi Bakani. He said the inflows would have potential negative impacts on other important economic sectors such as agriculture. The governor stated in the bank’s March quarterly economic bulletin this week that PNG’s economy has already headed towards major structural changes following the commencement of the construction of the LNG project. “In the wake of the LNG production in 2014, the country is expected to experience significant growth and revenue receipts in the form of foreign exchange inflows. “These inflows will have implications on the kina exchange rate; hence kina appreciating significantly would have potential negative consequences on important economic sectors such as agriculture”. He reiterated his view that PNG can avert these risks and, more generally, the potential LNG-generated Dutch Disease effects by putting more resources and effort into developing the agricultural sector. “It is important to note that for PNG to have a sustainable economic growth, the Government must heavily invest and develop the agriculture sector including other non-mineral private sectors so that in the long run growth must be underpinned by these sectors rather than developments in the resource sector.

It would be a wise decision by the Government to redirect revenues from the resource sector to develop the non-mineral private sector, especially the agriculture sector”, he said. Global inflation has slowed as a result of the stabilisation of commodity prices. The IMF projected inflation of 1.7 percent in advanced economies and 5.9 percent in emerging market and developing economies. The international food price index has increased to 215.2 points in May from 210 points in January reflecting a general increase in food price levels. The Governor was concerned that high import demand could exert further downward pressure on the exchange rate and lead to an increase in domestic prices. Although annual headline inflation increased to 2.8 percent in the March quarter of 2013, compared to 1.6 percent in the December quarter of 2012, it is still considered low. The Bank of PNG is taking a cautious approach, considering factors that could induce inflationary pressures, including the kina depreciation, and maintained the Kina Facility Rate (KFR) at 6.25 up to last month, since the last reduction in March this year. The upside risk to inflation remains largely associated with the depreciation of the kina exchange rate due to high import demand and the re-introduction and increases in tariffs for some import items in 2013.

OTDF committed to service delivery in Western Province

Post-Courier 5.7.2013

OK Tedi Development Foundation (OTDF) will continue to work with other development partners, including the Fly Provincial Government and its administration in delivering much needed services

to the people of Western Province. This is according to OTDF Chairman Nigel Parker in his message in the company's 2012 annual report released last month. "OTDF is a unique entity established with a vision to deliver maximum benefits to the communities that we serve and to ensure the self-sustainability of the Community Mine Continuation Agreement (CMCA) regions," Mr Parker stated. "To stimulate commerce and deliver the greatest possible benefit, the company recognises the need to solicit support from all possible development partners, external donors and philanthropic organisations". He said considering the company is responsible for delivering sustainable impact projects and programs to 156 CMCA villages with a total population of over 110,000 people, he was pleased that the company was operating successfully independent from Ok Tedi Mining Limited.

He said the CMCA communities have now seen more tangible benefits from their monies through the projects and programs the company has implemented. He added that the public-private partnership concept was the only way forward to ensure development in the province and given the resources and the capacity OTDF has, it is paramount that all development partners work together. He also cited a recent memorandum of agreement between OTDF and the PNG Sustainable Development Program Limited, whereby OTDF will be the implementing agency for all PNGSDP projects in the Western Province. "Another key highlight...has been the successful transition of the former OTML Regional Engineering department into the OTDF organisational structure.

Western: Work begins on first deer farm

Post-Courier 5.7.2013

THE Ok Tedi Development Foundation Limited (OTDF) is working with communities in the South Fly region of Western Province to establish what could be Papua New Guinea's first deer processing facility. Work on this project began last year at Kautru village located in the South Fly region. A trial deer farm has already been built at the village with seven deer now being looked after. There are large numbers of wild deer in the bush and we are trialling the capture and domestication of these deer. This will hopefully lead to commercial deer farming. Kautru was selected as a pioneer model village as part of OTDF's model village program. Under this program, OTDF will work with the Village Planning Committee (VPC) of Kautru to improve services of health, education, agriculture and income generating opportunities. Other villages that also wish to improve services in their villages can also join the program.

OTDF will then replicate the same concept throughout other villages benefiting from the Ok Tedi Community Mine Continuation Agreement (CMCA). OTDF Chief Operating Officer Geoffrey Fahey said the deer project was an initiative of the people of Kautru and OTDF was pleased to support the project. He said making sure this project is implemented successfully will not be easy but such a project could lead to sustainable income generation for the village. Last year, OTDF brought a deer farmer from Australia that has a large deer herd and who exports deer products throughout the world. This farmer is helping the OTDF and the people of Kautru to bring this commercial deer farming concept to reality. Last week, a team led by OTDF, including a meat processing expert from Australia and the Fubilan Catering Services Limited, visited the farm to start work on developing a concept for a processing facility. While work on this project is still in its infant stages, Mr Fahey is adamant that the project is viable and will support the communities well after the Ok Tedi mine closes.

"The idea is to set up a facility here in Western Province to process deer meat for markets firstly in Papua New Guinea and markets in other countries where deer meat is in demand," Mr Fahey said. "By doing so, we will commercialise deer production in Western Province. Currently deer are breeding in the wild and are largely not harvested. Projects such as this will create jobs for local people and encourage more villages to start farming deer," he added. Kautru VPC Chairman Dubki Abuga

said his village decided to venture into this project because of the many opportunities such a large scale project would have on his people. “We decided to have this project because we wanted something sustainable to support our communities after the Ok Tedi mine closes,” Mr Abuga said. OTDF is also in discussions with the Fubilan Catering Services Limited based in Tabubil to have the processed deer meat used in their messing facilities and also at their restaurants once the project kicks off. Once the trial is concluded, OTDF will look to expand deer farming and when numbers are sufficient OTDF will look to establish the processing facility. This is expected to take a couple of years to come to fruition.

Goldminer write-downs at \$US17b after Newcrest

Post-Courier 5.7.2013

NEWCREST Mining Limited’s decision to write down the value of its mines by as much as K12.33 billion (\$US5.5bn) will lead to the biggest one-time charge in gold mining history. It also heralds pain for competitors. Barrick Gold Corporation, the biggest producer, Newmont Mining Corporation and Gold Fields Limited may be next, according to Jefferies International Limited, reports Bloomberg News. Nouriel Roubini, professor of economics and international business at New York University and known as Dr Doom for predicting turmoil before the global financial crisis began in 2008, says gold may drop to K2241.82 (\$US1000) an ounce by 2015. The metal traded as low as K2863.25 (\$US1277.20) in New York. Gold companies that spent K437.15 billion (\$US195bn) on acquisitions in a decade-long price boom are at risk of taking write-downs like Newcrest’s. Producers face more stress with brokers from Goldman Sachs Group Incorporated to Citigroup Incorporated cutting price forecasts as bullion heads for its first annual drop since 2000.

“We would expect that there would be several, if not many companies, who would also in the next reporting period be coming to a list of impairments,” Michael Elliott, sector leader for Ernst & Young LLP’s global mining practice, said in a phone interview from Sydney. “It’s just a question of timing, and who had the largest exposures.” Newcrest’s write-down, which Australia’s biggest producer said is a result of gold’s slump, is probably the largest aggregate charge announced in the industry, said Elliott, who’s been advising producers for more than 30 years. A Bloomberg Index of 14 large gold miners, including Barrick and Newcrest, shows they have lost about K367.66 billion (\$US164bn) in market value since gold, now in a bear market, peaked on September 6, 2011. Taking into account Newcrest’s expected costs, gold companies will have written down assets by about K38.11 (\$US17bn) in the past 16 months, data compiled by Bloomberg shows.

Gold declined 23 per cent in 2013, sliding into a bear market in April, as the MSCI All-Country World Index of equities climbed 3.7 per cent, and the dollar gained 3.5 per cent against a basket of six major currencies. Gold rallied for 12 years through 2012 as the US Federal Reserve cut borrowing costs to a record to bolster the economy. Bullion had its worst week since 2011 in the five days to June 21, tumbling 6.8 per cent. Newcrest has plunged 29 per cent since the company said it expected to book write-downs on mines in Papua New Guinea, Ivory Coast and Australia in its full-year results. The Melbourne-based company, which expects to write down its assets by about 25 per cent of their book value as of December 31, has seen its market value fall K1.87 billion (\$A3.8bn) this month to K3.59 billion (\$A7.3bn) on June 24. South African gold miner Harmony Gold Mining Company, which partners with Newcrest in a Papua New Guinea venture, said last week that it expected to write down its share of the operation by the end of July.

Poverty on the rise Urban poverty increases in PNG

Post-Courier 5.7.2013

By Alexander Rheeney

POVERTY in the National Capital District is worsening due to rising inequality amongst Port Moresby's poor, warns a report into the labour market in Papua New Guinea. The report by the University of Waikato's Professor of Economics, John Gibson, analysed data on the PNG urban labour market (with an emphasis on the NCD) over three decades and made key findings. The first was wage employment in urban PNG was now less male dominated, the informal sector was now a major economic activity but economic inactivity remained very high, especially among the city's youth. According to the report the Port Moresby labour market provided the main source of income for the city residents. But analysis of the data showed that the real value of returns from working in the nation's capital had fallen due to increases in prices "outpacing" the rise in nominal wages and nominal returns to the informal sector.

In a comparison of data between 1986 and 2009/10, the report concluded that the heads of households who worked in the informal sector in 1986 had a lower risk of living a life of poverty. This is unlike the 2009/10 period where the pattern did not exist because having the head of the household engaged in the informal sector did not mitigate the risks of poverty, consequently it was likely the family would be living in poverty. The report suggested that in order to tackle poverty households might want to consider having more people living under the same roof in some form of employment. "The rising participation rates in the face of these falling real returns suggests the importance of income effects and possibly the need for 'added workers' to assist households in meeting their expenditure needs," stated the report.

The main data sources for the report were the 1985/90 Urban Household Survey, the 1996 Papua New Guinea Household Survey, The Demographic and Health Survey, 1996 and 2006, The 2000 Census of Population and the 2009/10 Household Income and Expenditure Survey. The Post-Courier last month revealed how poverty was compelling minors and students to get into prostitution in many of the city's night clubs. Three non-government organisations who run programs targeting the child sex trade reported an increase in child prostitution by 30 per cent this year, compared to the same period last year. A 2011 report by the International Labour Organisation, a rapid assessment on the commercial sexual exploitation of children and children working on the streets of Port Moresby, found that children as young as 12-years-old were involved in prostitution.

Nautilus digger in UK

The National, July 5th, 2013

A GIANT undersea mining vehicle that will be used to extract gold and copper from a volcanic site in Papua New Guinea has arrived on Tyneside, England. The 70-tonne Bulk Cutter chassis was delivered to engineering firm Soil Machine Dynamics (SMD) based in Wallsend. The subsea vehicle manufacturers were awarded the £60 million (K201.5 million) contract to build the world's first deep-sea mining tools for Canadian mining company Nautilus Minerals in 2007. The contract includes three subsea mining machines with the associated control and launch and recovery systems. The arrival of the chassis, which was designed by SMD and fabricated in Sheffield, is the first major milestone in the production of the mining vehicles. The Bulk Cutter is the heaviest of the three vehicles, weighing 310 tonnes when fully assembled. Nautilus intends to use the vehicles at its first project, known as Solwara 1, off the coast of Papua New Guinea in about 1,600m of water. SMD's principal engineer Nick Ridley, said: "It's been around five years since the beginning of the project and we've gone through various different guises of the machine and many different designs, so today really is a big milestone in the delivery of the project." "Deep-sea mining is a fledgling indust-

ry, there are only two or three big players looking at this at the moment, but there is lots of interest worldwide so it's potentially an exciting future for Tyneside and for mining." The excavation and collection of the rich sea minerals has been split into three individual tasks, each of which will be carried out by a different vehicle. – SkyNews

Western people's trust funds abused

Post-Courier 4.7.2013

Western Province people's non CMCA trust account is now less than K 31 million after the mining secretary Shadrach Himata allegedly paid these funds out of the trust account without following the strict procedures set out in the trust Instruments which states the purpose of all payments and withdrawals from the account shall be solely for the purpose of funding the developments projects as per the Western Provincial Plan. President of OTMIAA, Mr Nick Bunn made this statement in a press release yesterday saying, "These funds are strictly governed by the procedures set out in the trust instruments dated the 29th April 2011 signed by the Hon Prime minister Peter O'Neill when he was the finance minister. Clause 6 (c1) states very clearly that funds can only be accessed from the trust account by approval of the JDBPBC resolutions from the North, Middle and South Fly Electorates." He said the right process was for these projects to be approved by the 3 Districts authorities and be endorsed by the Provincial Administration and the chairman of each JDBPBC then submits a list of projects to minister for mining for approval.

The Minister for Mining upon advise from the advisory committee made up of secretaries from Mining, National Planning and Finance and Treasury and representative from western Province then approve the projects for funding from the trust account. The projects are than tendered if the value is less than K3 million by PSTB, above 3 million by CSTB and over 10 million by the NEC. And clause 6(d) says projects funds are released funding for the projects approved by the Minister in 3 tranches as follows:

- * 50% of project costs as the initial payment.
- * A second payment of 25% of project cost upon satisfactory evidence of project completion.
- * A final payment of 25% of project cost upon satisfactory evidence of project completion.

"The Secretary for Mining Shadrach Himata who is also the chairman for the board of trustees of the non CMCA trust account approved and authorised the 13 payments without following the tender processes totalling K31 million to the Fly River Provincial Government based on a letter dated the 25 February from the acting administrator of Western Province Dr Modowa Gumoi who states in his letter in accordance with clause 6(c) (v) of the trust deed dated the 29 of April 2011, 13 executed contracts for payments by the Board of Trustees in accordance with clause 6 (d)."

Nautilus: Solwara 1 will push through

The National, July 4th, 2013

NAUTILUS Minerals country manager Mel Togolo has affirmed the company's commitment to Papua New Guinea, adding that it remains confident the Solwara 1 project will be successfully implemented. Togolo went on FM 100 Talkback to reiterate that the National Government and relevant stakeholders, including the New Ireland and East New Britain provincial governments are being supportive and that Nautilus will continue to engage and take a multi-stakeholder approach to project development. "We have had very good co-operation from the New Ireland and East New Britain Provincial Governments ...we look forward to working constructively with these Provinces," Togolo said. Answering queries on why go to the sea for minerals, Togolo said due to society's desire to use technology like mobile phones, internet, computers, electricity, fridges, cars, aeroplanes, ships etc, the demand for minerals is increasing and land resources are becoming stretched and so it

was only wise that the vast ocean be explored to meet the world's mineral demands.

He added that seafloor resource production is not new and Nautilus Minerals will be mining for mineralised ore at depths of 1,600m using adapted technology that has been used before in the oil, gas, dredging and land based mining operations. He also said the Solwara 1 site was a well-researched site, which has seafloor massive sulphides containing high grades in copper, gold and silver. A small extraction area of 0.1 km² also means a small impact or physical footprint. And, nobody lives at 1,600 m water depth, meaning no people need to be disturbed or relocated for mining to proceed. He assured listeners that the project will not relocate or displace any individuals or villages, it will not negatively impact livelihoods or any fish stocks and the coral reefs are safe as there won't be any blasting and that there are no tailings associated with the Solwara 1 operation. Nautilus Minerals has made a number of above and beyond commitments to ensure surface waters and fish stocks remain safe including the use of biodegradable fluids and a fully enclosed system.

Rio Tinto meets with Panguna landowners

Aloysius Laukai, New Dawn, PNG Mine Watch, July 3, 2013



ABG President and ABG Minister for Public Service, Joel Banam, Chris Siriosi (ABG's Legal Officer), Raymond Masoso (Secretary of the Panguna Negotiation Office), Stephen Burain (CEO for Mining Department), Paul Coleman and other participants at the meeting. Picture by Aloysius Laukai

A one day meeting between the Panguna Landowners and the Secretary of Bougainville Copper Limited, Paul Coleman [PNG Manager for Rio Tinto] started in Buka this morning and was opened by the ABG President, John Momis. The meeting is a follow up of several meetings between the two groups to discuss outstanding issues that the two groups needs sort out before the negotiations on the future of the closed Panguna Mine can proceed between ABG, BCL and the Landowners themselves. Today's meeting is being attended by all the nine Landowner Associations that are now registering with IPA before they vote for one overall Umbrella association Chairman who will represent all these associations.

Bank warns of LNG risks

The National, July 3rd, 2013

THE Central Bank has warned of major risks facing the PNG economy as a result of the PNG liquefied natural gas (LNG) project and advised how to manage the country out of danger. Governor Loi Bakani has advised the Government, through the bank's Quarterly Economic Bulletin for March

which was released yesterday, to start serious investment in the agricultural industry to avert the onset of what is commonly referred to as the Dutch Disease. This “disease” is brought about when high inflows of revenue push up the value of the currency to the extent where it will become very hard for other sectors of the economy such as manufacturing and agriculture to operate profitably. Other effects of the LNG project on the economy include the winding down of the construction phase this year, which is already impacting on the non-mining private sector as spin-off business activities start to slow down. “This momentum is expected to pick up and would imply that more labour and equipment engaged in the project will be laid off and ready for use elsewhere in the economy,” Bakani said in the first quarter report.

He said it was important that the Government utilised the labour and equipment to undertake its development infrastructure projects. “With the Government’s 2013 Budget stimulus package to increase funding for development projects, this would be a great opportunity for the Government to utilise spare capacity to further develop the economy and partly to offset the impact of the slow-down in activity from the LNG project,” Bakani said. With respect to financing of the 2013 Budget deficit, the governor advised the Government to borrow locally, given the high liquidity and current low interest rate environment. The Government has opted for domestic financing over external financing. Bakani said significant growth and revenue receipts in the form of foreign exchange inflows would force the kina to appreciate significantly which would have potential negative consequences on important economic sectors such as agriculture.

“PNG can avert these risks and, more generally, the potential LNG-generated Dutch Disease effects by putting more resources and effort into developing the agricultural sector. It is important to note that for PNG to have a sustainable economic growth, the Government must heavily invest and develop the agriculture sector including other non-mineral private sectors so that in the long run growth must be underpinned by these sectors rather than developments in the resource sector,” he said. “The current problem, however, is not of the Kina appreciating but of it depreciating, pushing up prices of imported goods.” The governor warned that the international food price index had increased to 215.2 points in May from 210 points in January reflecting a general increase in food price levels. Bakani said he was concerned that high import demand could exert further downward pressure on the exchange rate and lead to increase in domestic prices. According to the quarterly report, the daily kina exchange rate had depreciated against the US dollar, euro and Australian dollar, which was mainly attributed to high import demand, and, hence, higher demand for foreign exchange and lower foreign exchange inflows.

New Caledonia Conference To Discuss Challenges With Nickel Market

Price drops, increased Chinese production threaten industry

WELLINGTON, New Zealand (Radio New Zealand International, July 1, 2013) – Problems facing the global nickel market are being discussed in New Caledonia this week at a gathering of the world’s top producers. The volatile nickel price has dropped as two new huge nickel plans have this year begun production in New Caledonia, which has about a quarter of the world’s nickel ore supply. The Noumea conference is being attended by among others Vale of Brazil, Xstrata-Glencore of Switzerland, BHP Billiton of Australia and Chinese, French and Russian producers. The long-standing New Caledonian producer, SLN, is again feared to be making a loss this year as the crisis in Europe has cut demand and led to growing stockpiles. China is also reported to have become a massive producer, based on ore imports from Indonesia and the Philippines.

PNG Government Said To Owe Bougainville \$87 Million

Development grant formulas not being adhered to: Minister

By Romulus Masiu

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 1, 2013) – The National Government of Papua New Guinea owes the people of Bougainville K200 million in restoration and development grants as agreed under the Bougainville Peace Agreement (BPA). An angry Autonomous Bougainville Government (ABG) Minister for Finance Albert Punghau blasted National Government saying that by law ABG can take the National Government to court and has assured the people of Bougainville that ABG will just do that – it will take the National Government to court over the issue. "I've already spoken to President Chief Dr John Momis and we will definitely take them to court. Even though we have signed the BPA in good faith, we signed for the referendum, we signed for restoration development grant and we signed for the other monies and the National government is continuously and purposely delaying our money till today. You can know the politics of this thing, the 'Cold War' is still on, you have to be mindful and make the crucial decision and we open the Panguna Mine and have our own money," Mr Punghau reminded the people of Bougainville last week in Arawa.

The financial arrangement under the BPA stipulates that the PNG government has to provide grants to the Autonomous Bougainville Government (ABG). One such grant is the Restoration and Development Grants. The grant was introduced in 2005, with the first Bougainville House of Representatives getting K10 million. From then on the grant accumulated to K12 million and then to K15 million. When the second Bougainville House of Representatives took office the figure is still locked up at K15 million till today. However, Mr Punghau highlighted that according to the formula of the BPA, this money K15 million must increase prorate as per increases of the public investment of PNG. To date this is not happening totaling to K188million owed to Bougainville. This is just one example of the National Government's uninspiring support and delay tactic that has prompted Momis-Nisira led government to set its sight on the re-opening of the Panguna Mine to re-build its economy and gain independence from PNG.

"If the mine is re-opened Bougainville will be one of the richest places on earth with its 300,000 benefiting from billions from the copper-gold deposits at the Panguna pit," Minister Punghau said, adding that the responsibility of ABG is to provide the goods and services to its population as in the budget, at the same time build economy which it is not doing at the moment because of lack of financial capital. "Let's kick-start the economy by re-opening the Panguna Mine, if the mine has given independence to Papua New Guinea, this is our money, why we give money to outsiders and now we are becoming beggars on our own land, when we can't agree on the re-opening of the mine which is rightfully ours," Mr Punghau said adding that the budget is critical in relation to what the National Government of PNG is doing to Bougainville and its people.

Class Action Suit Against Bougainville Cooper Dismissed By U.S. Court

Rio Tinto accused of 'war crimes, cultural devastation, environmental rape'

By David Lornie

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 1, 2013) – Rio Tinto, the parent company of Bougainville Copper Limited (BCL), has emerged victorious in a long-running court battle against victims of the 10-year Bougainville War. The international mining giant operated the controversial Panguna copper mine in Central Bougainville until it was closed in 1989 as a result of growing landowner dissatisfaction with the social and environmental impacts of the mine. A 10-year secessionist war on Bougainville ensued, which reportedly claimed up to 20,000 lives. On Friday (Saturday PNG time) the majority of an 11-judge panel of the Ninth US Circuit Court of Ap-

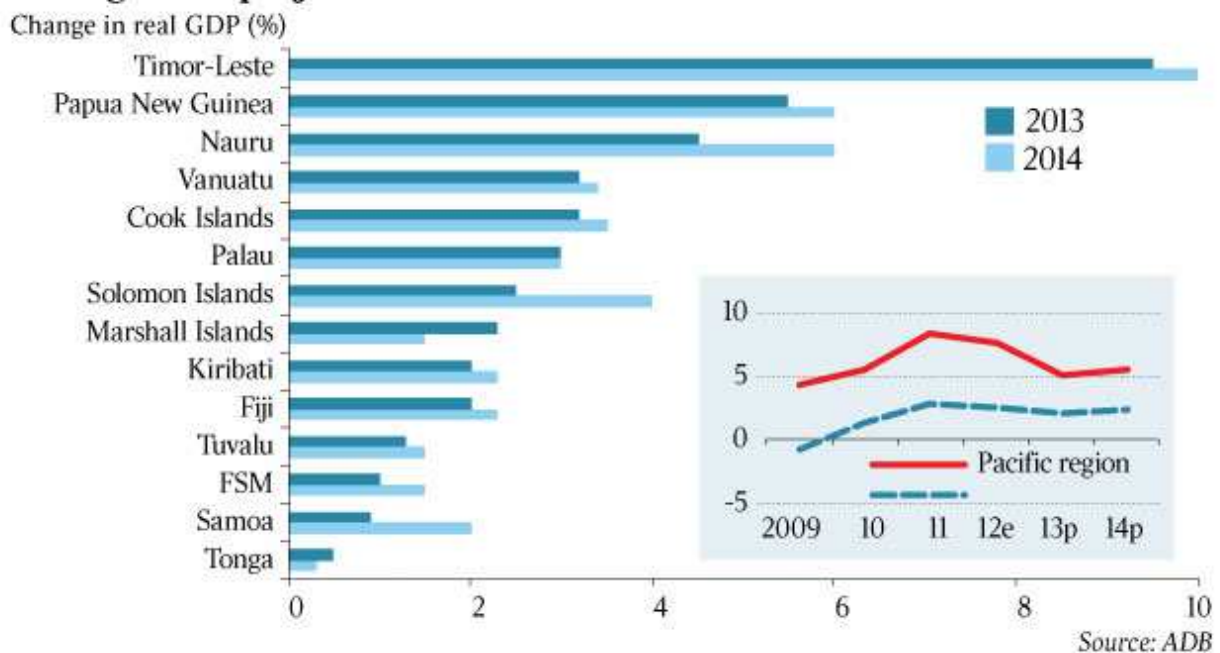
peals dismissed the class action against Rio Tinto which had alleged the company was responsible for war crimes, cultural devastation and environmental rape. Steve Berman of US law firm Hagens Berman who represents the Bougainvilleans told Post-Courier by email, "the court has dismissed the case, unjustly so in our view."

He added: "We are considering re filing with many individuals as plaintiffs rather than a class action. We would assert claims of assault, battery, murder, conspiracy." The case, known as "Sarei versus Rio Tinto", alleged that "Rio's conduct violated customary international law, including prohibitions against destruction of the right to life and health, and prohibitions against racial discrimination and war crimes. "Rio's conduct violated the settled standards for the protection of human rights and the environment recognised by customary international law and United States legal precedent." In the landmark court case, the plaintiffs were seeking remedy under the Federal Alien Tort Claims Act, a US law that had been used to litigate against companies accused of abusing human rights worldwide. However, that law's international clout was restricted by the April 17 decision in the *Kiobel V Royal Dutch Petroleum Co* case – a Nigerian lawsuit alleging crimes against humanity by the oil company. The majority of judges in that case declared the Statute was designed in the main to cover International law breaches within the US. This has now impacted on the *Sarei V Rio Tinto* case which was discontinued on Friday as a result.

Pacific neighbours feel pinch of mining slump

ROWAN CALLICK, The Australian, June 29, 2013

GDP growth projections



AUSTRALIA is fringed by neighbours also being hit by the fall in commodity prices, including the larger Pacific island economies. The Asian Development Bank yesterday cut its growth forecast for the Pacific islands region to 5 per cent for 2013, just two-thirds of the growth last year, which reached 7.6 per cent. Papua New Guinea is being particularly badly hit, with its gold and oil exports to Australia -- which bought 55 per cent of its entire exports in 2012 -- down a colossal 32 per cent in the first quarter of this year. These two items from PNG comprised three-quarters of all Pacific sales to Australia, which slumped 27 per cent, and to New Zealand 17 per cent, in the first quarter. But Yao Xianbin, the director general of the bank's Pacific department, says that "a brighter outlook for the global economy is expected to spill over" in 2014, though still only lifting the islands'

growth to a modest 5.5 per cent. This growth is being dragged back by accelerating inflation -- expected to reach 5.7 per cent across the 14 island countries due to increasing government spending and weakening currencies as fuel costs rise.

A single, \$20 billion project will help lift the whole region's average performance in 2014: the start of production of liquefied natural gas in PNG, by ExxonMobil. Fiji suffered from a 7.9 per cent fall in tourist arrivals in January, due largely, the bank believes, to Cyclone Evan which hit the islands in late December. Gold output slumped by 20 per cent in 2012, says Fiji's dominant producer Vatukoula Gold Mines. This was "larger than the 8 per cent decline reported by the Reserve Bank of Fiji", the ADB adds pointedly. In May, Chinese-owned DRK Energy bought 19.2 per cent of Vatukoula and plans to invest to boost output. The ADB's growth forecast for Fiji remains unchanged at 2 per cent for 2013, when the budget deficit is planned by the government to widen to 2.8 per cent of GDP. The bank says that in PNG, while "signs of the expected slowdown in growth from 9.8 per cent in 2012 to 5.5 per cent in 2013 are appearing, the economy remains robust." .

Rio Tinto Genocide Lawsuit Thrown Out by Appeals Court

By Edvard Pettersson, Bloomberg, Jun 28, 2013

Rio Tinto Plc (RIO), the world's second-biggest mining company, won dismissal of a lawsuit in the U.S. accusing it of contributing to genocide in Papua New Guinea. The U.S. Court of Appeals in San Francisco today affirmed a lower court's ruling dismissing the case. The appeals court's decision was prompted by an April 22 order by the U.S. Supreme Court, which in a separate case brought against Royal Dutch Shell Plc (RDSA) had scaled back application of the 1789 Alien Tort Statute. That law, also invoked in the Rio Tinto case, has been a favorite tool of human-rights advocates seeking to hold companies responsible in U.S. courts for atrocities overseas. The lawsuit against London-based Rio Tinto stems from the deaths of thousands of indigenous people starting in 1988 on the island of Bougainville, where Rio Tinto was part of a group operating the world's largest open copper pit. The case is *Sarie v. Rio Tinto Plc*, 02-56256, U.S. Court of Appeals for the Ninth Circuit (San Francisco.)

Environment audit report recommends a shutdown of Gold Ridge mining operations

Islands Business, 16 May 2013

HONIARA, Solomon Islands --- An independent environment audit into Solomon Islands Gold Ridge Tailings Dam recommends that the Gold Ridge Mining Limited (GRML) should shut down its operations, install the water treatment plant and discontinue any further extraction of water from Chovohio River. The audit report compiled by an independent environment auditor for Metapona Downstream Association, Kolobisi Tailings Dam Association and Gold ridge community and landowners council representatives recommends that the retained water is of good quality resembling those of the Tinahulu in terms of trace metal concentration. The report recommends that GRML shut off pumps 1 and 2 from Chovohio River and pump in 'return water' to fill the tanks at the processing plant adding that the untreated water could be pumped to the returning water dam. In addition, the water collection pond at the processing plant should be cleared off the silts and clay that is accumulated should be discharged. The pond should also be filled to its capacity which means the pumping rate should be increased from the current 234 cubic meters per hour. It states the ore contains about 20 percent moisture which is a positive addition of water into the processing plant and eventually to the Tailings Storage Facility. The report says the amount of ore feed into the processing plant should be reduced by 20 percent during the crucial period of 10 weeks from now. It says if GRML does not implement any of these measures then it should shut down its operations immediately.

Ferrostaal Managing Director meets President of Indonesia Ferrostaal signs Letter of Intent for downstream petrochemical project in West Papua

Ferrostaal, Essen, 2013-03-04

As part of the state visit by Susilo Bambang Yudhoyono, the President of the Republic of Indonesia, a meeting took place in Berlin today between Dr. Klaus Lesker, Managing Director of Ferrostaal GmbH, and the President. Prior to this meeting, Ferrostaal signed a Letter of Intent with the Ministry of Industry of the Republic of Indonesia on cooperation for the development of a downstream petrochemical investment project in the West Papua region of Indonesia.

Ferrostaal as project developer

A petrochemical plant complex for the production of methanol, propylene and polypropylene from natural gas is due to go into production in the Teluk Bintuni Regency in 2019. Ferrostaal's role in the project is that of project developer and investor, in addition to which it will be responsible for structuring the investments planned by the foreign and local Indonesian investment partners. According to the Letter of Intent, the allocation of the principal gas supply from local reserves as well as the allocation of building land within an industrial park planned by the Ministry of Industry of the Republic of Indonesia in Teluk Bintuni will follow within the next months.

Significant economic benefits for the Indonesian market

"The project promises significant economic benefits for the Indonesian market thanks to the high level of value added in the country. Firstly, use of the end products for its own market will enable Indonesia to save up to 600 million US dollars annually on imports. Furthermore, the high technical standards of the plant complex will ensure a technology transfer and safeguard long-term jobs for up to 3,000 direct and indirect employees. This is about four times the number that would be created by, for example, the production of liquefied natural gas (LNG)," says Klaus Lesker, Managing Director of Ferrostaal GmbH.

Supply of local plastics and fuel markets

After completion of the plant, annual output is expected to be in the region of 400,000 tonnes of polypropylene. The plastic as well as the by-products petrol (approx. 150,000 tonnes) and liquefied natural gas (approx. 34,000 tonnes) are to be sold on the local market in order to meet the growing local demand and support growth in the country through this import substitution. Polypropylene is the second most important plastic in the world after polyethylene. In Indonesia, the material is to be used primarily in the plastics industry for the manufacture of containers for example, but also increasingly in the automotive and furniture industries.

Sustainable industrialisation in Indonesia

The project supports the implementation of a master plan adopted by the Republic of Indonesia (MP3EI), which provides for sustainable industrialisation in the period to 2030 in order to accelerate economic development, particularly in the east of Indonesia. Indonesia will particularly benefit from the alternative polypropylene production technology. Production will be based exclusively on local natural gas from reserves in West Papua, which have the potential to keep the plant complex supplied for at least 25 years.

What do big miners contribute to Papua New Guinea's development?

By Margaret Callan, DevPolicyBlog, March 20, 2013

Last year the Development Policy Centre published a discussion paper and blog post that I authored. The paper looked at the private sector's reporting on their economic, social and environmental contributions in developing countries. Most large companies subscribe to international frameworks

for corporate sustainability and responsibility that require them to publish information on the economic, social and environmental impact of their operations. The quality of this reporting is mixed – companies tend to report on different indicators even when they’re in the same line of business, and even where they have indicators in common, they define them differently. As a result, it is difficult to compare or aggregate companies’ development contributions.



To answer the question, “how would developing countries know what the private sector is contributing to their development?”, I identified those indicators already used in international corporate sustainability and responsibility frameworks that are most relevant to development and proposed using them for a case study of Papua New Guinea. I expected to source most data from company reports, direct contact with businesses, membership surveys by business organisations (Chambers of Commerce and Chamber of Mines and Petroleum) and company websites. In the event, this proved unrealistic – most PNG businesses are not registered public companies so they have no obligation to publish details of their development contributions (though many provide some useful information), and business organisations were not able to provide relevant data across their membership, though the PNG Chamber of Mines and Petroleum provided valuable mine-specific data.

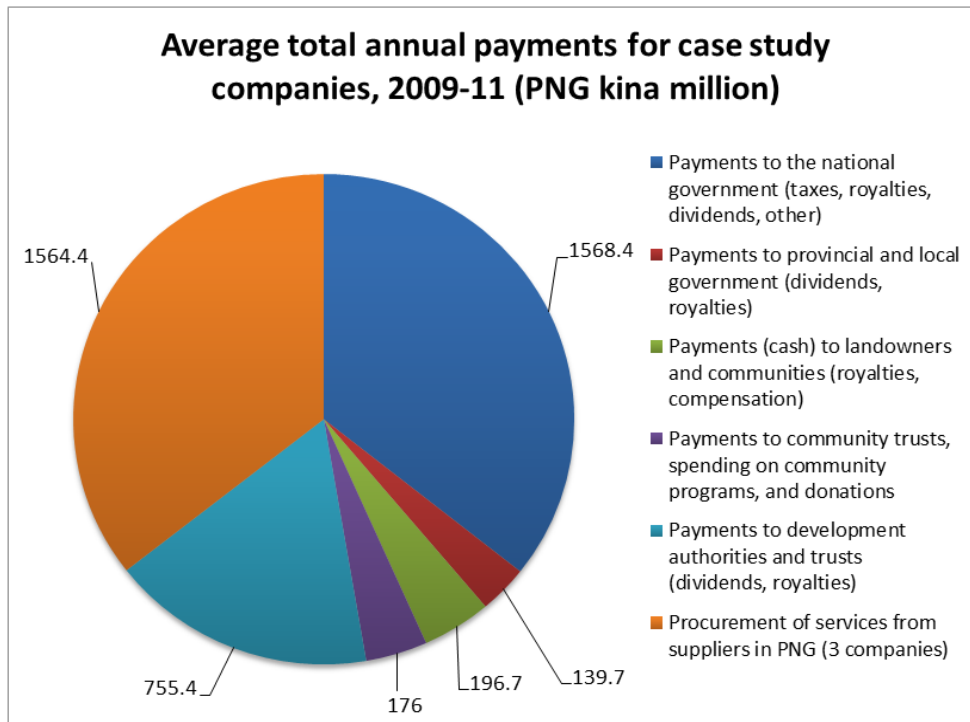
PNG Case Study – Scope

I modified the case study to focus on the four largest mining and petroleum operations in Papua New Guinea with published annual data on their economic and development contributions over a number of years: Lihir Gold Limited (owned by Newcrest Mining since August 2010), Oil Search Limited, Ok Tedi Mining Limited and Porgera Joint Venture.⁽¹⁾ Representatives of the companies provided additional information, for which I thank them.

To recap, the key indicators for the case study were: **core business contributions** (payments to government; payments to landowners, communities and development authorities; value of procurement from local business; wages paid to locally-hired labour; numbers of locally-hired workers; and training and education provided for the local work force) and **community contributions** (value and type of corporate community programs paid for by government, donors and the business; benefits from community programs).

My aim was to collect data for three years (2009, 2010 and 2011) and calculate the average to smooth for annual fluctuations; some indicators had only one or two years of data, so this was used for the ‘annual average’ calculation. United States and Australian dollar data was converted to PNG kina using exchange rates published on the Bank of Papua New Guinea’s website. Data was not available or was not sufficiently robust for all of the indicators listed above, so this analysis focused on the indicators listed in Tables 1 and 2 below.

PNG Case Study – Data



Total annual averages

for case study companies for the period 2009-2011:

Table 1: Annual average total payments, PNG kina million

Payments to the national government (taxes, royalties, dividends, other)	1568.4
Payments to provincial and local government (dividends, royalties)	139.7
Payments (cash) to landowners and communities (royalties, compensation)	196.7
Payments to community trusts, spending on community programs, and donations	176.0
Payments to PNGSDP (OTML dividends)	638.3
Payments to development authorities and trusts (dividends, royalties)	117.1
Procurement of services from suppliers in PNG (3 companies)	1564.4
<i>Of which:</i>	
<i>Landowner and Landowner Joint Ventures with other PNG companies</i>	<i>332.1</i>
<i>Other PNG-owned and PNG Joint Ventures with overseas companies</i>	<i>231.6</i>
<i>Other PNG-based suppliers</i>	<i>1000.7</i>
Wages and other remuneration paid to PNG national employees (2 companies)	169.7
Government-funded company infrastructure spending (3 companies)	61.2

Table 2: Annual average work force, number of people

Total employee work force in PNG (not including on-site contractors)	7791
<i>Of which:</i>	
<i>PNG nationals</i>	7154 (92.7%)
<i>Expatriates</i>	636 (7.3%)
<i>Share of mine area and province in total PNG nationals (3 companies)</i>	50.2%
<i>Share of other parts of PNG in total PNG nationals (3 companies)</i>	49.8%

What can we learn from this data?

1. The largest contribution to national development by the big four mining companies in Papua New Guinea was taxes and other statutory payments paid to the national government, PGK1568.4m. This represents an average of 17.2% of the PNG government's total revenue and grants over the period (calculated from PNG Treasury budget documents) and confirms that mining companies have a big stake in the national government's capacity to use revenue well to provide development benefits to Papua New Guinean citizens.

2. The next largest contribution to PNG's development was company procurement of services from national suppliers. For three of the four companies who reported on this indicator, average annual procurement from suppliers in Papua New Guinea amounted to PGK1564.4 million (the fourth company did not separate goods and services procurement). Over one-third of this, PGK563.7 million, was procurement from local landowner companies, other PNG companies or PNG joint ventures with overseas companies. So mining companies are a large market for other PNG businesses.

3. Dividends and royalties paid to development authorities amounted to PGK755.4 million. Over 80% of these were paid to [PNG Sustainable Development Program](#) (PNGSDP), the 63% owner of Ok Tedi Mining Limited. An independent review of PNGSDP in 2012 found that it had made worthwhile infrastructure investments in Western Province but needed better evaluation information to be able to draw broader conclusions about its development contribution (see more [here](#)). In terms of other mining project development authorities, a [recent study](#) of benefit flows from the Porgera mine concluded that it was not possible to determine how the Porgera Development Authority had turned revenues into infrastructure or health and education services because of a lack of information.

4. Cash payments to landowners and communities from royalties and compensation payments are substantial, PGK196.7 million (note that this is an estimate based on information about company agreements with communities – company reports tend not to specify which payments are made in cash). There is little hard data on how households and landowner groups use these payments and their development value. But many landowner organisations are not run in a transparent and accountable way, see for example Thomas Webster's comments [here](#). And the benefits of payments to households need further study – according to one [Asian Development Bank study](#) of the impact of the Ok Tedi mine over 20 years, less than 1% of Ok Tedi landowners' total annual household expenditure was invested in agriculture and about 6% was invested in nonagricultural enterprises. From interviews with women in the South Fly district, Jo Chandler [writes](#) "... the women say the cash soon goes on food, fuel and school fees. Some see little of it – it vanishes in Daru or Port Moresby, with their husbands."

According to World Bank J4P (Justice for the Poor) [research in Western Province](#), mining company initiatives to make payments into family bank accounts to which women have access have assisted in increasing control over how money is spent.

5. Another large development contribution, PGK176 million, is the omnibus, 'Payments to community trusts, spending on community programs, and donations'. In a separate blog post I intend to cover the challenges of analysing company community programs. These programs are often subject to intense negotiation with landowners, communities and provincial and district governments, all of whom have high expectations of potential benefits from mining projects. But companies also retain

some control over how much they spend and what programs they fund or implement. Reporting on the development benefits of these programs is mixed and often lacks reference to local, provincial and national development objectives, although there are exceptions.

6. Case study companies spent an average of PGK61.2 million per annum on local infrastructure investments funded by the national government under the infrastructure tax credit scheme (TCS).

Three of the four companies participated in this scheme – one did not start to pay corporate tax until 2010 so was not eligible for the scheme. Through the TCS, companies are granted a tax credit for approved infrastructure investments, and they manage and oversee the works, which included roads (construction, upgrading and maintenance), power supplies, government services (administration, policing, courts, education and health) and community facilities.

7. Concerning employment, only two of the four companies reported on the value of wages and other remuneration paid to employees – their estimated total remuneration to PNG nationals for one year was PGK169.7 million. While this seems modest considering the size of mining operations, mining is not generally a large direct employer. Average total employment for the case study companies was 7791 — 7154 of these were PNG nationals. They represented 2.9% of the total estimated 2010 PNG formal sector employment of 250,000, see Colin Filer’s [presentation](#) on the PNG case study for the ‘World Development Report (WDR) 2013: Jobs’.

The above employment data does not include contractors to mining companies. In his analysis, Filer estimated a multiplier as high as three, that is, three jobs created in the formal and informal sectors for each one in mining. In addition, mining generated significant remittances – up to half of all PNG nationals working in mining projects come from outside the mine area, and their remittances to relatives at home were estimated at PGK2 million in 2011. The same research estimated that skilled PNG nationals sponsored by mining companies to work in Australia remitted up to PGK10 million in one year. Almost all of these skilled workers received significant skills training and experience in mining operations in Papua New Guinea.

Conclusions

This case study confirms the significant contributions to development in Papua New Guinea of mining companies’ tax and other government payments. Mining company procurement is also an important market for other PNG businesses. And although numbers directly employed in mining are modest, mining supports many jobs in other sectors, provides training and work force skills, and leads to remittances that are available for social and economic investments in communities across Papua New Guinea. However, the potential development benefits from mining company contributions are undermined by poor government capacity to convert revenue into basic infrastructure and services, and weak accountability and often poor performance by development authorities and landowner organisations. The benefits of corporate contributions to community programs will be the subject of a separate blog post.

(1) Corporate data from: Newcrest Sustainability Report 2011 and 2010, Lihir Gold Limited Sustainability Report 2009, Oil Search Limited Sustainability Report 2011 and 2010, Oil Search Social and Economic Development Report 2009, Ok Tedi Mining Historical Statistics 2011, Porgera Joint Venture Information Booklet 2010, Barrick Responsibility Report 2011.

(source: <http://devpolicy.org/what-do-big-miners-contribute-to-papua-new-guineas-development-20130320-2/>)