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

NEW PALAU PETROLEUM ACT SIGNED BY PRESIDENT
Toribiong: Palau can now realize revenues from natural resources

By Aurea Gerundio-Dizon
KOROR, Palau (Island Times, Dec. 30, 2011) – President Toribiong yesterday signed into law the Petroleum Act for the Republic of Palau. The new law, designated as RPPL No. 8-37, will govern the prospecting, exploration, exploitation, development and production of oil and gas resources, including mineral resources that are found on land, offshore within the 200 nautical mile exclusive economic zone or on the continental shelf subject to the sovereign jurisdiction and exclusive ownership of Palau. The Petroleum Act clarifies the rights and obligations of the national government and state governments, as stated in the Constitution as well. The Petroleum Act was aimed at establishing a comprehensive, national petroleum law, incorporating international guidelines, standards and practices in the petroleum field that will promote the prudent development and effective regulation of petroleum operations and related activities within the territory.

The new law requires transparency for all transactions and conduct of petroleum operations. Among the requirements is the annual publication of all payments made by or on behalf of each licensee in the conduct of petroleum operations in a publicly accessible, comprehensive and comprehensible manner and all payments and revenues arising from or relating to petroleum operations shall be subject to credible and independent audit, applying international auditing standards. Now that the exploration and extraction aspects of the petroleum industry have been enacted into law, the president said he will then appoint a ministry to oversee the Act through an Executive Order. "God willing, perhaps Palau can now begin to realize some revenues from natural resources with which we have been blessed," Toribiong said after signing the law.

Sinivit: Landowners put in claim

Post-Courier 30.12.2011

By GRACE TIDEN

LANDOWNERS of the Sinivit Gold Mine in East New Britain have said they will only negotiate if the developer withdraws a court application to have them (landowners) lawfully removed from the mine site which they occupied almost 10 days ago. However, yesterday was a breakthrough for all concerned parties when the landowners, the mine management and stakeholders met in Kokopo signifying the start of negotiations. The Uramot Baining landowners said during the meeting that they will only negotiate if the company withdrew the court application. Company representatives who were at the meeting which was also attended by ENB Provincial police commander Superintendent Sylvester Kalaut, ENB Deputy Governor Boniface Setavo, Mineral Resource Authority (MRA) officials and other governmental officials, said they will have to discuss it with their lawyers before they all meet again today for further negotiations.

NGG was seeking Court Orders for the removal of landowners at the mine site before pursuing a negotiated settlement of landowner grievances. In a press statement, the company acting chief executive officer Greg Heaney said: “This is a very disappointing situation and the company was left with little choice but to ensure the safety of its staff and to cease operations until such times as those illegally occupying its mine and associated premises are removed by the lawful authorities. We are progressing matters on all fronts seeking an expeditious conclusion to this matter”. He said NGG received a letter from the Landowners lawyers demanding that outstanding royalties be paid to the MRA within 48 hours, failing which the Landowners would shut down NGG’s mining operations.

He said NGG has been waiting on a court settlement between the Landowning Clans since early 2010 following instructions from the MRA to pay the royalties to the Wild Dog Mining Area Landowners Association (WDMALA) who were not recognised as the landowners representative in the Memorandum of Agreement between stakeholders. He said the mine had always operated within the conditions of the Mining Lease including its environmental obligations and it has been and is operated under a zero discharge regime. The landowners had demanded NGG to pay their outstanding royalty payment of K3 million as well as K700m as compensation for the damage done to their land and environment and for infrastructure development in their communities such as roads and schools. The company has said it has released K1.4 million to the landowners through the MRA. However, landowners want all the demands to be met before they can allow the company to resume work.

LNG: Taris adamant over K10m cash

Post-Courier 30.12.2011

TARI landowner chiefs are adamant that the K10 million paid by the government last week as seed capital be brought to Tari. An irate Chief Alembo Wagarere, chairman of the Tari airport landowners association, yesterday gave Treasurer Don Polye seven days to re-coup the controversial funds from Tari airport landowner leader Mr Benson Angobe. Chief Alembo yesterday asked Mr Angobe to stop misleading the genuine landowners of all the 27 clans in Tari but rather bring the entire K10 million to Tari to be distributed equally to everyone back home. Chief Alembo from Hondope clan flanked by Paul Tumbi (Tipa, Timandali, Homalia, Aijaka), Ekape Kalo (Tipa) and Jack Kalo (Tipa Kikita) said they represent the entire 27 incorporated landowner groups of Tari airport. They requested Mr Polye to explain for what purpose was the K10 million paid to the two individuals.

Chief Alembo said as legitimate landowners back home, they did not give anyone the power of attorney or authorization to act on their behalf and collect the payment. “Whether it is seed capital or land compensation, if it is for Tari airport then we as genuine landowners must know how it was paid and to which company as we did not nominate any landowner company in our meeting. “We want the entire K10 million delivered to us in Tari and Mr Angobe and Mr Mark Mulungu must come and explain how they engaged a consultant to pay be paid the K2.8 million from the K10 million,” he said. He said the landowners have their submission for land compensation for K15 million before the National Executive Council (NEC) and Mr Polye must also honor the K15 million demands submitted if he can find money for seed capital to pay.

Chief Luke Luya, chairman of Tari town principal landowners association, also called on all the landowners to mobilise and shut down the Tari airport by today unless their demands are answered favourably. He said Mr Polye also needs to be investigated and reprimanded by Prime Minister Peter O’Neill as he (Polye) has diverted the money rightfully belonging to Tari landowners to totally wrong individuals and a dubious landowner company. He also called on the two individuals who picked up the cheque to bring the entire K10 million to Tari adding that if they fail to do so, the men must be held responsible for the forceful shutdown of the Tari airport. The landowners have also written to Civil Aviation Minister Puri Ruing informing him of their decision to forcefully shutdown Tari airport if the two men who picked the cheque and Mr Polye fail to adhere to their demands.

Fly River budget hits K189mil

The National, 30th December 2011

THE Fly River provincial government has passed a record budget of K189 million for 2012 – as a Christmas gift for the people of Western. During the debate, however, members of the provincial assembly warned that funding in previous budgets failed to reach the little people who mostly lived in rural areas. The theme of the 2012 budget is “going rural”. Western Governor Dr Bob Danaya said priority areas of health, education, infrastructure development, law and order continue to take prominence. “In 2012 and beyond, more emphasis will be put on human resource development,” Danaya said. The provincial government is sponsoring students studying in New Zealand. The PNG Sustainable Development Program sponsors selected students to study at the Institute of Technology in Australia on technical areas in the mining and petroleum industry.

“The most important matter in the 2012 budget is the implementation of the budget,” Danaya said. He urged public servants to ensure the budget was implemented properly and effectively. “If they fail, nothing happens in the delivery of basic goods and services and the people will continue to suffer. “We must achieve positive results from this huge budget,” he said. Danaya said the priority areas were people-focused. “It is men who build roads, bridges, wharves, jetties, health centres, hospitals, schools and workers’ housing. “The revenue from non-renewable resources like mining, oil and gas must be invested in agriculture, land and human resource development. This is the way to go forward.”

LNG: Talisman brings in partner

The National, 29th December 2011

PAPUA New Guinea may look like a one-trick pony in global gas markets, with only the Exxon-Mobil-led PNG LNG project under construction. But Talisman Energy's move to bring in a partner on its acreage in the country is a reminder that there are other games in town. Talisman has appointed Sydney-based advisory firm RFC Corp Finance to find an investor for four licences in the forelands of western and Gulf provinces, which contained a mix of gas discoveries and exploration targets. The company reckoned it can aggregate between two trillion and four trillion cubic feet of gas in PNG – enough to underpin a single unit producing liquefied natural gas, or LNG, for export. "Our intent was always to seek a strategic partner in what is a very large license interest position, once sufficient resources have been aggregated," Dave Mann, a spokesman for Calgary-based Talisman, said. "RFC represents a formal process to execute on this."

Once a frontier region for exploration, PNG had been transformed into a playground for the energy industry's big beasts seeking gas reserves that can be developed and shipped to Asia's booming economies. Talisman drove that process in the forelands area in 2009 and last year, completing deals such as the US$177 million acquisition of Rift Oil and taking stakes in gas discoveries owned by ASX-listed Horizon Oil. According to a BP study, PNG had 15.6 trillion cubic feet of proven reserves of natural gas at the end of last year. That figure likely underestimated the true resource as PNG has been lightly explored up to now. Talisman was offering to sell a 50% interest in the PPL 235 and PPL 261 licences, which it wholly owned, and 10% stakes in the PRL 4 (Stanley) and PRL 21 (Elevala/Ketu) blocks. RFC was calling for binding bids to be submitted by the end of next month.

PPL 235 contained the Puk Puk, Douglas and Langia discoveries that contain a combined 2.4 trillion cubic feet of gas in place. Three exploration wells had been drilled so far in PPL 235, which it acquired through the Rift Oil takeover, and all have discovered natural gas. "The exploration activity in these blocks has matured a series of drillable prospects with exciting prospective resource potential, and we are looking for a partner with a similar vision to Talisman for aggregation of gas resources in the PNG Foreland," Mann said. PRL 4 and PRL 21 also contain discovered resources, but the near-term focus was on developing reserves of condensate there with a view to bringing the gas to market later. For now, Talisman was keeping its options open on a route to market for the gas.

It could pipe gas to the US$15.7 billion PNG LNG project to support an expansion there. In its first phase, PNG LNG will have a annual production capacity of 6.6 million tonnes of LNG, with shipments to customers in Japan, Taiwan and China due to begin in 2014. Piping the gas to PNG LNG was attractive because it would likely be cheaper than building and operating an onshore plant, or locating a floating LNG vessel in the Gulf of Papua. But to strengthen its hand in any negotiations with Exxon and joint venture partners like Santos and Oil Search, Talisman likely needed an alternative route to market. If it succeeded in attracting a strategic partner with deep pockets, such as from China or Japan, then it opened doors for potential financing of a standalone LNG development.

New tech to make nickel laterites a viable option

The National, 29th December 2011

A GAME-changing technology now in development could make nickel laterites a much more economically viable option. Direct Nickel (DNi), as it now approaches its ASX listing, might not be considered a current threat to the big global nickel miners, but it is rapidly advancing a technology which vastly improves the economics of processing nickel laterite ores. While nickel sulfide resources become increasingly scarce because of declining discovery rates, nickel laterite projects are best known for cost blowouts and other unforeseen difficulties – as well as their relative abundance. After more than 10 years of development and barely six months of operation, BHP Billiton wrote off more than A$3 billion on the Ravensthorpe nickel laterite mine in Western Australia, which it then sold to Vancouver-based First Quantum Minerals for A$340 million early last year. A commercial DNi plant was projected to cost a fraction of this amount.

Minara Resources' WA Murrin Murrin mine is arguably Australia's only nickel laterite success story but the processing plant has been plagued by difficulties ever since the mine opened in 1999 and has never reached nameplate capacity. The mine had also faced various challenges this year, especially in the context of additional cost pressures from a strong Aussie dollar, and day-to-day operating cash costs last quarter* reached A$8 per pound of nickel produced. However, the Holy Grail of unlocking the potential of more than 120 years of forward nickel supply from laterites drilled out around the world hds been discovered – and extensively patented – over the past five years by privately-owned DNi. Key investors in DNi include the Canadian mining house Teck Resources, OZ Minerals and the CSIRO. The A$3 million test plant at CSIRO's Waterford facility in Perth was due to start commissioning before year-end.

Unlike the standard approach of treating laterites with sulphuric acid through high pressure acid leach (HPAL) processes, DNi's approach is based on the more valuable and far more chemically efficient reagent of nitric acid. Murrin Murrin's HPAL processes use concentrated sulfuric acid at 255C and under pressure of up to 44 atmospheres. However, the DNi process can do a similar job with no pressure and at sub-boiling temperatures, according to DNi founder and executive chairman Julian Malnic. He said the crown jewel of this technology was the nitric acid recovery system – which ensures that at least 95% of nitric acid is recycled back to the start of the production circuit. With less than 5% of the spent acid expected to end up in neutralised tailings, DNi was testing to see if it can effectively grow grass in neutralised tailings material.

Whereas other technologies are limited to the upper limonite or lower saprolite layers of a laterite deposit, DNi's process treats the full laterite ore profile with previously demonstrated recoveries of more than 95% of nickel and cobalt and with a short leach residence time of one to four hours. The technology eliminated the sensitivity to wet and dry laterite classifications and also offers reduced carbon emissions. "This is the first universal process," Malnic told PNG Report. "Wet and dry, limonite and saprolite – it doesn't matter." Overall, the cash cost of producing a mixed hydroxide (MHP) nickelcobalt concentrate containing 45% nickel is expected to reach only A$1.83/lb of contained metal (assuming a WA cost setting, 2009 costs and headgrade of 1.22%) excluding credits for co-products cobalt, magnesium and haematite iron. Capital expenditure costs for DNi, also independently estimated by Jacobs Engineering, come in at A$12.50 per pound of annual capacity – while sulfuric acid-based plants can cost up to A$35/lb, with Xstrata's New Caledonian project Koniambo at A$37.80/lb and Madagascar's Ambatovy at A$41.60/lb. The plant was constructed from 304 stainless steel with "welding rod" construction methods and does not use any exotic alloys such as those required in HPAL plants.

There was already a high level of confidence the technology will work as planned. Well-regarded metallurgist Graham Brock is DNi's chief technical officer. He formerly was project manager for the development of BHP's Mt Keith nickel sulfide mine in WA. Brock ran DNi's August 2010 demonstration that proved the reagent recycle process at scale. Queensland Nickel's Yabulu Refinery in Queensland (and Tocantins in Brazil) used the now largely superseded Caron process, which earned the plant a spot in the top 50 CO2 emitters in the country. The DNi process offers fewer carbon emissions overall except perhaps for hydro-powered ferronickel smelting operations such as PT Inco's in Indonesia and HPAL plants that generate their power burning expensive sulphur. Malnic and DNi CEO Russell Debney were known for their work in building innovative deep-sea explorer Nautilus Minerals, which Malnic founded. Moving steadily ahead beneath the radar screen of most observers, Nautilus had developed a marine mining system and was well on track to become the first seafloor miner of copper, gold and zinc within a few years.

The beauty of Nautilus' business plan was that by developing specialist seafloor exploration systems and production tools, it was positioned to become a global authority in marine mining. It held 600,000 square kilometres of tenements over seafloor terrain in PNG, Solomon Islands, Fiji, Tonga and New Zealand, covering entire metallogenic provinces. In a similar vein, the underlying ambition with DNi was to leverage its unique technology to transform the company into a major nickel producer. There were no intentions to licence out the processing technology and parties wishing to gain access must either joint venture their nickel laterite projects with DNi or become one of its cornerstone investors. DNi had already farmed into a 50% joint venture interest and operatorship of London-listed Regency Mines' Mambare nickel laterite project in Papua New Guinea for the granting of a process licence for Mambare and no cash consideration.

Located 122km by developed coastal road to the Handymax-capacity deepwater Oro Bay port, the project covers 242sqkm. In 1999 Anaconda Nickel estimated that a 158sqkm area contained up to 630 million tonnes at 0.78% nickel and 200Mt at 1.01% nickel in the limonite layer (non-JORC). No estimate was made for the underlying saprolite layer. The project was expected to host some 5-7mt of contained nickel in the long term and the joint venture's first maiden resource, over a portion of the area, was due in the March quarter. DNi had flagged possible annual production of 20,000t nickel starting in 2015.

Ramu: Landowner happy with court decision

Post-Courier 29.12.2011

LAND OWNER chairman of Kurumbukari Landowners Association David Tigavu has welcomed the Supreme Court decision allowing the Ramu NiCo deep sea tailing placement (DSTP) to go ahead at Basamuk's refinery. Mr Tigavu said this was a welcoming Christmas present for the impacted landowners in the Ramu NiCo Project area who had waited for some time to see the tangible benefits. "During the four years of litigation, the landowners have suffered badly. We should be miles ahead of services but we have been denied and this decision is welcome," Mr Tigavu said. Mr Tigavu made reference to the three-man bench Supreme Court decision of December 22, where the Supreme Court ordered that the DSTP go ahead and the plaintiffs pay the cost of the litigation.

Mr Tigavu said the project since its inception and during the construction stage has provided a lot of tangible infrastructures to the impacted landowners and they are prepared to work with Ramu NiCo to ensure the commissioning and eventual mining goes ahead. "Foreign elements have tried to hijack the project making us suffer. We cannot allow this and we will ensure this does not happen. We have suffered enough," Mr Tigavu said. He highlighted that issues like environment can be addressed by concerned parties including the National Government, project developer and the landowners using relevant channels but landowners cannot hold at ransom the inevitable benefits from the project. "The people of Usino-Bundi and Rai Coast do not need politics, whether international, national or local but we need development. We have been ignored and Ramu NiCo is our only hope," he said.

Mr Tigavu also appealed to all landowners and stakeholders including political and business leaders to support the project to ensure it successfully enters operation. He said an important project of national importance must be supported from all fronts and properly safeguarded so every stakeholders benefit at the end of the day. Mr Tigavu thanked the Supreme Court for the wise decision and challenged all stakeholders, particularly the developer, Ramu NiCo to ensure all promises are delivered during the operation of the project. Meanwhile, Mr Tigavu challenged the national and provincial government to carefully assess the operation of foreign non-governmental organisations (NGO) in the country who are attempting to sabotage investments of national importance, thus, disturbing the economic prosperity.

EAST NEW BRITAIN MINE OCCUPATION SHOCKS MP

Governor Dion: ‘I was in the dark regarding the operations’

By Grace Tiden
PORT MORESBY, Papua New Guinea (PNG Post-Courier, Dec. 29, 2011) – In Papua New Guinea (PNG), East New Britain Governor Leo Dion has said he was in the dark regarding the operations of the Sinivit Gold Mine and the implementation of the Memorandum of Agreement between the developer, landowners and the provincial government. Mr. Dion, in a press statement, said he was concerned that there was lack of consultation by the company officials with his government and administration. "This is what we get when there is lack of or no consultations between the parties concerned," he said. He said he supported the Uramot Baining landowners but the action taken by the landowners to move into the mine was not the answer to their queries. Mr. Dion called on the landowners and New Guinea Gold (NGG) Limited to meet and sort out their differences and if the agreement needed to be re-visited then it must be done for the good of everyone.

However, he said if the company was not prepared to meet its obligations, then it must be ready to wind up its operations and move out. The company has said it has released K1.4 million [US$ 643,924] to the landowners through the Mineral Resource Authority. This was the message given to the Wild Dog Mining Area Landowners Association by company representatives when they met at the mine entrance last Friday which was witnessed by police officers. However, the company representatives were not allowed to enter the gate and a request to check on company properties and assets at the mine site were turned down by the landowners. The locals said they would continue with the current arrangement until all their grievances were looked at. The landowners occupied the mine site since last week after forcing out NGG workers and management and they will only allow the company to resume work if all their demands were met.

Police personnel remained at the mine site to take care of company assets and properties. The landowners had demanded NGG to pay their outstanding royalty payment of K3 million as well as K700m as compensation for the damage done to their land and environment and for infrastructure development such as roads, schools, electricity and water supply in the seven surrounding Baining villages. Attempts again to talk to the company management were unsuccessful. They said the only person who could release any information on the current situation was New Guinea Gold Limited chief executive officer Wayne Johnston who was based in Australia. Attempts have been made to get comments from him. The mine is located in the Sinivit Local Level Government area in the Pomio District. Mine production started in 2008 with the first exploration works carried out in the 1980s.

LNG: Tari cash is seed capital

Post-Courier 29.12.2011

By JONATHAN TANNOS

THE K10 million paid out to the Tari Airport Landowner’s Association by the O’Neill-Namah government is “seed capital” and not compensation for the aerodrome. That is the official word from the Association chairman, Benson Angobe, who yesterday clarified the matter following comments suggesting the money was illegally paid out. “I want to challenge the complainants to put the issue into the right perspective and not confuse and mislead our 19 clans over the payment,” Mr Angobe said. “The Association totally expresses its gratitude to Finance and Treasury Minister, Don Polye, in the O’Neill-Namah government for honouring the commitment of the past government that was stubbornly refusing to pay out the money. “And in fact the money was committed by the previous government under the Umbrella Benefits Sharing Agreement (UBSA) which has now come into fruition. “It is not compensation money – it is seed capital.

“For the former mayor of Tari, George Tagobe, and others to claim otherwise and say it was paid into the wrong hands is simply unfounded, unscrupulous and totally misleading.” Mr Angobe said it was sad to see ill-founded statements made publicly out of sheer ignorance over a matter that was now under control and in respect of prior commitments that were never fulfilled by the State and the Southern Highlands Provincial Government. “People that are not part and parcel of these arrangements should educate themselves on the commitments of the State and not flagrantly mislead the innocent landowning clans for their own political purposes,” Mr Angobe said. “Those that choose to think otherwise should come home to Tari and prove their point to the rest of us landowners.” Mr Angobe said the landowners were well aware of the arrangements and financial arrangements committed by the State and would abide by the legal agreements already reached between the parties. “For somebody not from Tari, a public servant or so-called landowner chairman to come and claim otherwise is complete ignorance and a feeble attempt to derail a State commitment to the rightful landowners,” Mr Angobe said.

LNG: Tari gift ends up in ‘wrong hands’ Post-Courier 28.12.2011
By ANDREW ALPHONSE

A MASSIVE K10 million Christmas gift to Tari airport landowners has gone into wrong hands. The money is believed to be land payment for Tari airport. It was paid out by the National Government to a dubious company which has irked local landowners back home. A senior officer with the Department of Finance and Treasury in Port Moresby confirmed with the Post-Courier that the K10 million cheque was last Friday, just before Christmas Day paid to a company called Tari Airport Resource Holdings. The source, who requested anonymity said the cheque was allegedly picked up by two individuals (named) without the consent of the majority of the genuine landowners back home in Tari. The source claimed so far K2.3 million was cashed out from the company’s account with the Bank South Pacific the same day in Port Moresby. Upon learning of the news, angry Tari airport landowners expressed their frustration by branding the two men as ‘paper landowners and con- consultants’.

Yesterday, traditional landowners from the Tipa Kalu–Pali Tawe clan in Tari called on Prime Minister Peter O’Neill to immediately order the anti-corruption national Task Force Sweep Team headed by chairman Sam Koim to investigate the manner in which the payment was made and recoup the money, failing which the angry landowners are prepared to take law into their own hands and even forcefully shut down the Tari airport in the next few days. Tipa Kalu–Pali Tawe clan is one of the 18 landowner groups that own the land at which the Tari township and airport. They are angry and frustrated that some Port Moresby based ‘paper landowners have conspired with key government ministers in the current O’Neill-Namah government to defraud the State to steal what is rightfully belonging to genuine landowners back home.

Tipa Kalu–Pali Tawe clans spokesmen headed by chairman Albert Ango, former Tari town mayor and businessman George Tagobe and senior public servant Pulupe Wauwe yesterday called on the Treasurer Don Polye to explain to the majority of the genuine Tari airport landowners in Tari how he facilitated the K10 million payment in the name of Tari airport land payment to the two men. Mr Tagobe said the government has yet to carry out social mapping, landowner identification studies and establish the incorporated landowner groups to identify and pay the Tari airport landowners.

"We the landowners from the 18 clans have not carried out any landowner identification studies. "We have not held any annual general meeting (AGM) to nominate an umbrella landowner company to represent us. "We have not elected our office bearers, directors nor people for that matter to act on our behalf and nor as consultants too. "How can the money be paid to a ghost company for unauthorized and illegal individuals to pick up the cheque in the name of Tari airport landowners?

Ramu: Support vital for mine: Gu Post-Courier 28.12.2011
By ROSALYN ALBANIEL-EVARA

SMOOTH load commissioning and operation is critical for the multi-million kina Ramu Nickel mine and the support from stakeholders will be needed to make 2012 a historical year for all. This was from the Ramu NiCo (MCC) Limited's director and executive vice president Gu Yuxiang during the company's annual Christmas party which it staged last week. Mr Gu said project commissioning was long overdue and must be given priority so that the benefits would be able to filter to all. He said while cultural differences and other underlying issues remained as challenges, the company believed that as partners they could make a difference by ensuring the project start up is successful. "I am confident that the commissioning and production will commence soon. He said MCC had demonstrated its ability in terms of total capital investment on this project and other community social economic development funding capital the company is obliged to deliver as stipulated in the MOA.

"As part of the regulatory and corporate social responsibility we will continue to do so in partnership with the state, Madang Provincial Government as our contribution to the economic growth of Madang and PNG as a whole," he said. Mr Gu said the company was happy that it had succeeded, despite the challenges, in constructing an international standard mine project in just over two years. "Even internationally few mining project of our size and complexity has been constructed along such a quick time line. The speed and efficiency of the construction are a credit to our staff both international and local who had tirelessly worked to see this project succeed," he said. He said the company's commitment towards environment protection was the company's utmost priority and that it remained committed to applying the best international environment management practices and commit to reduce any environmental risk to the best of its ability in operation.

He said the company was eager to see the actual mining and first export soon. "We are eager to deliver to our stakeholders and our impacted landowners their long awaited benefits. "…We need to work together to see the first exports of Nickel from Basamuk Refinery Plant. This is my dream and I fore that when the first shipment is on its way we will be prouod of what we have strived so hard for and we will be proud we have done our part for the boosting of our two economies and the improvement of people's lives. "My gratitude toes to all who have played a vital role to ensure progress of our project this year and I ask you to continue that same working relationship in 2012," he said

Bougainville: Panguna landowners pro-O'Neill Post-Courier 28.12.2011
By PORENI UMAU

Panguna Landowners Association (PLOA) deputy chairman who is also the chairman of its business arm, Road Mining Tailings and Leases Ltd (RMTL), Michael Pariu has broken the silence to voice out PLOA's official stance to support the Peter O'Neill and Belden Namah Government. Mr Pariu said PLOA is ready to stand behind Mr O'Neill because it is a genuine, people's government which is prepared to be pro-active on many important issues affecting PNG and Bougainville today, especially in combating the corruption issue. He said the Panguna people highly commend the

O’Neill Government for tackling this problem head on which the former Somare led Government has for a long time failed to address in an effective and honest way. Mr Pariu said because the O’Neill government is a pro grassroots’ and workers government, they must support PLOA with some funding so they can organise themselves in preparations for the re-opening of the Panguna Mine for the benefit of the landowners and the people of Bougainville.

Mr Pariu said that the people of PNG and Bougainville can no longer trust the former Somare led Government. He said that Grand Chief Michael Somare has not been really honest with the people in the last 45 years of his reign, and the people have had enough of his leadership style. On the issue of the Panguna Mine and extension of licence, Mr Pariu said that PLOA strongly urged the O’Neill Government to take a new stand not to renew the Mining Licence to BCL. He said that the ownership of any licence over the mine must now go back and remain with the landowners who are the rightful owners of the resources. In relation to next year 2012 National Election, Mr Pariu revealed that Panguna Landowners are now already seriously thinking about selecting and nominating their own suitable candidate who will contest the Central Bougainville Seat on the PLOA ticket, which is currently being held by Minister for Communication, Jimmy Miringtoro.

“We want our own man, a landowner himself from Panguna with appropriate leadership qualities who understands our issues to represent Central Bougainville in National Parliament this time. We have had enough of being misrepresented and lied to in the past by leaders who pretend to understand our problems and issues. Enough is enough, and we cannot simply take it anymore”, said Mr Pariu. “We are sick and tired of being tricked with so many broken promises by some of the current serving Members in Parliament today. “We want new leaders who can also pro-actively support ABG in the implementation of the whole Autonomy arrangement with the Government of PNG and the international community,” Mr Pariu said.

GOLD MINE: PNG GAINED $244 MILLION FROM HIDDEN VALLEY IN 2011

‘56 percent went to goods, services in Morobe province’

WELLINGTON, New Zealand (Radio New Zealand International, Dec. 28, 2011) – The operators of the Hidden Valley gold mine in Papua New Guinea’s Morobe Province say the project has contributed 244 million U.S. dollars to the PNG economy in the past financial year. Morobe Mining Joint Ventures says 56 percent of this went on goods and services in Morobe Province. It says tax and wages each took 6 percent, royalties two percent and community projects three percent. The mine has over two thousand four hundred employees and contractors, most of whom are Papua New Guineans and the majority from Morobe.

[*PIR editor’s note: The Hidden Valley mine is owned by South African Harmony Gold under its subsidiary, Morobe Consolidated Goldfields, Ltd., which spent nearly US$*144.4 million developing the project in Morobe. *Estimates in 2005 placed projected yields for the project at 134 tons of gold and 1,656 tons of silver. In 2010, community members in the area near the Hidden Valley mine expressed concerns over the impacts mining had on the environment, which both the provincial and national government had wholly ignored. Fish stocks in the nearby Markham River had been disappeared, and increased river sediments caused flooding. The communities were compensated by the company, which paid out close to US$1 million to assist in addressing damage to the environment and livelihoods.*]

NEW CALEDONIA NICKEL STAKEHOLDERS EAGER TO SELL

Areva to divest more than $1.2 billion of assets

WELLINGTON, New Zealand (Radio New Zealand International, Dec. 27, 2011) – The French nuclear energy giant Areva says it's in exclusive talks with state investment fund FSI on selling its stake in the Eramet mining company, a major player in a massive nickel plant in New Caledonia. Areva, which holds a 26 percent stake in the French mining company, said earlier this month that it wanted to sell more than 1.2 billion U.S. dollars in assets as part of a major restructuring and cost-cutting drive. FSI, which looked into buying the Eramet stake from Areva in 2009-2010, said it had resumed talks with Areva on acquiring the stake. The French state views the Eramet stake, worth more than 784 million U.S. dollars according to the current market value of its shares, as strategic due to its strong presence in New Caledonia. According to the Les Echos business newspaper the SMSP mining company led by supporters of independence for New Caledonia have also sent Areva an offer for the shares in Eramet. Areva warned earlier in December its 2011 operating loss may top more than 2.1 billion U.S. dollars as the Fukushima nuclear disaster hit the value of its mining assets.

[*PIR editor's note: In 2009, Eramet announced that its SLN subsidiary in New Caledonia must cut 500 positions by 2012 in order to assess economic problems. In the same year, Eramet publicly announced almost US$326 million in losses, a reverse of 2008's nearly US$600 million from the prior year*.]

PAPUA WORKERS END GRASBERG MINE STRIKE

End of three-month industrial action celebrated

MELBOURNE, Australia (Radio Australia, Dec. 26, 2011) – Workers have ended their three-month strike at a giant Indonesian mine owned by United States company Freeport. A union official says the workers burnt rocks and shot arrows at pigs to mark the end of the industrial action. They removed roadblocks to the mine. The Grasberg open-cut pit is in the Indonesian province of Papua. It holds the world's largest gold reserves and its second-largest copper reserves. The workers at the mine claimed to be the lowest paid Freeport staff in the world, and were striking in support of better wages and conditions. Radio Australia: *http://www.radioaustralianews.net.au/*

Landowners crisis brewing Post-Courier 23.12.2011

Pay them, stabilise LNG project.

Yesterday, Papua New Guineans woke up to read in this newspaper that the political crisis was easing but turmoil of another sort was brewing in the Southern Highlands Province. We learnt that customary landowners lay siege to a key project site and gave an ultimatum to the O'Neill-Namah Government to pay out all outstanding funds committed to them. Esso Highlands and Oil Search have both confirmed the troubles at the Gobe site, adding that the safety of their workers was their main concern. While this is going on in Southern Highlands, there is another group of landowners laying siege to the Vulupindi House in Waigani, Port Moresby. For those who do not know, this house is where the office of the Department of Finance is located. The huge crowd in front of the Vulupindi House everyday is a familiar sight that Port Moresby residents are getting use to it now.

At the same time, in hotels and night clubs across Port Moresby, the LOs, as they are known in the city, are having a good time, playing pokies and drinking beer with their friends. If they are investing any of the money from the previous payouts, the reports we are getting are few. We would like to believe that they are making good use of the money and are not telling us. We believe that the threats or confrontations seen either in Port Moresby or at the site of the project are an ongoing concern between the Government, the investors and the private sector in general. We find that there is a clear pattern here, if we may say so. Every time, the landowners want to press their demand, they lay siege to key project sites in the PNG LNG project area and their representatives in Port Moresby lay siege to Vulupindi House to see what sort of response they get from the Government. Can we, as a country, continue to go on like this? We all know that the PNG LNG project is important to the country; however, should we be subjected to what many see as blackmail by the landowners.

Papua New Guineans are aware that the Government has paid out millions of kina already to some of the landowner groups. There are still more claims or submissions outstanding. We agree with Minister for National Planning Sam Basil that there is a great need to do a proper and thorough check on all the submissions that are already in to make sure that money paid must go to the legitimate landowners and no one else. We urge the landowners to do like he says and that is to appoint three representatives to help the Government identify the real landowners. And we are sure Papua New Guineans would like to know who has been receiving kick-backs from the previous payouts, so the landowners should reveal the names. We urge the Government to speed up the process and pay out all outstanding commitments to the landowners. This country has had enough of the threats and other problems related to the MOU funds and other commitments made by the previous regime. Pay them out and let’s have stability at the project area, we say.

Court rejects appeal against Madang Ramu nickel cobalt project

Post-Courier 23.12.2011

Commissioning of the US$1.5 billion Ramu nickel cobalt project near Madang in Papua New Guinea will continue following the rejection yesterday by PNG’s Supreme Court of an appeal to prevent operation of the purpose built deep sea tailings placement system (DSTP), which has been designed to international standards. The PNG Supreme Court today rejected an appeal to overturn the July 26, 2011 decision of the National Court in Madang, which had previously also declined to grant a permanent injunction. The decision today brings to a close nearly two years of legal delay, claims and manoeuvres by parties to prevent construction, commissioning and operation of the project and in particular the DSTP system which had been approved by the PNG Government when the project was granted its Special Mining Lease. As advised earlier this week PNG’s Chief Inspector of Mines (CIM) recently gave the fully built project load commissioning approval which will be at full production capacity by mid 2013.

It will produce 31,150 tonnes of nickel and 3300 tonnes of cobalt per annum as a high grade concentrate. “This is very positive news for the project, the landowners and the country and this should help restore investor confidence in PNG and the Ramu Nickel project. It is very unfortunate that a fully permitted project which used the best international advice and which conducted significant community and landholder consultation, was delayed at great cost for so long by the actions of a few,” managing director of Highlands Pacific Mr John Gooding said. “It is now time to get on with the commissioning and operation of the project and for the benefits to start flowing through to all stakeholders. We will continue to work closely with the PNG Government and the regulators to ensure that the project meets the licensing and permitting requirements," he said.

Sinivit: locals occupy mine site Post-Courier 23.12.2011
By GRACE TIDEN

NEW Guinea Gold Limited workers and management were forced out of the Sinivit Gold Mine site yesterday by disgruntled landowners. The landowners have now occupied the mine site and will only allow the company to resume work if all their demands are met. The Uramot Baining Landowners had given the company, New Guinea Gold (NGG) Limited until 4.06pm on Wednesday this week to pay their outstanding royalty payment of K3 million as well as K700m as compensation for the damage done to their land and environment. NGG, which is believed to be an Australian company, did not respond and the landowners set up camp at the mine entrance until yesterday morning. By yesterday morning, company workers and the management had left the camp but police personnel remained to look after the company properties and assets. This paper tried contacting the company management yesterday but was unsuccessful. A staff, who answered the phone at their office in Kokopo, said they would not comment on the issue, saying they had nothing to say. "We cannot tell you anything," he said.

Douglas Augustine, Chairman of Lulai Nakama Association, who are the immediate custodians of the mine site and Eric Doman, Chairman of the Wild Dog Mining Area Landowners Association, which represents the Uramot Baining landowners in the surrounding villages both said they had all agreed to close the mine indefinitely and would only negotiate with the company if their demands were addressed. Mr Augustine said their royalties for a number of years had not been released and they also missed out on other benefits. They also said the company had breached the Memorandum of Agreement which was signed in 1996 as well as the revised MOA which was signed in 2009. Mr Augustine said there was no real development on the ground to show that they were actually benefiting from the project and pointed out the unsealed road from Sunam near Warangoi to the mine site. During heavy rains, the Ilugi river volume rises making it difficult for vehicles to cross.

PNG APPEAL COURT APPROVES MINE DUMPING INTO SEA
Attempts to block pollution unsuccessful after 'lengthy legal battle'

WELLINGTON, New Zealand (Radio New Zealand International, Dec. 22, 2011) – A move to block the deep sea dumping of waste from the Ramu nickel mine on Papua New Guinea's north coast has been rejected in an appeals court, ending a lengthy legal battle delaying the Chinese-backed project. The one point five billion U.S. dollar project, funded by the Metallurgical Corporation of China, has been plagued by protests over its controversial plans to dump 100 million tons of waste into the Bismarck Sea.
[PIR editor's note: The Chinese-owned Ramu mine was given *legal permission to dump millions of tons of mining waste* off the Madang coast in the north of PNG. Earlier in the year, landowners sought to ban the dumping, but a court refused their application because the dumping had already been approved by the government. Landowners *appealed the decision*, but were unsuccessful]
The Ramu project got court approval for the dumping, but local landowners appealed against this in September. The managing director for minor shareholder, Highlands Pacific, John Gooding, says it's now time to get on with the commissioning and operation of the project and for the benefits to start flowing through to all stakeholders. The project is designed to yield more than 30 thousand tons of nickel and over 3,000 tons of cobalt each year for at least 20 years.

Ramu: Metal Corp mum on nickel start
The National, 22nd December 2011

By YEHIURA HRIEHWAZI
METAL Corp of China – the developer of the Ramu Nickel mine in Madang province – yesterday shied away from commenting on reports the mine was working toward commissioning the project soon. The National newspaper approached the company to verify reports by Reuters news service that commissioning preparations were in progress and it would be operating close to maximum capacity by mid-to-late 2013. It quoted an un-named Highlands Pacific source. When MCC was contacted yesterday, the company referred this newspaper back to Highlands Pacific for verification. The Highlands Port Moresby-based manager Ron Gawi refrained from making any comments. Reuters reported that the US$1.5 billion Ramu nickel project was China's single-largest mining investment in PNG and attributed it to Highlands, which is a minority shareholder.

The project, the first of its kind for PNG, was under development to yield 31,150 tonnes of nickel and 3,300 tonnes of cobalt a year for at least 20 years, but had been faced with a series of setbacks and environmental protests. Highlands said commissioning activities were underway after review of the project by PNG's chief inspector of mines and that a beneficiation plant and 136km pipeline to transport slurry had been tested several times using water. The mine has been plagued by local protests over plans to dump 100 million tonnes of waste 400m offshore. A court ruling had already approved the dumping, but an appeal against the decision was still pending. Highlands said a ruling on the appeal was expected early next year and was not affecting commissioning work. Highlands held an 8.56% stake in the project. Metallurgical Corp of China led a Chinese consortium that owned 85%, with the rest held by the PNG government. Highlands shares closed down 3.5%, outpacing losses of 0.2% in the broader market. The nickel was earmarked for use as an anti-corrosive in stainless steel-making in China.

Landowners put Government on notice Post-Courier 22.12.2011
Key LNG project site in Gobe under threat

By John Pangkatana
The political stalemate in Port Moresby is over but a turmoil of another sort is brewing. This time it is in the new Hela Province, where a key project site is under siege by aggrieved landowners and threatening stability in the billion kina oil and gas developments there. Landowners in Gobe have put the Government on notice to settle their outstanding committments at PDL 4 Project site within the next 48 hours. After storming the project site on December 8, landowners from the Samberigi area have been keeping a vigil with their numbers now swelling up to 2000 people at the Gobe Field Engineers (GFE) camp site. Landowner representative Mr Max Apua reiterated his earlier call that they are not budging until the National Government solves their issue. Speaking by phone from the project site yesterday, Mr Apua said his people want the Government to solve their grievances on-site. Mr Apua, who is also a councillor for Samberigi in the Erave Local Level Government said the Government and developer Esso Highlands are requested to come for round-table talks to solve their plight.

The developer, Esso Highlands in a statement yesterday confirmed that a camp operated by pipeline EPC contractor, Spiecapag, had its perimeter breached at around 9pm by a group of people from the local area. Esso Highlands media and communications adviser Rebecca Arnold said: "A number of vehicles were vandalised and equipment was stolen. An adjacent camp operated by landowner company GFE was also breached and remains occupied by members of the group". "There have been no reports of injuries. The police and other appropriate authorities remain on site," she stated. DPE official travelled to Gobe last week and interfaced with the group in an attempt to resolve the situation. They (DPE) returned yesterday, she confirmed. Ms Arnold said the primary issue regarding the occupation appears to be Government commitments related to oil project Memorandums of Understanding (MoU's). "Safety and security is a core value of Esso Highlands Limited, and we are committed to providing a safe workplace," she added. Oil Search Limited general manager Mr Andrew Warrington said:

"We fully support their continued provision of services to us despite the progressively and rapidly declining oil production at Gobe Main and South East Gobe. Up until end September 2011 Oil Search had provided contract work during the year as follows: Gobe Field Engineering, civil work, camp maintenance and security work to the value of PNGK4.96MM Gobe Freight Services road transport and in-field cartage work to the value of PNGK8.31MM Gobe Catering – catering and camp management services to the value of PNGK2.87MM. This data is published regularly by Oil Search in their bi-monthly Komuniti Nius. "These figures are revenue, not profit," he clarified. Comments from DPE were not available to clarify the Government position, despite numerous calls yesterday afternoon. However, Prime Minister Mr Peter O'Neill publically announced on Tuesday this week that all matters relating to outstanding commitments in Hela would be properly addressed shortly after all appropriate landowner groups were identified adequately.

PNG 'resource curse' site

The National, 21st December 2011

By YEHIURA HRIEHWAZI

PAPUA New Guinea has been identified as among 20 countries in the world that is "most vulnerable" to fall under the "resources curse". Countries whose mineral and oil/gas exports account for 25% of their total exports were likely to become victims of the resources curse. In PNG's case, mineral, oil and gas account for over 60% of export revenue. A study carried out by Oxford Policy Management (OPM) of mineral dependent countries – believed to be the first of its kind – found more than 20 low and middle-income countries "have become dangerously dependent on the exports of minerals such as metals and hydrocarbons, leaving the countries highly-vulnerable to a global economic downturn". About 75% of all mineral-dependent countries were now low-and middle-income countries, while the number classed as mineral-dependent has increased by 33% since 1996 from 46 to 61 nations, according to the OPM report, "Blessing or curse? The rise of mineral dependence among low- and middle-income countries."

The study attempted to assess the vulnerability of resource-dependent nations on the so-called resource curse, characterised by weak economic and institutional development. Six types of minerals were considered, including crude fertilisers, metalliferous ores (ores containing metals) and metal scrap, non-ferrous metals, pearls and semi-precious stones, non-monetary gold, and minerals fuels including natural gas. The report developed an overall measure of institutional strength of a country by combining the World Bank's six World Governance Indicators (WGI) with two indices: an economic and institutional development index, and a mineral dependence index. The World Bank WGI includes voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption.

Mineral-dependent countries were defined as countries which rely on minerals for at least 25% of their tangible exports. "Excluding Botswana and Chile – both of which have well-established and long-running mining sectors – the average annual GDP per capita of the top-20, non-fuel, mineral-dependent countries was US$3,200 in 2009," the study said. The mineral-dependent nations with the lowest GDP per capita included the Democratic Republic of Congo (US$319), Sierra Leone (US$808) and Mozambique (US$885). The most dramatic changes in the number of mineral-dependent companies occurred from 2005 to 2010, when commodity prices started to soar. During this period, eight additional nations became dependent on non-fuel minerals: Montenegro, Guyana, Laos, Burkina Faso, Bolivia, Georgia, Somalia and Ghana. Only one country became dependent on fuel-based minerals during the same period: Belize. In their research, Oxford Policy Management found “a significant negative correlation between overall institutional development and both non-fuel and fuel-dependence.

“This finding is consistent with evidence that there are many fuel-dependent countries with high levels of GDP per capita but with persistent weaknesses of democratic governance and state accountability, such as Equatorial Guinea, Libya and Russia,” Dan Haglund, a political economist focused on natural resources policy, generated two matrices which defined countries most at risk from the “resource curse” due to critical reliance on minerals exports for foreign exchange earnings and therefore most vulnerable to international commodity markets. “They are also the most severely constrained in terms of economic resources and effective institutions,” he observed. “These countries have limited industrial diversification that would enable either ‘upstream’ supply industries to develop or ‘downstream’ value addition.” The matrices identified the non-fuel, mineral-dependent countries most at risk were Bolivia, Burkina Faso, the DRC, Ghana, Guyana, Laos, Mali, Mauritania, Mongolia, Papua New Guinea, Tanzania and Zambia.

Ok Tedi to increase spending on training in 2012

Post-Courier 21.12.2011

Ok Tedi Mining Limited (OTML) will increase its spending on training next year to $US10.2 million (K23.6 million) compared to its 2011 budget of $ US8.2 million (K18.9 million). This follows a decision it made last year to increase the intake of Graduates and Apprentices. OTML will next year increase the number of its Graduate Development Scheme (GDS) cadets to 30 compared to 23 it recruited from various universities this year. It will also increase the number of its apprentices to 45 compared to 32 this year while it will recruit 23 locals for its preferred area development program compared to 22 this year. OTML managing director and chief executive officer Nigel Parker said as a fully owned PNG company, OTML would like to continue contributing to the development of the country by building its human resource capacity. “Being a 100 per cent Papua New Guinea mining company, we feel that we should further improve our training programs and give more young Papua New Guineans the opportunity to work with us,” Mr Parker said.

“Every year, a substantial amount of money is invested in our training programmes because we are committed and we are serious in not only developing our own human resources but PNG’s human resource as well,” Mr Parker said. OTML’s GDS program started in 1988 and by the end of this year, 369 graduates would have passed through the program. Since mining began at Ok Tedi in 1981, a total of 1111 employees have received sponsorships in study programs such as the GDS programme and a total of 2588 employees have received development assistance including international qualifications in trades training. In operations training, a total of 37,046 employees have received various specialised skills in areas such as load movement and safety while in corporate training, a total of 7024 employees have been further trained in the area of middle management through courses such as OTML’s frontline management and the leadership development program.

The total cost of all these training and development programmes in the last 30 years has been K86 million. “All these amounts to one thing and that is, when we say we have an unmatched reputation as the leader in human resource development, we can back it up with facts,” Mr Parker said. In February 2011, OTML became a company owned fully by Papua New Guinea interests after the exit of Toronto (Canada) listed company, Inmet Mining Corporation as a shareholder. The PNG Sustainable Development Program Limited now holds 63.4 per cent interest while the State of PNG holds the remaining 36.6 per cent interest.

PNG'S OK TEDI RECOGNIZED AS 'GOOD CORPORATE CITIZEN'

Mining giant among 21 others to receive award

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Dec. 20, 2011) – The Government has recognised Ok Tedi Mining Limited (OTML) for its contribution to Papua New Guinea's development as well as its compliance to the country's laws. The recognition came in the form of an award on December 13 when the Department of Labour and Industrial Relations (DLIR) awarded OTML the inaugural Good Corporate Citizenship Award. OTML human resources manager, Harold Duigu said it was a great achievement for OTML to be recognised for its contribution to the country particularly in the area of people development, and its integrity in its relations with the Government and the community. "For an organisation to be granted the award, it has to satisfy requirements of the DLIR and its commitment to the provision of employment, training and development of national workers," Mr Duigu said, adding that organisations have to also comply with the Employment of Non-citizens Act 2007 and other laws, and practice sound employment, industrial relations and occupational health and safety.

Mr Duigu said with OTML's formal recognition as a good corporate citizen, it would enjoy priority processing of its work permit applications and even has the option to apply for five-year work permits instead of the current three-year duration. The copper miner was among 21 other organisations that received the award. Last year the mine contributed over K2.1 billion to the PNG economy through taxes, dividends and royalties. It employs over 2100 employees, of which 95 per cent are nationals. The award was given considering OTML's:
n proven commitment to training and development of its staff, both citizens and non-citizens;
n adherence to the laws governing foreign employment and immigration;
n support for the Fly River Provincial Government and communities through projects and cash donations for worthy causes;
n large proportion of national employees representing 95 per cent of its total workforce;
n active involvement in the Business Council of PNG since 2005 and the PNG Chamber of Mines and Petroleum since 1987 and;
n acknowledgment by the Department of Treasury as an active development partner to Western Province and the PNG Government since 1984.
Over the last 30 years, the mine has contributed over K23 billion to the PNG economy and over K500 million to the mine area landowners in royalty, lease and compensation payments.

Ok Tedi pays K1m to villages affected by pyrite spillage   Post-Courier 20.12.2011

OK TEDI Mining Limited (OTML) has paid more than K1 million in compensation to communities affected by the pyrite concentrate pipeline spillage early this year. The compensation was paid to three community groups along the Tabubil Kiunga Highway and the Ok Mart River following the joint signing of the Memorandum of Understanding (MOU) with OTML. The representatives of the highway villages were from Bumbin, Tapko, Hosanai, Awin Tamaro, Hosokumgu, Dande and Ipoknai while the river villages were from Seapire, Surine, Nenegire, Supenai, Miahore, Sonai and Romnai. OTML community relations manager Yaru Pohei thanked the villages for their understanding and commitment to the negotiation process and said the agreement was a win-win for the villages and OTML.

"The compensation is for the potential impact on the environment and the inconvenience caused by the ruptures to four sections of the pyrite concentrate pipeline and spillage of pyrite concentrate into the surroundings which occurred in 2011 on the 5th of May at kilometre (Km) 90, 11th May at Km 80, 14th May at Km 87 and 17th May at Km 84," Mr Pohei said. "Inclusive in the total payment are payments for direct damages to gardens and economic crops," he added. "The final compensation package offered to the communities by OTML was based on the outcomes of the independent assessment investigations which stated that the spill at the four sites did cause some impacts which were limited to the vicinity of the spills. The independent assessment investigations also reached similar conclusions to OTML's environmental impact assessment," Mr Pohei said. Community leader of Hosanai village Michael Gen thanked OTML for its swift response to the spillages, especially in the clean up and its handling of the negotiation process.

"I would like to thank OTML for its quick response to the spillages in May and for involving all parties including the Fly River Provincial Government to facilitate the negotiations and make sure it was conducted transparently," Mr Gen said. It was also agreed that an awareness program be conducted in all the villages along the Tabubil-Kiunga Highway on the pipeline replacement project, including the risks associated with placing the pipe next to the current Copper Concentrate pipeline. The communities have also agreed not to disrupt the pipeline replacement project which will commence in February 2012. The pipeline, commissioned in 2008, transports pyrite concentrates 128km from the tailings processing plant at the mill, along the Tabubil- Kiunga highway and then to Bige where it is stored under water in storage pits. Currently, the pipeline is not in operation and waste from the mine's milling facilities are being stored in pits constructed in the mine area. After the pipeline ruptures, OTML suspended its production for about five weeks.

LNG: Landowners still waiting for benefit funds Post-Courier 20.12.2011

By John Pangkatana

THE Aporo'Urri Resource Owners Association want to know if the National Government will give them a surprise Christmas present at the end of the week. Aporo'Urri Resource Owners Association chairman Paul Yawe and his executive are appealing to the National Government to consider his association members' pleas to pay at least some of their outstanding dues. For nearly 14 years, the affected landowner members from Moran to Kutubu in Southern Highlands Province have been left out in the cold. Mr Yawe said: "I, as the mandated representative and my 'papa graun' association members have been totally missed out in the benefit sharing for too long. "I appeal to the State and the Southern Highlands Provincial Government to honour their commitment. "You (Government) came to me and I signed on behalf of the members numbering well over 30,000. We gave our land and our oil to you and yet we still see no proper services and benefits for the people. "Wanem taim bai yumi lukim kaikai? (When will we see the benefits?). "I'm Chairman for nothing, now you don't know me.

"Mipela stap long bus yet, yupela ting mipela liklik tumas long wari (We are still living in the bus. You reckon that we are too small to worry about anything)." Mr Yawe reminded the Government that they have maintained their commitment to the agreement. "It is about time that the Government starts thinking seriously about considering their end of the bargain," he added. Association secretary Douglas Fayiabe appealed to other affected landowner associations chairmans to come together to fight for their rights. "We gave our resource, then you say we have to pay equity if we want to be beneficiaries of our resource and then you give us peanuts or nothing," he said. "It's time for all landowner groups to stand together to fight to change legislation. "The poor landowners are totally losers and continue to be victimised over and over again. "Where do the landowners fit in this multi-billion kina project?"

SOPAC DEFENDS BENEFITS OF PACIFIC SEABED MINING

Says deep sea mining will bring Pacific tangible benefits

PAPEÉTE, Tahiti (Tahitipresse, Dec. 19, 2011) - Akuila Tawake, Deep Sea Minerals Project Team Leader for a European Union (EU) funded project, stressed the importance of such projects in the Pacific region. Mr. Tawake explained that the Deep Sea Minerals Project is administered by the South Pacific Applied Geoscience Commission (SOPAC), a division of SPC, and is developing a regional legislative and regulatory framework for deep-sea mineral mining. "This will help ensure that sustainable resource management will bring tangible benefits to Pacific Island Countries and their people, "Mr. Tawake said. Mr. Tawake was responding to a story that appeared on Pac News that questioned the motives of those involved with the project. "Since the Project was conceived as a result of a number of Pacific Islands Countries requesting the SOPAC Division for advisory assistance and technical support relating to seabed minerals, it is difficult to understand who is being disenfranchised", Mr Tawake said.

He said that the Deep Sea Mineral Project is not only being supported by the SPC member countries, but by the Pacific Island Forum Secretariat, as well as the EU. The overall objective of the project, he said, is to expand the economic resource base of Pacific ACP States by developing a viable and sustainable deep-sea marine minerals industry. He said the specific objective is to strengthen the system of governance and capacity of Pacific ACP States in the management of deep-sea minerals. "This can only be achieved through the development and implementation of sound and regionally integrated legal frameworks, improved human and technical capacity and effective environmental monitoring systems", Mr Tawake said.

[*PIR editor's note: Meanwhile the regional civil society group Pacific Network On Globalisation (PANG) has expressed their concern in a Press Release regarding the lack of precautionary approach towards the sustainable development of experimental seabed mining. The group says they "…are angry that SOPAC, with the financial support of the European Union, is assisting Pacific states to push forward the development of a regional legislative and regulatory framework for experimental seabed mining …without the benefit of adequate scientific debates nor of prior public dialogue and meaningful community participation." On December 1 the group launched a public petition against seabed mining and has since garnered signatures from as far as Nigeria and Guyana, diverse groups in Canada, Asia, Hawaii and the Pacific, Pacific and Australia churches and feminists from across the world.*]

Mr. Tawake said that to date there is only one potential deep-sea mining project in the Pacific region and that is scheduled to become operational in 2013. It is the Solwara 1 project in the Bismarck Sea in Papua New Guinea. The mining company, Nautilus Minerals has been working with the Papua New Guinea government since l997 to explore seafloor massive sulphide deposits with the option to develop those mineral resources if feasible. Mr. Tawake said that the Papua New Guinea government has taken 14 years to make the decision to allow Nautilus Minerals to develop the mine. The Deep Sea Minerals Project is currently being implemented in the following fifteen island countries: Cook Islands, Federated States of Micronesia, East Timor, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

Second nickel project slowly becoming a reality

The National, 19th December 2011

By YEHIURA HRIEHWAZI

PNG's second nickel laterite project is slowly becoming a reality. The first is the Ramu nickel project in Madang province and the latest is located between Central and Northern provinces. Little-known Niugini Nickel Ltd – a subsidiary of Australian company Resource Mining Corp (RMC) – recently upgraded the size of its ore body by 52% to 125 million tonnes. The project is located about 200km east of Port Moresby in an area called Wowo Cap on the Owen Stanley Range. The tenement registered by the Mineral Resources Authority is exploration licence 1165. An independent valuation of the project in 2009 showed a preferred valuation of A$168 million.

The company announced last week that it was looking for a major partner to help it with the development of the Wowo Cap nickel project – located in an area that's accessible only by light aircraft and helicopter. RMC said last week that its resource estimates had grown by 52% to 125 million tonnes grading 1.06% nickel versus the previous figure of 82Mt at 1% nickel with contained nickel up 60% to 1.32Mt from 830,000t, and the indicated component up to 72Mt at 1.03% nickel from 39Mt at 1% nickel previously. A cut-off grade of 0.8% nickel was also applied. The upgrade incorporated results from a 295-hole core drilling programme which started on the project in August last year.

"The new estimate confirms the significance of the resource at Wowo Gap in a global context, and coupled with research on our new organic leaching technology, make the project very attractive to potential joint venture partners," RMC managing director Warwick Davies said in a statement. "The next step is to find an off-take partner who can help fund the future development." A potential site for a standalone hydro power source had also been identified within the general area of the project. "All the key elements are now starting to come together, a significant nickel and cobalt deposit near surface which lends itself to open cut mining, an innovative organic leaching process. which is being developed to proof of concept stage, a potential source of hydro power and an export port less than 30km away," he said.

PNG LANDOWNERS PUTS GAS PROJECT UNDER SIEGE

16,000 villagers demand 20 years of compensation

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Dec. 19, 2011) - In the midst of the ongoing political tussle, another storm is slowly brewing as the gateway to the country's multi billion kina LNG project site has been under siege since Thursday last week. At least 16,000 landowners from the surrounding villagers of the Gobe field engineering site in the Southern Highlands stormed the site demanding that the Government meet their demands of the past 20 years or face its definite closure. Gobe is the LNG pipeline gateway into the Gulf Province from Kutubu, Moran and Hides but landowners have said that the current impasse has done very little to appease the build up of tensions as a large number of ExxonMobil employees have been forcefully evacuated, leaving a 'skeleton' number of staff behind who will eventually be told to leave.

A handful of landowner representatives made up of various ILG Chairman who are currently in Port Moresby, told the media last Friday that it was high time the two factions resolved their issues and agreed on one elected leader to sit with them and discuss these issues or the site would be closed forever. The landowners, who come from the six surrounding villages, made up of 14 Incorporated Landowner Groups, presented their petition to the Government on the same day they seized the site. "Gobe is the gateway to the outside world and the State needs to consider this," said the Chairman of the Petroleum Development Licence 4, Jerome Kairi. He criticised the Government for the political tussle that has lasted for the entire week. He also said that discussions should also include officials from Oil Search, Esso Highlands and the Secretary for Environment and Conservation.

Hidden Valley mine reopens

The National, 19th December 2011

NEWCREST Mining and Harmony Gold's Hidden Valley gold mine in Morobe province was re-opened last Friday following the 7.1 magnitude earthquake on Wednesday. The inland earthquake was estimated to have occurred at a depth of 121km. While it rocked the key cities of Port Moresby and Lae, there were no reports of significant damage outside of already power interruptions. At Hidden Valley, PNG's newest mine, operations were temporarily suspended as a precaution after the quake. Investigations since have determined there was no major damage and no injuries. "Hidden Valley mine was built to withstand the impacts of earthquakes," Harmony chief executive Graham Briggs said. "We are delighted that that there were no injuries – well done to the Hidden Valley team."

Hidden Valley mine issues tailings warning

PNG Mine Watch 16.12.2011

The Hidden Valley mine in Papua New Guinea has issued a warning to people living downstream of the mine after a crack was found in its tailings dam. It is believed the crack may be associated with a recent large earthquake in the region. Mine workers are reporting the tailings dam is currently at near capacity. The Hidden Valley mine is operated by a joint venture owned by Newcrest Mining and Harmony Gold. The mine has already attracted criticism for its pollution of the Watut River with acid forming sediments that have killed fish and other acquatic life and caused flooding of gardens.

STRIKE AT PAPUA'S GRASBERG MINE ENDS

Workers set to return on Saturday after 3 months

WELLINGTON, New Zealand (Radio New Zealand International, Dec. 14, 2011) – A deal has been reached to end a three-month strike at the massive Grasberg gold and copper mine in Indonesia's Papua region. The workers union, which had been demanding a wage hike, and the mine's owner, U.S. company Freeport-McMoRan, have agreed to a 37 percent increase. A union spokesperson, Juli Parorrongan, told the AFP news agency that workers are still waiting for it to made official in coming days, but the deal would see the increase paid over two years, starting with a 24 percent increase. She says that if all goes as planned, workers will return to work on Saturday after one of the longest and most violent industrial disputes in Indonesia's history. The rise falls far short of the workers' initial demands from the world's most profitable gold and copper mine.

They earn an average of US$1.50 per hour, and were seeking a pay rise of 300 percent. Around 8,000 of Freeport's 23,000 workers in Papua have been on strike since September 15, crippling production at the Grasberg mine. The strike was marred by a series of violent attacks: a total of nine people, mostly workers, were killed in ambush attacks and clashes with police in the already restive province. Several of the striking workers were shot by police while protesting. The strike has slashed production by 50 percent, prompting the company in October to declare force majeure, helping boost copper prices. [PIR editor's note: Early demands from union representatives were up to *US$7.50 an hour, which then dropped to US$4* against McMoran's offer of US$3. Just last week, union representatives had planned to *extend the strike* until January 15, 2012, but have since *reached a working agreement*.]

DEAL TO END GRASBERG MINE STRIKE NEAR

Pay raise of 40% acceptable to workers

WELLINGTON, New Zealand (Radio New Zealand International, Dec. 13, 2011) – The U.S.-based miner Freeport McMoRan and its Indonesian workers' union at the huge Papua copper and gold mine are expected to sign a pay deal later in the coming hours to end a three-month strike. The strike has crippled production at the world's second-biggest copper mine. Reuters reports that the two sides have agreed to a pay rise of 40 percent over two years to end Indonesia's longest-running industrial dispute, and will sign the agreement in Jakarta.

[*PIR editor's note: Earlier offers for increases to the hourly wage of workers at the Freeport mine were up to 30 percent, which would constitute an increase of US$0.45, bringing hourly wages close to US$1.95. The company had stated the workers' demands of US$7.50 an hour was asking too much.*] It was not clear when the U.S. miner would be able to resume production or end a force majeure on exports, which was declared in October and helped boost copper prices.

Solwara 1: East New Britain government challenged

Post-Courier 13.12.2011

By SIMON KESLEP, DWU

THE East New Britain Sosel Eksen Komiti (ENBSEK) has urged the ENB Provincial Government to inform the people of its position in relation to the Solwara 1 deep sea mining project and what steps it was taking to protect coastal communities and marine life. The non-government organisation in a press statement outlined that the people were aware of the 20 years mining lease given by the previous government to the Canadian company, Nautilus Minerals Inc but said the project should not go ahead until it can be proven that coastal communities and marine species will not be poisoned. The Solwara1 massive sulphide deposit was located within national jurisdiction, about 30km out of New Ireland and 60km out of Rabaul. ENB SEK program co-ordinator Sharon Nerius said the project was not 100 miles away from the people and therefore closer consideration was required of the marine environment, impacts on people's livelihood and the overall social and economical benefits of local to regional communities in the use of marine resources within the Bismarck Sea.

The statement outlined that the Environmental Impact Study produced by Nautilus and approved by the previous government identified several immediate and direct environmental impacts including destruction of tens of thousands of hydrothermal vent formations and their unique ecosystems beneath the sea floor. Mrs Nerius said the report, titled, Out of Our Depth, by Dr Helen Rosenbaum, stated that "Nautilus has prepared a deeply flawed environmental impact statement. For example, the company has insufficiently tested the toxicity of its mining process on vent species, and has not sufficiently considered toxic effects on organisms on the marine food chain." Mrs Nerius said the impacts alone would provide sufficient reason to not approve the project and added that to date; the company has not released its environmental management plan which has raised a lot of fear about what impacts can be expected from deep sea mining. She also said Nautilus had rated the overall ecological impacts as moderate, provided it can develop strategies to manage them. ENBSEK called on National Government and ENB and New Ireland governments to stop further development until a satisfactory environmental management plan was produced.

Temu defends Mining Act
The National, 12th December 2011

LANDOWNER mismanagement, fraud and corruption are to blame for the debate over resource ownership in PNG, the PNG mining and petroleum seminar was told recently in Port Moresby. PNG Chamber of Mines and Petroleum president Dr Ila Temu told participants at the Gateway Hotel that the issue had gone so far as to influence Prime Minister Peter O'Neill and Mining Minister Byron Chan to look at amending the Mining Act. "In our view, as the chamber, as an industry, we feel this is wrong and ill-conceived," he said. "It is inconsistent with the constitutional provision that calls for resource development for the benefit of all citizens. "We believe it will give rise to an unworkable resource framework with no security of tenure and it will drive investment out. "We think it is too big a risk to take." Temu said the argument was that landowners received only a minimal benefit from the development of their resources.

"In my view, under current law, landowners' rights are fully recognised through appropriate compensation, royalties, equities, preferential treatment in employment and business development opportunities. "This has been raised more because of the mismanagement, fraud and corruption of landowners' benefit management … it is not an ownership question. "Changing the laws will not address this problem. "In our view, it will make it worse." Temu spoke passionately about an industry he believed was capable of providing the financial impetus to enable the country to grow. The mining industry was currently responsible for approximately 80% of PNG's export income and about one-third of government revenue as well as other taxes, royalties, duties, dividends, tax credits, employment and community development infrastructure.

"I am of the view that PNG must use its natural resources to fund its development," Temu said. "There is strong global competition for the exploration investment dollar." Temu said the challenge for the mining industry in PNG was still the same – it needed to generate benefits and provide tangible improvements to the citizens of PNG in terms of better health, education, community development and general infrastructure. "It can be done. It's not impossible," he concluded. "What is needed is a fundamental shift in the way government and landowner leaders manage, utilise and distribute resource benefits. "We need effective and transparent management of resources revenue so that the country and the people are better off from the use of their natural resources."- Industry News

GRASBERG MINE STRIKE EXTENDED IN PAPUA
Workers not satisfied with company offer

MELBOURNE, Australia (Radio Australia, Dec. 11, 2011) – Workers at the giant Indonesian mine owned by US company Freeport-McMoRan will extend their three-month strike over wages until January 15. Nearly 8000 of the 23,000 workers at the Grasberg gold and copper mine have been on strike since mid-September, demanding higher wages. While they earlier rejected a 35 per cent increase, a union spokesman now says they're "open to it provided there are fixed allowances", like housing, healthcare and overtime. The company says it is working "diligently to reach a fair agreement" with the workers.

Australia: mining giant fined $US160,000 over leak Post-Courier 9.12.2011

A subsidiary of mining giant Rio Tinto Ltd has been fined $160,000 after admitting to a large fuel spill in the Northern Territory last year. Alcan Gove Pty Ltd pleaded guilty in the Darwin Magistrates Court on Thursday to causing serious environmental harm and was fined $160,000 by magistrate Michael Carey. The company leaked 62,000 litres of unleaded petrol from a storage tank in June last year in eastern Arnhem Land, where it runs the Gove alumina refinery. The company was phasing out using the unleaded petrol, in favour of the "non-sniffable" Opal fuel, and was trying to empty the tank to sell the fuel when the spill occurred. The leak sparked fears petrol could discharge into Melville Bay via contaminated groundwater. Gove's general manager of operations, Julio Costa, said the company was sorry the spill had occurred and accepted responsibility for it.

It had spent $3 million to clean up the site and more rigorous inspection methods were now in place, Mr Costa said in a statement. The refinery would continue to monitor soil and groundwater and undertake more clean-ups if required, he said. A spokesman for the company said none of the fuel had been detected in Melville Bay. The co-ordinator of the NT Environment Centre, Stuart Blanch, welcomed the fact that the company had pleaded guilty to the charge and said it might be the largest pollution fine ever meted out in the territory. But Dr Blanch said the fine was still inadequate to penalise a company as huge as Rio Tinto. "It shows that our fines are not a sufficient financial disincentive to polluters," Dr Blanch said.

K170m for LNG deals praised

The National, 09th December 2011

THE host local level government of the multi-billion-kina liquefied natural gas project in Southern Highlands has praised the government for allocating K170 million for umbrella benefits-sharing commitments in the 2012 national budget. Komo LLG president Thomas Potape said as the government had stood by its word in ensuring landowners benefit, it was now important that all outstanding LNG landowners' commitments were settled and the project progressed to meet its 2014 first gas shipment schedule. He said irrespective of which government was in office, "our national leaders have shown their unity in addressing landowners' concerns and it was now up to the people to do their share".

FIJI PROVINCE CONCERNED OVER IMPACT OF MINING

Copper, gold mine planned for Naitasiri

WELLINGTON, New Zealand (Radio New Zealand International, Dec, 8, 2011) – Concerns have been raised about the environmental effect a planned copper and gold mining project could have on the Naitasiri province near Suva in Fiji. The Namosi Joint Venture, the company undertaking the mining project, has not yet been given the final go ahead on the proposed mine. Peni Sokia, the head of the Naitasiri council, says they are concerned about how the area would be rehabilitated once mining was completed and that the mine will be positioned near a popular river. "Most of the people, the community they use the river as a source of water and other necessities, they do go down and use the river, and they are concerned that it's going to polluted or anything like that." Peni Sokia, says they are waiting on an Environment Impact Assessment report which is due in the middle of next year.

[*PIR editor's note: The Namosi mine is estimated to generate close to US$544.4 million in revenues at current gold and copper prices. Hopes are high that the mine will be operating and producing by late in 2014 with a possible return of US$411.3 million annually. However, Newcrest Mining Limited, an Australia-based company that accounts for one part of the joint venture, was held responsible for environmental damages to natural resources in 2010 after initial exploratory activities in Namosi. Landowners expressed their concerns that the pollution had seriously affected the local environment.*]

MP defends LNG project against landowners Post-Courier 8.12.2011
By CALDRON LAEPA

KAIRUKU Hiri MP Paru Aihi has defended the PNG LNG project against claims by a Hisiu landowner group that the LNG pipelines were laid within traditional fishing zones at Cape Suckling Bay. Muna'a Vaivai ILG from Hisiu in Kairuku District claimed that constructional company laying LNG pipes was placing the pipes within the traditional fishing zone which is about three nautical miles. Chairman of the Association Hennie Hickey Ikupu called for recognition from the Government and developer Exxon Mobil and compensation payment for the environmental destruction. He warned that if developer and Government fail to recognise them, they would stop construction works. However Mr Aihi who comes from Hiesu village and was in the village on Sunday dismissed this

He said there is no substantial evidence of environmental impact such as fish dying. He said last Sunday he was invited by the villagers to address the very issue raised in the media pertaining to the LNG project. Mr Aihi said there were no signs of fish dying and the vessels laying the pipes were further out in the sea. He said when discussing with the villagers, none of them had traveled out to the vessels and none of them have gone diving where the vessels were operating. He said therefore it was unwise and unbecoming of any village leader to take on a task that he had no idea of and had no expertise in stating his argument and even threatening to stop work on a major impact project that would benefit the whole nation. He also said the people were arguing that they had not seen the Environmental Impact Studies (EIS) and therefore the project was not done properly, yet when he asked the people if they knew what an EIS was none of them responded.

Hidden Valley signs agreement to re-open traditional track Post-Courier 8.12.2011

OPERATOR of the Hidden Valley Gold Mine, Hidden Valley Joint Venture (HVJV) has signed an agreement re-opening a section of a historic access track to traditional users. HVJV and the villagers of Tekadu, Yanima and Anadia in the Bulolo District, signed a Memorandum of Understanding, on December 3 to help facilitate movement along a section of the Bulldog Track that passes through the Hidden Valley mine lease area. In complying with Papua New Guinea's Mining and Safety laws the company, since 2007, has limited all unauthorised people from entering into Mining Lease 151, during the construction period, and especially now that the mine is in production as a safety requirement to protect the health and safety of locals, its employees and assets.

Following talks between HVJV, Bulolo MP, Sam Basil and his District Administration, the agreement will now see traditional users checked in and transported in NKW Holdings vehicles fitted to HVJV mine standards through the mine operations area. Signing on behalf of the company, sustainability and external relations general manager, David Wissink, said the service would ensure the lives of people near the mining area, are not unnecessarily disrupted. "HVJV understands that traditional users of the track want to transport their cash crops through the mining area to markets in Wau, Bulolo and Lae," Mr Wissink said. "This is especially important for remote villages like Tekadu, which borders on the Gulf Province," he said.

Mr Basil, who is also Minister for National Planning and Monitoring, has since warned villagers to ensure the service is not abused. "Traditional users of the Bulldog Track must ensure that criminals or people who will cause trouble, are not allowed to access this service," Mr Basil said. Mr Basil also distributed chainsaws, tools, and sheets of roofing iron to the communities for the construction of an elementary school, aid post and churches in the Tekadu area. These items were transported to the remote site by HVJV as part of its community and regional development program. The HVJV transport service through the mine will initially be run three days a week and will be reviewed as required with the local communities and government.

Sovereign Wealth Fund, managed onshore Post-Courier 7.12.2011
By ESTELLA CHEUNG

THE Sovereign Wealth Fund (SWF) will be onshore managed, offshore invested and onshore spent. Department of Treasury Deputy Secretary, Economic and Financial Policy, Andrew Yauieb said yesterday at the 2012 National Budget Press lock up that the SWF will be fully integrated in budget and fiscal framework and in line with international best practice; there will be governance, transparency, disclosure, accountability and asset management rules. Mr Yauieb said within the SWF Integrated Governance, on-shore managed, it has the Stabilisation Fund and the Development Fund. “In terms of the inflows into the Stabilisation Fund; both taxes and dividends will go into the Stabilisation Fund. The stabilisation fund is to protect the PNG economy from the volatility of mineral and petroleum prices. So all the money will go into the stabilisation fund, and then it will be drawn down in the National Budget,” Mr Yauieb said.

“The deposits into the development fund will be from the National Budget. Within the Development Fund there will be several accounts. The purpose of the development fund is support the implementation and realisation of the government’s development objectives, as embodied in the very strategic plans; Vision 2050 and the Medium Term Development Plan (MTDP),” he said. Mr Yauieb explained that there are initially two accounts; State owned enterprises capitalisation account as well as an infrastructure account. “There’ll be a guaranteed minimum of funding for these two accounts and that will be equivalent to the expected flows from the dividends from the PNG LNG Project,” he said.

He said with respect the state owned enterprises capitalisation account, this is funding that will go to the Independent Public Business Corporation (IPBC). “This funding will be provided over a 10-year period. For the first five years there’ll be 100 per cent funding, this will decline in the last five years and eventually extinguished by the end of the 10-year period,” Mr Yauieb said. The infrastructure account will provide funding to a proposed Independent Infrastructure Authority that will be the umbrella organisation that will oversight the implementation of strategic nation building infrastructure; so it will oversight programs that fall under the Department of Works, the National Roads Authority, Border Development Authority as well as a proposed economic corridor implementation agencies in the development strategic plans.

“This will be for major infrastructure projects and maintenance; for highway; the Highlands Highway for instance, the Buluinski Highway and will also see funding for major hospitals, as well as our higher education institutions,” he said. “Sitting under the Independent Board will be an administrative Secretariat. It is proposed the Bank of PNG will provide the administrative Secretariat to the Independent Board of the SWF. The Bank of PNG already performs some of the investment functions, it manages international reserves that’s in excess of K9 billion already, so it has expertise in that area,” he said, adding that the Secretariat will also be responsible for implementing legislations of the Independent Board. “The Independent Board will be given an investment mandate by the Government, and within that independent mandate it will then make appropriate investment decisions,” Mr Yauieb said. The SWF Bill went through its second reading yesterday successfully. Treasury and Finance Minister, Don Polye expects the Bill to be passed before the passage of the 2012 National Budget.

Heads of Agreement signed for Gulf LNG Post-Courier 7.12.2011

A HEADS of Agreement (HOA) has been signed by InterOil Corporation and Pacific LNG Operations Ltd with ENN Energy Trading Company Ltd for the supply of liquefied natural gas (LNG)
In a statement released on Friday last week InterOil said the HOA was for the supply of 1-1.5 million tonnes per annum (mtpa) of LNG from the Gulf LNG Project PNG. The Gulf LNG Project is comprised of the Elk and Antelope gas fields and liquefaction and associated facilities in the Gulf Province to be developed by Liquid Niugini Gas Ltd; InterOil and Pacific LNG's joint-venture project company. InterOil said in the statement that while the HOA is not binding, it provides exclusivity on the LNG volumes for ENN during negotiation of the definitive agreement. The HOA sets out the basis upon which the parties intend to negotiate and document terms for the sale of between 1-1.5mtpa of LNG, for a period of 15 years commencing in 2015.

InterOil, Pacific LNG and ENN have a target to complete negotiations and execute a binding Sales and Purchase Agreement (SPA) with ENN by the second quarter of 2012. "We are pleased to have executed an additional HOA for long-term LNG off-take from our Gulf LNG Project in Papua New Guinea. InterOil is proud to work with ENN, the largest independent natural gas distribution company in the Peoples Republic of China," InterOil chief executive oOfficer Phil Mulacek said. "ENN operates piped gas projects in over 100 cities in China with a total connectable urban population of 49 million. With 3.3 to 3.8mtpa now under HOA's, and SPA discussions underway, InterOil believes it has industry support for its Gulf LNG project," he said. HOA's, and SPA discussions underway, InterOil believes it has industry support for its Gulf LNG project," he said.

Liquid Niugini Gas V.P. LNG, Conrad Kerr said ENN serves approximately 22,000 industrial and commercial customers with 780 million cubic feet per day of installed capacity, and six million households by its 11,000 mile gas pipeline network. "We are excited to begin a long-term relationship with this rapidly growing, end user customer," he said. ENN Energy Trading Company is the subsidiary of ENN Energy Holdings Ltd which engages in gas connection, sales of piped gas, construction and operation of vehicle gas refuelling stations; even the sale of gas appliances. Pacific LNG is an affiliate of Clarion Finanz A.G, a private company specialised in energy and mining investments. PNG LNG owns an economic interest of approximately 20 per cent in the Elk Antelope fields, 47.5 per cent of Liquid Niugini Gas and is a large shareholder of InterOil.

Ramu Nickel, a driving force for development Post-Courier 7.12.2011
By KONOPA KANA

RAMU Nickel project is the driving force behind economic development in Madang Province and the country as a whole; according to 2009-2010 Ramu Nickel sustainability report. President of Ramu- Nico Management Limited Luo Shu said in the report that the "one Ramu one community" has become a common vision for the harmonious co-existence between the company and the community with the development deepening. The people in the Project region experienced many firsts in their formal job, and others their first business opportunity and their first access to health care and education. In the sustainability report , that at the end of 2010 Ramu Nico have provided local landowner companies with spin off business opportunities worth over K160million (approximately US $60 million). From 2009 to 2010 has seen completed seven completed community assistance programs under the Memorandum of Agreement (MoA) in guiding their framework in supporting local social and economic development.

She revealed that having overcome countless challengers during the construction stage, Ramu Nico have achieved a relatively lower investment and a faster completion time at Ramu project when compared with similar laterite nickel development projects around the world. She said that the speed and efficiency can be attributed in part to their "all-win" investment and management philosophy. She said the credit also goes to their staff both international and local, management team, stakeholders and contractors who have worked tirelessly to see the project grow and succeed. "We aim to professionalise, internationalise and localise, growing into a world class mining company by consistently meeting international operation and performance standards. This is our mission, and it will inevitably be a difficult journey ahead. Over the past two years, we have invested tremendously in our people and management systems to build a strong foundation for success," she said.

BOUGAINVILLE SET TO RENEGOTIATE MINE AGREEMENT

Team to rework Bougainville Copper Agreement for Panguna

By Stephanie Elizah
PORT MORESBY, Papua New Guinea (The National, Dec. 6, 2011) - The Bougainville government has set up a team to re-negotiate the Bougainville Copper Agreement (BCA) which covers all operations of the mining activities at the Panguna mine.
[PIR editor's note: *Panguna mine* began its operations in 1966 as Bougainville Copper Limited (BCL), but was closed down in 1988 following an uprising by the Bougainvilleans. An earlier report noted that for over 16 years, Bougainville sustained the economy of Papua New Guinea with the Bougainville copper mine tax contribution of 300 million kina [US$114 million] a year. Reportedly the copper reserves are estimated at almost 3 million tons and gold production in the range of 400,000 ounces per year, making Panguna one of the world's largest potential producers of both metals.]

Bougainville President John Momis said after meetings with the Panguna management consultative committee, both parties had agreed to re-negotiate the BCA with the Bougainville Copper Ltd, the national government and any other interested developer. The decision to re-negotiate the BCA was reached on the consensus that mining would be allowed at Panguna and the BCA must not be reviewed but re-negotiated because the agreement was drawn up by parties which were no longer present at the negotiation table. He said the Autonomous Bougainville Government had undertaken considerable work in consultation with landowners and the national government in preparation for the BCA re-negotiation. Momis commended Prime Minister Peter O'Neill on his decision not to approve the renewal of the Panguna Special Mining Lease (SML) held by the Bougainville Copper Ltd for the past 42 years. "My understanding of this undertaking is that the national government will not exercise powers in relation to any mining related issues, including powers and functions that relate to the BCA and obviously the re-negotiation of this agreement," Momis said.

GRASBERG MINE STRIKE, ONGOING SINCE SEPTEMBER, CONTINUES

Freeport forced to stop shipments

WELLINGTON, New Zealand (Radio New Zealand International, Dec. 5, 2011) – Striking workers at the Grasberg copper and gold mine in Indonesia's Papua region have announced that their industrial action will extend until at least 15 December. The strike for better wages began in mid-September and has forced the mine's operator, US-based Freeport McMoran, to declare force majeure on shipments. Workers are currently earning up to US$3.50 per hour. The union has lowered its bargaining position for the workers' pay rise to four U.S. dollars an hour in the first year and to seven dollars 50 cents in the following year. Negotiations are still ongoing. The strike has coincided with a series of shootings and violent attacks in the area which have left at least five people dead. The Action in Solidarity with Asia and the Pacific network says workers have been harassed and attacked by Freeport management since their strike began. The network says given the isolated location of the mine, the company is hoping to starve the workers back to work.

[*PIR editors note: The strike was hoped to end soon after management and workers had "made significant progress in their negotiations," which included the offer of a 35 percent increase. The mine worker representatives agreed to lower their minimum demands from USS$6.70 to US$4 an hour, but these measures have as of yet not brought an end to the strike.*]

FIJI GOLD MINE APPROVED TO DEVELOP BIO ENERGY PLANT

Sugar cane waste to fuel power station

WELLINGTON, New Zealand (Radio New Zealand International, Dec. 5, 2011) – The Fiji interim government is giving its support to the operators of the Vatukoula Gold Mine to build a power station powered by sugar cane waste. The mine is planning to expand production but needs an improved power supply. The plant will also provide electricity to the Rarawai sugar mill at Ba. Vatukoula will partner with the Fiji Sugar Corporation, whose chairman Abdul Khan says the benefits for the FSC will be enormous - reducing electricity costs and providing a use for cane crushing waste. The project is expected to cost nearly 90 million US dollars.

Letter to the editor

LNG impact is destroying Boera life   Post-Courier 5.12.2011

I WRITE in regard to the article on November 23 titled: "LNG Impacts Villagers". I was utterly disgusted by the lies and the pretence displayed in this article. The so-called Boera LNG Eregabe Workforce, BLEW, has got to be kidding. Is that the sort of impact that they are so proud of? The monetary impact! Huh! I don't know what's more disappointing, the fact that these people seem to only focus on the monetary importance of the LNG or the fact that they have already failed miserably to uphold and maintain their main aim, and I quote "...work together for the enhancement of the Boera Village and also to help workforce members with work related and social issues at the village level. " What a load of rubbish. All I read in this article is the money you've donated, which of course you should be commended for, but what of the real issues that are at hand? Do you think that the monetary needs are the main issues that should be dealt with, is that all that epitomises enhancement? There is no denying the significant change in the lives of those at section 152, those of the villagers that work. But what of the negative impacts, or are you as a group that aims to enhance ignorance of the negative impacts?

Why don't I highlight them? We are well aware that most of these individuals of the village are unskilled labourers recruited to undertake certain training and then carry out the duties required under the various subcontracts, as it was emphasised in Phase 1. The Construction Phase comes with great job opportunities but within that phase the jobs aren't guaranteed and they may never find employment that has the pay that they currently receive, and most have never been paid like this before, some have never worked. My point is, you have not as part of your service of enhancement provided social awareness to remind and provide alternatives for those who will eventually get stood down.

Alcohol consumption in the village has doubled, even tripled in the last year. There is no form of saving and the drinking has turned the village into a circus every weekend. You talk about the Boubou Finally, people were getting drunk on Sunday, you may say it's happened every year, but it's never been as unbelievable as it is now. Carton upon carton. And yet the church is half empty. Marriages have been destroyed because of adultery. Boera should do all that needs to be done to save the village from social and moral decay. Wake up and get real! Stop pretending and trying to paint over the iniquities, attack them head on. Call the Eregabe's of Boera and weed out that which is not needed instead of thinking “it is what it is” because it’s not. Where is the integrity, we hold the pride of the Motuan tradition and culture, not just the land from which stems this project, we have real pride and value because we can boast history. Where is that pride? We didn’t even have a rep in the Hiri Moale. Our heritage was once our pride, now it’s taken backstage because we are concerned with money and benefits. Yet we’ve forgotten who we are. Come on BLEW! Get real! Concerned local

SEABED MINING WON’T BENEFIT PNG PEOPLE: WOMEN’S REP

Claims project was ‘imposed’ on community

WELLINGTON, New Zealand (Radio New Zealand International, Dec. 5, 2011) – A representative of coastal communities bordering a planned deep sea mining operation in Papua New Guinea says local people stand to gain little from the gold that’s extracted. The Papua New Guinea government awarded the Canadian company, Nautilus Minerals, the world’s first deep-sea mining lease in January to develop its copper-gold project by searching for mineral deposits in the Bismark Sea. Jane Kesno, the president of the Namatanai District Council of Women in New Ireland Province, says seas in the area are rich in tuna and many other forms of marine life. She says the project has been imposed on the people by the government. "You know our people are not that educated to the level where they can either oppose or accept or participate in these forms of negotiations taking place. Most of these discussions and negotiations take place in hotels, in towns, in Port Moresby, in places far away from those communities." Jane Kesno says the people of Namatanai will be lobbying their MP, Byron Chan, who is also the mining minister, to have the project delayed while more information is sought. [PIR editor’s note: The National reports that company representatives from Nautilus Minerals have said the company will focus on training local people "in deep sea mining and exploration."]

Little to show from benefits made, says exec

The National, 05th December 2011

By ANCILLA WRAKUALE

DESPITE many years of mineral and petroleum activities in PNG, the host provinces have very little to show for all the benefits derived from the projects, the mining and petroleum seminar was told in Port Moresby last week. General manager, community and external affairs for Oil Search Ltd Willie Kupo said this when talking about social programmes and development. He said half of the children aged between eight and 14 years old did not attend schools and a third of births took place outside of a medical facility. He said the people were still without clean water supply and other basic infrastructure. Kupo said proper planning and coordination were key factors in ensuring that development funds generated from mining and petroleum activities were put into proper use. “Public servants are not properly trained, so we need to start looking at ways to provide capacity building for them,” he said.

Kupo said Oil Search Ltd, like all other major resource developers and operators in PNG, carried out a range of social development programmes in its project area that were not specifically mandated under any legislation. He said the company had provided education sponsorship for students, donations and small scale sweat-equity projects. agriculture extension, community public health support, NGO support, local business development and management of tax credit funds. Kupo said OSL spent K150 million a year on these various project, documented in various reports. However, Kupo said what it was more important was how development funds from all sources are applied. He said there should be coordination to ensure that there was sufficient planning and project management capabilities at all levels of government, as at present this was almost non-existent in most areas. He said petroleum operators could be active partners with other stakeholders in carrying out social programmes to ensure that communities are tangibly better off after petroleum development than before. He said companies cannot do this on their own and needed support from the local, provincial and national governments. “Real social programme development would only happen if there is proper planning at all levels of government,” Kupo said.

PNG LNG on track: Esso Post-Courier 5.12.2011

THE PNG LNG Project remains on track, according to a statement released by Oil Search Limited (OSL) last week Thursday. The statement by OSL said Esso Highlands Limited; a subsidiary of Exxon Mobil Company confirmed to co-venturers in PNG LNG Project, that the Project is on track to achieving its first LNG sales in 2014. The statement said at the LNG Plant more than 100 tonnes of structural steel has been erected on the Train 1 pipe racks and over one kilometre of the 2.4 kilometre marine jetty has been constructed. “Following some early difficulties, earthworks at the Komo airfield are now well underway and the first foundation piles have arrived at the Hides Gas Conditioning Plant site and welding has commenced,” the statement said.

The Project budget is now $US15.7 billion (K36.57 billion) with the increase from $US15 billion, which reflects foreign exchange impacts, but the Project budget is largely unchanged. “Costs of project components often fluctuate throughout the life of a project and Esso Highlands continues to manage these as a routine and continuous part of its operatorship,” the statement said. “The capital cost increase will be funded in line with the Project’s existing financing terms, namely 70 per cent by debt and 30 per cent by equity contributions from the Project co-venturers. The Project’s existing $US14 billion project finance facility provided by key export credit agencies, commercial banks and lending from co-venturers, fully covers the component of the increased cost that will be funded by debt.”

Peter Botten, Oil Search’s Managing Director said Oil Search has ample liquidity to fund its increased equity contribution to the PNG LNG Project while continuing to pursue an aggressive exploration and appraisal programme in PNG and overseas. Based on the revised capital costs, Oil Search’s remaining equity share of costs up to first gas is approximately $US0.75 billion. This is fully covered by the Company’s current cash position of over $US1.0 billion. Due to strong oil prices and buoyant production, Oil Search continues to generate strong cash flows from operations and the Company also has a corporate debt facility of $US263 million, which is currently undrawn. “ExxonMobil has a long history of successful management and execution of complex, integrated, large scale projects. We are pleased that, despite today’s highly competitive construction environment, the Operator has confirmed the Project schedule and that apart from exchange rates impacts, which, as highlighted previously, we have been monitoring for some time, the budget is largely unchanged,” Mr Botten said.

Esso active in supporting communities

The National, 05th December 2011

By ANCILLA WRAKUALE

PNG LNG project developer Esso Highlands has been supporting local communities of the petroleum project through various development activities for the past year apart from its construction work. Social impacts coordinator of Esso Highlands Sisa Kini provided updates and current projects by her company when she spoke on social programmes and development at the mining and petroleum seminar in Port Moresby last Thursday. She said the company had developed community development support strategy and plans in assisting communities improve their livelihoods. Kini explained that they had three components under the scheme. The first component looked at enabling the community to better respond to potential projects and capitalise on project opportunities to improve quality of life.

The second component was based on increasing income-earning opportunities and self-reliant livelihoods which was being done through the development of the local economy. The third component was aimed at building each community's capacity to identify and meet their development needs in a sustainable way through community capacity building and partnerships. Kini said they also distributed school learning materials to elementary and primary schools in the project impacted areas. She said under the local economic development programme, they helped villagers at Portion 152 in Central province to engage in cashew out-grower programme. Kini said 16,000 trees had been delivered to date with 640 registered female growers and 540 male growers.

She said the programmes would help the people from the project impacted areas to be sustainable after the construction phase of the LNG Project. Kini said they had also established a rural women's business group from eight Kikori area villages. The women will be involved in producing and selling vegetables to the project camps and other Kikori Delta institutions. Kini said Esso Highlands was also involved in providing community capacity training such as personal viability training for locals. She said they had received positive feedback from the participants who said they were now looking at implementing their own business plans they learned from the training.

Government-developer tie up a must to effect change

The National, 02nd December 2011

By ANCILLA WRAKUALE

THERE is need for strong private public sector partnership with the government and the developers in the mining and petroleum sector to effect tangible changes for the people. This was pushed yesterday at the first day of the petroleum segment of the mining and petroleum seminar at the Gateway Hotel in Port Moresby. Corporate affairs manager of InterOil Kevin Byrne stressed this when he spoke on "partnership, prosperity and sustainability". He said it was not good enough to see developers such as ExxonMobil working in the highlands without government's presence. "We need their (government) capacity to come with us in this journey. "There is a rightful expectation that all development should leave communities and individuals in a better space during and after the projects and this include employment, training, business development, and community infrastructure. "It is not the developers' responsibility to usurp the roles of government but rather to assist and become a partner in the process through the life of the project and beyond," Byrne said.

The development of LNG project in Gulf province, in which InterOil is the developer, would be the greatest opportunity in the history of Gulf province but the provincial and local level government needed to improve its capacity to cater for the large benefits it will receive. Byrne said most people were supportive of the development. He said the most basic services and infrastructure in Gulf province were in appalling conditions, making work challenging for those in the job. Byrne said public servants could not be blamed for lack of service because they cannot be motivated to work in an environment where there was lack of consistent basic services and infrastructure such as electricity and banking services. He said so far they had helped registered petroleum development licence (PDL) for landowners association. He said in light of previous experiences with other major developers in the country, one of the recommendations he made to the government was to allocate 25% LLG entitlements to help ensure maintenance of services and avoid neglect of infrastructure.

Petroleum sector: Botten urges better way to allot benefits
The National, 02nd December 2011

STAKEHOLDERS involved in the management and distribution of benefits to petroleum project area landowners need to work together for an effective and transparent system that delivers benefits to legitimate recipients. Addressing the PNG Chamber of Mines and Petroleum seminar in Port Moresby yesterday, Oil Search Ltd managing Director Peter Botten said substantial direct and indirect benefits had been paid to governments (national and provincial); landowners and developers since oil production started in 1991. "The PNG fiscal regime is balanced between government and developer share of the value,'' Botten said. "It is one of the most progressive in the world for landowner involvement. "Better management of benefits is essential to deliver aspirations to the people of PNG. "The regime is sound and sensible. Mechanisms for delivering benefits in an appropriate way need urgent work.'' Botten said benefits from the petroleum industry between 1992 and 2010 included;

l The national government through petroleum income tax, salary and wages tax, stamp duty, withholding tax and equity dividends – K9,453 million;
l Provincial and Local Level Governments – K820 million through Special Support grants, infrastructure grants, royalties, equity dividends, MOA grants and development levies
l Recognised landowners (cash) – K393 million – through royalties, land compensation and rentals and equity dividends
l Landowners (non-cash or indirect) K2,243 million–through employment wages, landowner company contracts, tax credit projects, MOA grants, community development programmes, royalty and equity, community infrastructure and future generation trust funds.

"Material benefits have been delivered to the state, landowners and developers in PNG since the start of oil production. "These benefits have not had the positive impact on the country that was expected. "The money has been delivered – the issue is how the benefits have been managed. Industry stands to work with government and communities to improve the ways to manage this value windfall," Botten said. Current benefits management stakeholders include the Mineral Resources Development Co (MRDC); provincial governments and local level governments; special purpose authorities (where they exist); LNG/oil operations operators; Department of Provincial affairs; Department of National Planning and Rural Development; Department of Finance; Treasury; Department of Works,IPBC- Kroton #2 (NPCP), and the Department of Petroleum and Energy.

Botten said benefits to the state and landowners had been large and were just about to materially increase with the development of the PNG LNG project. He said while the PNG fiscal regime allowed for a fair distribution of resource wealth between the state and the developer and involves landowners in a world-leading way, there were questions as to how these benefits had been distributed and used. Botten recommended several approaches as a way forward in resolving this issue, this includes:

- The extractive industry transparency initiative (EITI), a global initiative to improve accountability and transparency, already operational in 35 countries;
- It would also deliver regular publication of independently verified payments made to governments and the revenues received.
- The implementation of a sovereign wealth fund,
- The strengthening of the Department of Petroleum and Energy.

Government and InterOil on common ground

The National, 02nd December 2011

THE government and InterOil Corp of Canada appear to have struck an agreement on the size and scale of a modified LNG project in the Gulf province, judging from presentations at the conference yesterday. Petroleum Minister Duma told delegates that the National Executive Council's decision on Sept 21 not to approve the staged development has not changed. "However, my department and I are working together with InterOil with a view to ensuring that the developments are consistent with the project agreement of 2009," he said. "The state and InterOil remain committed to delivering the project that was agreed in the 2009 project agreement. "I also expect InterOil to work together with the state nominee Petromin in delivering this important project. "The state regards the InterOil project as the next project of national importance, and we stand ready to enter into dialogue with InterOil in an attempt to find a way forward during the next months," Duma said.

InterOil's Phil Mulacek told the conference that InterOil was working on bringing in a major LNG player to Gulf LNG and would deliver a project capable of producing 7.6 million tonnes per year of LNG – this is much more than PNG LNG project's 6.6mtpa. He said by adding additional trains, Gulf LNG could ramp up to produce 10.6mtpa which is much higher than PNG LNG's projected expansion to only 10mtpa. The minister told The National later that he wanted InterOil to work together with Petromin and arrive at an understanding. He praised InterOil for its persistence to stay in PNG despite many challenges. Duma said the company must deliver a project size, however rescoped, as determined in the 2009 project agreement – between 7.6mtpa and 10.6mtpa. Mulacek said the project had been modified to three stages of a modular stripping, fixed floating and a large LNG plant on-shore in Gulf province and would meet the project agreement production rate of 7.6mtpa which was more than the PNG LNG project. He said financial investment decision was expected toward the end of the year or early next year.

'The State's only nominee'

Post-Courier 2.12.2011

THE creation of Petromin PNG Holdings Limited was a first step towards nation building and will be a single national oil and gas company. It will be the State's nominee in all hydrocarbon projects. Minister for Petroleum and Energy, William Duma, made this note in his opening address at the first day of the 2011 Petroleum Seminar in Port Moresby yesterday. "We owe a vote of thanks to my colleague, Sir Mekere Morauta, the Minister for Public Enterprises for resolving one of the disasters created by his predecessor- the apparent existence of two national petroleum companies," Mr Duma said. He said Sir Mekere recognised that "one company is essential but two is an indulgence". "By relegating the child of Kroton 2 (National Petroleum Company PNG) to its original role as a passive holder of the State's interest in only one, very specific project, my colleague has achieved what the Grand Chief, Sir Michael Somare, and I have always wanted: a single national oil and gas company in the form of Petromin PNG Holdings," he said.

Mr Duma said although Petromin holds the State's assts in both the petroleum and minerals sectors; the Petromin Board is initiating a process which will see the separation of petroleum and minerals into separate entities that will be independently managed in accordance to the world's best transparency and accountability practices. "These separate companies will have Petromin as a service provider to avoid the duplication of overheads," Mr Duma said. In a separate statement released on Wednesday, Mr Duma said in a number of productive meetings recently between him, InterOil, the Prime Minister Peter O'Neill, the Department of Petroleum and Energy (DPE) and Petromin; all parties have expressed their willingness to work together to deliver a project that conforms with the 2009 Project Agreement by year end.

"The Government has no desire to prevent InterOil from developing an LNG project in accordance with the Project Agreement of 2009 but in its decision of 21 September 2011, approved and noted the steps taken by DPE and Petromin," he said, adding that it was the responsibility of the government to ensure that the Project Agreement was conformed to. The Petroleum seminar has attracted the participation of many companies, institutions and government agencies including ExxonMobil, Oil Search, InterOil, Talisman Energy, Horizon Oil, Mineral Resources Development Company (MRDC), Petromin PNG, New Guinea Energy, Eaglewood Energy, the Department of Petroleum and others. The seminar will end today.

Oil Search spends K28m each year for community projects Post-Courier 2.12.11
By ESTELLA CHEUNG

OIL Search on average spends around K28 million per year on community projects and it spends more than K100 million per year on local business development in the affected communities.
Oil Search managing director, Peter Botten said in his presentation on the petroleum industry's contribution to nation building, that PNG is a world leader in community ownership, landowner ownership and involvement in the resource sector. Mr Botten said the approach by the industry in PNG must involve landowners in a range of significant programs such as employment, landco business development, training and education. "The ability to operate in remote and difficult areas is impacted by our relationships with affected communities, and we have to manage this very closely. At Oil Search we believe that our growth will stop if we get this wrong. We just need to get it right and improve what we do,"

Mr Botten told the seminar. Mr Botten said last year, Oil Search spent K140 million on various projects such as entrepreneur training, vanilla farming, women in mining training, shareholders receiving dividends from local landowner companies. He said the Nogoli Elementary School at Hides was also invested into, to change the bush material classrooms into a proper and functioning school, in much better conditions. Mr Botten said Oil Search recently announced the formation of the Oil Search Health Foundation, which will take one of the leading roles in managing and delivering HIV/AIDS management and TB management.

LNG: PNG lacks skilled workers Post-Courier 2.12.2011
By TODAGIA KELOLA

PAPUA New Guinea seriously lacks skilled manpower to fully meet the construction demands of the multi-billion kina Liquefied Natural Gas (LNG) project. Labour and Industrial Relations Secretaryy George Vaso said this yesterday when revealing why his department has allowed 200 workers to come into the country. He said his Minister, Martin Aini through his Department, had exempted more than 200 foreigners from the requirement to hold work permit, allowing them to be employed in semi-skilled professions that Papua New Guinean can perform. In a gazettal notice dated October 21, Minister Aini exempted a total of 212 non-citizens, the majority from Philippines and India, to be employed in the PNG LNG project. Mr Vaso said: "In regards to the LNG Project, there are skeptics who feel that we have betrayed the interests and wellbeing of our own people, by giving away easy jobs to foreigners.

"Let me assure you, my fellow citizens that this is not the case. This specific project is a first of its kind in the country and you must appreciate the level and the degree of technicality involved in the accomplishment of this Project is such that even on millimetre degree of error can jeopardise the entire Project. He also stated the necessity to meet the demands of the LNG construction stages, which meant that exemptions have to be made to bring in experienced skilled and semi-skilled non-citizens. In 2010 this exemption was legislated in Section 51 of the Employment of Non-citizen Act 2007. The exemptions include orange jobs, which by law must be advertised first in PNG before bringing in a non-citizen and the red jobs, which are reserved for citizens. Realistically, the PNG labour force apparently cannot satisfy the project demand for experienced and specialist skilled and semi/skilled workers. "And let me assure you, the sacrifices that are currently being made in the short term during the construction phase will be outweighed by the benefits during the long haul when production comes on-stream," he concluded yesterday.

Exec: State determines benefit sharing scheme

The National, 02nd December 2011

THE state determines the project benefits on minerals and in turn shares the benefits with host provincial and local level governments and resources landowners, manager of external affairs of Mineral Resource Development Co Imbi Tagune said. He explained that the royalties from mining companies were paid directly to the beneficiaries. The petroleum landowner's component of the royalty was payable to the respective petroleum trust managed by MRDC while the Department of Petroleum and Energy was responsible for royalty disbursement. Tagune said in mine projects, all royalties were paid directly to the beneficiaries under separate arrangements. In the petroleum sector, payments of benefits were made to incorporated land groups (ILG) based on the benefit sharing agreements which could vary from project to project.

MRDC's primary role mandated by the government was to manage equity benefits from resources. Tagune said through awareness, landowners were now more educated and knowledgeable on resources benefits than they were before, often asking questions on how resource benefits were shared and managed among beneficiaries. "In public forums, we try explain to the landowners that the mine and oil reserves are declining and that equity benefit income would cease to flow one day," he said. Tagune said there was also an increase in population in project areas caused by migration from outside in the hope of benefiting from improved infrastructure and economic opportunities at the project sites. He said one of the challenges in working in communities in the project areas was the issue of unequal sharing. He said a benefit mechanism based on individual beneficiary should be developed by local level governments to assist in the benefits payout so that every individual could receive some money.

Winds of change at Mt Kare

The National, 01st December 2011

By YEHIURA HRIEHWAZI
THERE is a breath of fresh air and winds of change blowing up the Mt Kare valley – where it attracted one of the biggest modern-day gold rushes in the late 1980s and early 1990s. New developer Indochine Mining Ltd, yesterday told the mining and petroleum conference in Port Moresby that Mt Kare was expected to be the next big gold mine in PNG. One of the biggest hurdles in working the prospect was the constant landowner disputes between the Paelans in Enga province and the Hulis of the new Hela province over the mountain area, which was once a no-man's land until CRA Minerals geologists led by John Batram walked in, set up camp and in the process of digging a latrine, unearthed pure gold nuggets. The word leaked out and the rest was history.

CRA pulled out after its camp was raided by Engan hooligans financed by certain politicians and since then various companies like Madison went it, drilled some holes and left because of constant landowner hassles. Now, there is hope in what is dubbed the "Melanesian Way" through the engagement of a Fijian mining engineer George Niumataiwalu, who was recently appointed the Mt

Kare project director by Indochine. This man is credited for managing the Hidden Valley project in its early days and was the key player in addressing landowner issues and setting up the basic social and technical infrastructure that Harmony Gold of South Africa and Newcrest were riding on. “What we are doing is different from the past … I am taking the Melanesian approach to resolve conflicts,” he said of Mt Kare where about a million ounces of gold nuggets were taken out during the alluvial rush.

When the company went in recently, it set up camp away from the former Madison camp as a tribal fight was taking place there and eventually worked their way through “wanbel” discussions with the locals. “We must be friends to all the parties,” and not deal only with selected few landowners, he told The National on the conference sideline. There area had no road connection although it is 15km south of Porgera gold mine and the logistics of getting supplies in were tough. He said helicopters were refusing to fly in because landowners were threatening to shoot them down. Even Papua New Guinean workers refused to go and work there and the weather, compared to his sunshine islands, “its brutally cold”. He said there were now changing perceptions in the area with “winds of change”, with the people welcoming a project that’s been on and off for many years.

The people feel they wanted the project because of the PNG LNG project in Hela and the Porgera mine in the north, Niumataiwalu said. “They feel it’s their opportunity now to get their project going.” Niumataiwalu said Mt Kare presented to PNG the possibility of the next big gold mine. He said they were lucky to also recruit a few geologists from other companies to work there, although it was initially difficult. He spoke about Mt Kare after a brief introduction by his boss, the Indochine chief executive John Promnitz, who prefaced their presentation with “Developing the next world-class gold mine”. They said the prefeasibility study was underway and was expected to be completed by the middle of next year.

While they worked on a estimated two million ounce deposit of gold and silver, they strongly believed that the drilling programmes would prove up more reserves as Mt Kare had the same ore body and geology as Porgera mine which had 30 million ounces of gold and was producing up to 1.5moz per year for the next 20 years. There was significant upside to their drilling. Past drilling results included 34.5m at 7.2grams/tonne of gold, 139g/t of silver and 16.5m at 11.8g/t of gold and 19g/t of silver. Indochine was now repeating the drilling programmes to ascertain the deposit size and said it was looking positive. They said it was a challenging environment in a “boom time”. Mt Kare was managed by an experienced team, which developed projects in the past in PNG with Niumataiwalu as the leader who has “done this before in PNG” where he took the Hidden Valley project from feasibility study to permitting, and successfully signed on landowner agreements – using the “Melanesian way”.

InterOil on track to make FID by year-end

The National, 01st December 2011

INTEROIL Corp is on track to make a final investment decision on its US$6-billion Gulf LNG project by the end of the year and expects to receive government approval for the project. PNG government criticised InterOil’s project plan several months ago on grounds that it fell short of the project that had originally been approved and a National Executive Council decision on Sept 21 signed by Prime Minister Peter O’Neill. The government earlier said if InterOil pursued a project outside of the agreement, the company would be committing a “repudiatory breach” and the contract would be terminated. However, O’Neill had done an about-face last week and was now in support of a re-scoped project for a phased and fragmented project.

One of the major joint venture partners in the gas project was state-owned Petromin, which expressed dismay that it was not consulted regarding an agreement signed with oil-gas forwarding company Gunvor and all other commitments of the gas resources without its involvement. The National was also aware that bureaucrats in the government were not impressed with InterOil's habitual practice of dealing directly with politicians instead of going through the proper procedures and processes. "These government officers are not happy and are likely to give stick by the rule book when it comes to review of the original agreement. "They will give InterOil a tough ride," according to a senior industry official. Despite this, InterOil was confident it was on track to deliver FID by the end of the year.

"We are very confident that we are on track to build this plant with full support of the government of Papua New Guinea," Dinny Kutty, InterOil's chief accountant, said at an industry conference in Perth, Australia, late last week. 'I'm not going to give a date, but the government wants this project off the ground as soon as possible. "It is providing huge economics to the country," Kutty said, adding that the company was targeting late this year or early next year, while the Papua New Guinea government wanted to see a final investment decision by the end of the year. A spokesman for Papua New Guinea's state-owned oil company, Petromin PNG Holdings, was not immediately available for comment. InterOil was also in the process of seeking an operating and equity partner with previous LNG development experience. "We keep the government in the loop to make sure there won't be any objections once the process is completed," Kutty was reported as saying by Reuters.

Hidden Valley pumps K520m into PNG economy

The National, 01st December 2011

THE Hidden Valley Joint Venture project in Morobe province pumped close to K520 million into the economy of Papua New Guinea this year. The spending breakup was as follows: Goods and services in Morobe – 56%; goods and services in PNG – 27%; government tax – 6%; employment – 6%; community benefits – 3%; and royalties – 2%. This was revealed at the mining and petroleum seminar by deputy general manager Peter Hannigan. Hidden Valley is a joint venture between Australian miner Newcrest Mining Ltd and South African miner Harmony Gold. It is managed by Morobe Mining Joint Venture (MMJV). The partners had planned to pay out K21 million yearly in wages and benefits; K26 million yearly on royalties and K15 million for benefit-sharing and other community assistance. Its community projects during its 14-year mine life sought to provide for capacity building, rural electrification, health, education, agriculture and aquaculture, mine village infrastructure, roads and bridges, water supply. These were all within budget, Hannigan said.

He said there were two open pit mine sites at the project – Hidden Valley and Hamata – with a process plant to recover gold and silver at Hamata. Gold ore from Hidden Valley was being fed by a conveyor belt. Hannigan said at the moment, silver was making good money on the world market, which was a good sign for the joint venture. There were engineered tailings dam to contain mine tailings, which was fast becoming the only large-scale tailings storage facility in PNG. Hannigan said there was no mine processing residues or tailings, which were being discharged into the environment. Its waste dump strategy was to have the waste engineered and cover up to allow revegetation to occur.

Hidden Valley has an average annual production of 250,000 ounces of gold and 3.6 million ounces of silver on a 14-year mine life. Its total ore reserves for this year showed 68,192 tonnes, with proved ore reserves of 60,674 tonnes and probable ore reserves of 61,519 tonnes. The mine currently has 975 direct HVJV employees of which 45% are from Morobe and 1,471 contractor-employees with 45% also from Morobe. HVJV was building up its production post-commissioning, with exploration tenements already representing a world-class mineral resource-base and growing. It had involved a wider inclusive stakeholder engagement processes, with environmental programmes established and was investing in suitable community development with focus on development of PNG leaders and providing a foundation for success and growth of a long- term business in PNG.

IMPACT OF SEABED MINING AS OF YET UNKNOWN

Demand for minerals races ahead of research

WELLINGTON, New Zealand (Radio New Zealand International, Nov. 30, 2011) – The secretary general of the International Seabed Authority says little is known about the consequences of deep sea mining. A four-day workshop in Fiji this week, organised by the authority and the applied geoscience and technology division of the Secretariat of the Pacific Community, aims to draw up recommendations for environmental impact assessments of seabed mining. The authority governs the parts of the seabed outside of national jurisdictions. Nii Allotey Odunton says with a rise in demand for copper, nickel, manganese and cobalt and an accompanying rise in the regulations around their land-based extraction, seabed mining is becoming increasingly attractive.

"There was one test in the 70s that actually recovered nodules from the seabed. We've had over 40 years of little experiments. There's been no mining in the deep seabed yet. So we don't have any actual data that comes from mining. What we are trying to do is to be as responsible as possible." Nii Allotey Odunton says prospective miners must take out an exploratory licence which requires them to submit baseline data to the authority.

[PIR editor's note: The Nautilus Minerals' deep sea copper and gold mining project is due to begin in the next two years off the coast of PNG in the Bismarck Sea, the first of its kind. New laws and legislation have been suggested for PNG and the rest of the Pacific regarding the environmental and economic impacts of deep sea mining, which is as of yet a new challenge to Pacific countries.]

Bougainville: O'Neill says mining leases extended

The National, 30th November 2011

THE mining lease agreement for Bougainville expired last Friday but the mining lease agreement automatically extends for another 21 days as per the Mining Act, parliament has been told. Prime Minister Peter O'Neill said this when responding to a series of questions by National Capital District Governor Powes Parkop. Parkop asked if the government was going to review the mining release agreement that expired last Friday. He said many people in Papua New Guinea and Bougainvilleans had gone through hard times and he asked why there should not be any review.

He asked if there was any moratorium in place for any further exploration in any other part of the autonomous region. He asked if a review could be done with a year-to-year lease agreement. O'Neill said there would not be any review because of an automatic 21-year extension clause under the Bougainville agreement. He said the Bougainville mining agreement did not cater for any review nor did it allow the government to cancel it. He said the government would be consulting with the people and the ABG to find a solution to review the 21-year automatic extension.

Mineral rights ownership law will drive away big investors, says Temu

The National, 30th November 2011

THE mining and petroleum industry's "big guys are in town" and any change in the law on mineral resources ownership will drive them out. This warning was issued yesterday at an industry seminar by PNG Chamber of Mines and Petroleum president Dr Ila Temu. He said PNG must use its natural resources to fund its development as it was a highly prospective destination capable of attracting the big investment dollar. "The big guys are in town and spending big," he said. And they included Newmont, Newcrest, Harmony Gold, Vale, ExxonMobil and Xstrata. "For exploration, the challenge now is to keep these big guys in town so they spend the big exploration dollar. "For projects – LNG, Frieda, Marengo, etc – PNG must ensure these projects are delivered on time and on budget," Temu said. "The benefits of doing this are enormous. Secure a competitive edge in this highly-competitive global environment."

However, he warned that the issue of mineral ownership by landowners would put all this at risk. Also in attendance were Prime Minister Peter O'Neill and Mining Minister Byron Chan, who had sent shockwaves throughout the industry with his proposal to give all resources back to the landowners when he was appointed minister in August. Chan had since taken a cautious approach to say it would only be done within the framework of the Constitution and laws of the land. Temu pointed out that the proposed amendment to the Mining Act to vest ownership of mineral rights in landowners was "wrong and ill-conceived". "It is inconsistent with constitutional provisions that call for resource development for the benefit of all citizens. "It is too big a risk to take," he said.

While landowners were claiming minimal benefit from the development of their resources, Temu argued that under the under current laws, rights of landowners were fully recognised through compensation, royalty, equity and preferential treatment in employment and business development opportunities. "The issue is more to do with mismanagement, fraud and corruption of landowner benefits than ownership. "Changing the law on ownership does not address the problem. It will only make it worse," Temu said.

Mining and petroleum: drivers of the economy

Post-Courier 30.11.11

By ESTELLA CHEUNG

PAPUA New Guinea's mining and petroleum sector has been the most aggressive driver of the nation's good economic fortunes for almost a decade. In his opening address at the 2011 Mining and Petroleum seminar yesterday at the Gateway Hotel in Port Moresby, Prime Minister Peter O'Neill said the government acknowledges the sector's contribution to stabilising and growing the economy since the economic melt-down of the 1990s. "With such a promising outlook and the expectation of huge inflows of revenue to the State's coffers in the next 10 to 15 years, from new mining ventures and from LNG projects, our government is moving decisively to establish the Sovereign Wealth Fund," Mr O'Neill said. "The thinking behind the Sovereign Wealth Fund (SWF) is to absorb these unprecedented revenue windfalls and thereby palming off inflationary pressures," he said.

"Of course we want to ensure the nation has savings to call upon for urgent development needs including key infrastructure and meeting budget they arise in the future," Mr O'Neill said. "When we look back to the years when we had the Bougainville Mine, Misima Mine, Porgera and even Ok Tedi, we look at the mismanagement of the wealth that was created by these mines," he said. "The funds or the revenue that we had has been squandered to the effect that the benefit of that wealth is not shown in the communities and the services that Government provides throughout the country," he stressed. "We believe very strongly that if we do not protect the wealth that has been created by this industry by a structure like the Sovereign Wealth Fund, I think we will again squander the opportunity that these projects are presenting to the country," Mr O'Neill said.

He said public consultations were underway to gauge views of the SWF and former Prime Minister Sir Rabbie Namaliu has already been ear-marked to chair the fund. "Legislation for establishment of the Sovereign Wealth Fund will be put through Parliament next week," he said. "I am very pleased to say that next week; parliament will sit down and introduce the legislation. I am expecting the support of all members of Parliament because this is crucial for the country. We cannot afford to play politics with it," he said. The Mining Seminar is held on November 29-30 and the Petroleum Seminar will be held on December 1-2. The Mining seminar will also give participants the opportunity to learn more about new mines such as the Hidden valley and Ramu mines, and the world's first deep sea mine, Solwara1. The Petroleum seminar will provide updates to current activities in the petroleum sector such as the PNG LNG Project and other LNG developments.

Mining, oil account for 80% of export income

The National, 30th November 2011

By YEHIURA HRIEHWAZI

THE mining and petroleum industry generates 80% of total export income in PNG and provides over a third of government tax revenue. This was revealed at the opening day of the mining and petroleum seminar in Port Moresby yesterday by president of the PNG Chamber of Mines and Petroleum Dr Ila Temu. He set the pace for the four-day conference, which will have all the major players give their project updates in the resources sector. The chamber is hosting the conference. Prime Minister Peter O'Neill opened the conference yesterday with a firm message that the government will not make any changes to legislation and promised not to take a confrontationist approach with resources sector. This had allayed fears of any purported move to shift mineral ownership to landowners. Temu said since 2005 and 2010, both the mining and petroleum companies had paid more than K9.674 billion in corporate taxes and mining levies.

He said additional money was in terms of dividends, royalties, salaries and wages tax, production levy for Mineral Resources Authority and the tax credit scheme. In 2005, the industry paid K1.149 billion. Payment in 2006 was K2.002 billion, while 2007 received the highest amount of K2.39 billion. In 2008 K1.973 billion was paid while in 2009, K693 million was received. Last year, the amount was K1.471 billion. The 2009 figure was down due to the global financial crisis and the 2010 figure was only an estimate as the real figure was likely to be higher, Temu said. The state, as an equity participant in the projects, was paid a total of K1.225 billion in dividends from 2005 to 2010. This excluded payments to Petromin and the National Petroleum Co of PNG (now abolished).

With regards to mining and petroleum royalties (from 2005 to 2010) paid to landowners and host provincial governments, mining companies paid a total of K817 million while petroleum companies paid K342.2 million for a total of K1.159 billion. In terms of employment and spin-off business, Temu said employment in the sector increased from 12,000 in 2004 to 30,000 last year, and was still increasing. In the exploration area, a large numbers of village people had been employed all over PNG and about 60,000 to 80,000 people were employed in grassroots alluvial mining. Local contractors and PNG/overseas joint ventures by Ok Tedi Mining, Porgera and Lihir alone were paid a whooping K2 billion alone last year. The mining and petroleum sector had associated business linkages with a wide range of support and services industries like aviation, drilling, trucking, earthmoving, accounting legal, shipping wholesaling and retailing, and many more.

Porgera pays K488mil in compo and royalties

The National, 30th November 2011

ByANCILLA WRAKUALE
THE Porgera Joint Venture paid a total of K1.5 billion in taxes and duties this year, a PJV manager said. Processing manager of PJV Ridge Nyashanu presented the figures yesterday at the mining seminar in Port Moresby. He said K300 million was paid as royalties for this year alone. A total of K188 million was paid as compensation last October while K115 million went to tax credit scheme projects. Nyashanu said PJV production accounted for 12% of PNG's total export over the current life of mine for the past 20 years. Business development received K2 billion this year. Last year, K54 million was paid to Porgera contracts, K47 million to Enga contracts and K48 million to other contracts within the country. Meanwhile, Nyashanu said deterioration in law and order in Porgera-Liaigam was the most significant risk to the PJV operation.

He said PJV was working in partnership with the national and provincial governments, local communities and community stakeholder agencies through "restoring justice initiative to strengthen and support law and justice". Nyashanu said there was an overwhelming support from community, local, provincial and national government of plans to address the complex issue. He said one of the aims of restoring justice initiative was to help the community address new and long-standing issues, including violence against women, tribal fighting, loose firearms, drug and alcohol abuse and illegal mining. Nyashanu said the population in Porgera valley has grown from 5,000 prior to construction, to about 45,000 at present due to the mining activity there. He stressed that some causes of illegal mining in Porgera were due to increased number of people moving to Porgera to benefit from the developed infrastructure and the inability of police to maintain law and order.

Simberi mine set to extend life by 4 years

The National, 30th November 2011

By BOSORINA ROBBY
THE Simberi Gold Mine in New Ireland province is set on prolonging its mine life and expanding output capacity by another four years from the present life span of 10 years. In the first stage of expansion, the gold mine, which is 100% owned by Australian Allied Gold Ltd, hoped to produce 100,000 ounces annually from the current 70,000oz/pa. This was revealed yesterday by the company's compliance and community relations manager Howard Lole at the mining and petroleum seminar in Port Moresby. Lole said the second stage of the expansion was aimed at studying and improving the resources to a target of 150,000oz per annum. He said some of the expansion benefits included additional royalties to landowners and communities of about 30% per annum.

He explained this equated to an addition K1.5 million a year at US$1,500/oz of gold on the world market. The expansion of the mine would also add an extra 50 positions to its current 777 employed staff, of which 760 were Simberi locals. With the mine expansion, there would be less water to be consumed per tonne of ore processed due to thickening, as well as very low amount of cyanide going to DSTP and to the ocean through the use of a cyanide dilution circuit. Lole said there would be opportunity for the New Ireland provincial government to participate in royalty distribution once 100,000oz/pa was achieved, which would be generated from this expansion. He said this would also be a result of increased throughput from a lower unit cost per ounce of gold produced, translating into a more robust project. Lole said that since the first gold pour in 2008 up this year, the gold mine had so far paid out K12.6 million in royalties.

"Compensation payments to the landowners was K1.3 million, community investment was K1.5 million and business development was K2.3 million. "There is something more we can do to develop business on the island because of the opportunities that are provided but we need to work with the community to see how we can all capitalise on that," he said. Lole said the mine had also provided an airfield, wharf and a well-maintained ring road, with a water supply project covering 75% of the Simberi community. Other developments in education and health had been provided to the community through Simberi Gold mine and the Mineral Resources Authority. Lole said in the meantime, they would be concentrating on the increased mine productivity and the review of the project agreement with landowners and to continue drilling on exploration sites within the Tabar Island group. He said they would also build landowner organisation capacity and provide for more business and employment opportunities for the Simberi people.

Hisiu people cry foul over LNG benefits Post-Courier 30.11.11
BY CALDRON LAEPA

A landowner group in Cape Suckling Bay in Kairuku area of Central Province are crying foul over PNG LNG project benefits and due recognition as landowners. Muna'a Vaivai ILG from Hisiu village in the Central Province are claiming that they are landowners to the PNG LNG project because the pipelines that are laid from Southern Highlands to Central Province via the Coral Sea would affect their sources of income and food. Thus, they want to be recognised as offshore landowners and be paid compensation for the environmental damage on the coral reef from their seafront. Chairman Henni Hickey Ikupu said there was not much awareness conducted by the developer Esso Highlands or Department of Petroleum and Energy on the impact of the pipes and that they had no idea that they would be greatly impacted hence register as impacted parties of the PNG LNG project. He said he recalled a brief visit by the staff from Department of Petroleum and Energy who informed them that the pipes would be laid in place outside three nautical miles from the shore or where they fish.

However, he said as the LNG project is going through the development stages, it seems to be that the pipes are within their fishing zones. Mr Ikupu claims the people feel tremors from the sea bed while fishing as the Italian based company Saipem Nenn are laying pipes in the sea. He said the vibration and tremors by the huge machineries placing the pipes is causing the sea bed to move. Mr Ikupu said the people are concerned that the coral reefs which provides hub for fish and prawns for the villagers and are a source of food and income will be affected. He called on the developer ExxonMobil and the Government to recognise their ILG or they will stop the project.
He said the PNG LNG project has immense economical benefits to the country but certain issues need to be dealt with correctly.

Bougainville: Foreign businesses welcome: Momis Post-Courier 30.11.11
By JOYCE TOHUI

BOUGAINVILLE President John Momis said that Bougainville will allow foreigners to do business on Bougainville, on Bougainville's terms. Mr Momis said that is why his government emphasises strongly on joint venture (JV) business and discourages stand alone businesses by foreigners. ''Since the crisis, Bougainville businesses were buying goods from wholesalers in Papua New Guinea and these companies have made a lot of money but they have never shared any equity to benefit the people,'' Mr Momis said. He said that is why the ABG encouraged the people of Bougainville to go into JV businesses and benefit from these activities.

Indonesia fails to end strike at Papua mine
Workers in troubled province demand higher pay from US owners of gold and copper mining complex

Bruno Philip, Guardian Weekly, 29 November 2011
For weeks a strike has paralysed work at a giant mining complex at the foot of Mount Puncak Jaya in the central highlands of Papua, Indonesia, where the majority of the population are indigenous Papuans. The strike, by a third of the 23,000-strong workforce, is driving up the world prices for copper and gold. The Glasberg mine – 90% owned by the US conglomerate Freeport McMoRan and 10% by Indonesia's government – contains one of the world's largest reserves of these minerals. The miners are protesting against low wages – considering working conditions, the risks they are exposed to, and the cost of living in this isolated spot, 4,000km east of the capital, Jakarta. Tension has been mounting for several weeks, with more than 8,000 miners blocking access roads and preventing other workers from entering the site.

The conflict began three months ago, and there is still no prospect of a settlement. Appeals by President Susilo Bambang Yudhoyono for a solution have had no effect. The province where the mine is located covers the western half of a very large island. Papua New Guinea, independent since 1975, occupies the eastern part. Papua province was controlled by the Dutch until it was ceded to Indonesia in 1969. The region has been unsettled ever since. A conflict – largely ignored by the outside world – has pitted separatist forces against the Indonesian army. The province, which is closed to western media, is more or less run by the military. There have been recurrent allegations of serious human rights abuses by the army. On 14 November thousands of demonstrators marched through the provincial capital, Jayapura, demanding independence.

At the start of the dispute, the workers at Glasberg, who earn the equivalent of $1.50 an hour, were demanding a 20-fold wage increase. They subsequently scaled back their claim, asking for just $4. Freeport has offered another 53 cents, but the strikers rejected this. Since then there has been deadlock. The conflict is costing the company and the country a great deal. Freeport, which reported $5bn profits on Glasberg operations in 2010, has announced losses of $19m a day since the strike began. Revenue from the mine generated about $1.4bn in tax and royalties for the government in the first half-year of 2011, according to the Jakarta Globe. Freeport says part of the government revenue finds its way back to the province, accounting for more than two-thirds of its budget – but the strikers dispute this.

FIJI GOVERNMENT TO MINERS: DRILL OR LOSE LICENSE
Promotes mining activity as vital for economy

By Felix Chaudhary
SUVA, Fiji (Fiji Times, Nov. 29, 2011) – Government issued a strong warning to mineral resource exploration companies in the country who have been granted licenses - begin drilling or lose your licenses. The warning was made in a statement issued by permanent secretary for Lands and Mineral Resources Filimoni Kau at the opening of exploration drilling by Geopacific Resources for gold and copper deposits at Uciwai near Nadi. Mr. Kau said while the government was keen to develop the mining industry, which had the potential to spawn hundreds of jobs and bolster economic activity in the process, the onus was on companies who had obtained exploration rights and licenses to begin work immediately.

[*PIR editor’s note: Interim Prime Minister Bainimarama said earlier at the opening of a new bauxite mine on Vanua Levu in November that mining would create "immediate business and employment opportunities, improve Fijians' living standards, reduce poverty and attract economic* *attention." These remarks came as the government has begun to reconsider opening mining explorations at Mount Kasi and Namosi*.]

"We are sending a strong message out to all exploration companies who have expressed interest to drill in Fiji to get moving and undertake some serious commitment to their designated areas of interest," Kau said. "We don't want them to be holding on to exploration areas and doing nothing." Kau said government was taking a hands-on role to ensure that companies granted exploration licenses begin preliminary work in the shortest possible time. "That is now the role of Government. We will strictly monitor this and we are sending out warnings to all exploration companies that they must give us an indication of real progress, otherwise we are likely to remove licenses and rights from them," he said. "Government is very serious on this issue," he added. He also said that exploration companies granted licenses needed to undertake their work with due diligence when it came to environmental concerns. "Mining activities have an impact on the environment but if the work is done right and done well, then we can minimize the effects on our local biodiversity," Kau said. *Fiji Times Online: http://www.fijitimes.com.*

Appraisal of Solwara 1 resources upgraded

The National, 29th November 2011

NAUTILUS Minerals has announced increased resource estimates at its Solwara 1 project in the Bismarck Sea, about 30km north of Rabaul. The company reported the increase last Friday to the stock market as it also declared a maiden inferred resource at the nearby Solwara12 project which is 25km northwest of Solwara 1. The company planned to start production from the world's first under-water mine by the fourth quarter of 2013. Its under-water and remote-controlled mining equipment were currently being manufactured in England, according to vice- president investment relations and communications Joe Dowling. The key features of the resource update, prepared by independent consultant Golder Associates Pty Ltd in accordance with National Instrument NI 43-101, stated at a copper equivalent cut-off grade of 2.6%, are as follows:

- The company's total indicated resources had increased 18% to 1.03 million tonnes.
- Total inferred resources had risen 36% to 1.8 million tonnes.
- Contained copper in indicated resource at Solwara 1 had increased 25% to approximately 74,000 tonnes.
- Contained copper in Inferred Resource at Solwara 1 had increased 28% to approximately 125,000t.
- Contained gold in indicated resource at Solwara 1 had increased 23% to about 166,000 ounces.
- Contained gold in Inferred Resource at Solwara 1 had increased 5% to about 317,000oz, and
- A maiden inferred resource had been declared at Solwara 12, 25km to the northwest of Solwara 1, of 230,000t, grading 7.3% copper and 3.6 grams per tonne gold.

The increases in contained metal within the resource were the result of additional tonnes and importantly, higher grades, due to successful resource drilling which identified further high-grade ore zones. The increase in tonnes was also partly due to a reduction in the cut-off grade from 4% copper, used in the prior 2008 resource statement, to a copper equivalent cut-off grade of 2.6% in the 2011 resource, following refinements in the project design. Nautilus Minerals president and chief executive Steve Rogers said the notable increase in the company's resource base showed the success of the exploration campaign, extending the life of the Solwara 1 project and delivering an improved knowledge of the Bismarck Sea geology.

"Importantly, the declaration of a maiden resource at Solwara 12 begins the process of building a pipeline of projects for Nautilus in the region, and confirms the prospectivity of the Bismarck Sea, where we have identified another 16 prospects for further evaluation. “Nautilus will attempt to build on this base in the coming year, through on-going exploration activities in PNG and elsewhere in the western Pacific,” Rogers said. “Nautilus will be undertaking important work including the use of multi-beam sonar and seismic exploration tools in the Bismarck Sea over the coming months to assist in identifying targets for drilling, scheduled to be conducted in the second-half of next year. “As part of that programme, we will be testing for additional lenses of high grade material in the vicinity of Solwara 1, while the limits of Solwara 12 have yet to be fully identified,” he said.

Dialogue on Solwara 1 project a success

The National, 29th November 2011

THE state team that participated in the consultation forum on Solwara 1 project in Kavieng last week has hailed the dialogue a success. State team leader and acting managing director of the Mineral Resources Authority (MRA) Kepas Wali said the two-day meeting was fruitful in that it was an interactive session where all stakeholders openly exchanged views and innovative ideas on how benefits should be shared amongst the impacted communities in New Ireland and East New Britain provinces. He said it was encouraging to see that ordinary village people had opportunities to ask questions to which members of the state team responded. Some of the questions asked during the forum concerned the mechanism that would be used to distribute royalties to impacted communities.

Wali said the simple and most effective way was to channel royalties through the provincial and local level government systems. The LLG’s will further distribute to their wards and eventually impacted communities, he said. Wali said the state was proposing to use this mechanism because the normal way of distributing royalties which was through landowner associations had seen little benefits reaching little people in the villages. He said court and other forms of disputes between landowner associations were another reason the state thought that using the provincial and LLG system was a better mechanism.

Other issues raised and discussed included identification of impacted communities and equity. Wali said the meeting progressed smoothly until the end. Wali particularly thanked representatives from the East New Britain provincial government for their “well-organised and planned presentation outlining their ideas” on how benefits should be shared amongst the impact communities. About 300 members of impacted communities from New Ireland province attended the meeting. He assured all stakeholders that their inputs and comments had been noted and would be incorporated into the draft memorandum of agreement (MoA) and would be discussed further in the coming forum next January in Kokopo, East New Britain.

Bougainville: Two parts on BCA review

Post-Courier 29.11.2011

THE Bougainville Copper Agreement (BCA) review process will take on two phases as explained by the legal brains behind the planning. Autonomous Bougainville Government legal chief executive officer and Tony Reagan, the Australian legal adviser in a recent meeting on the review of the BCA, explained that phase 1 would include preparation now until 2013 and this would involve the following:

* Incorporation of individual Lease area associations and the umbrella landowner association;
* Conflict resolution work in central and south Bougainville;
* Conduct of baseline studies on Environmental, social, health and other baseline studies in the Mine Lease areas;
* Public Awareness throughout the region and development of appropriate capacity and negotiation

position by each party including a joint position by the ABG and Panguna Landowners Association and;
* Reaching an agreed process for conduct off negotiations and conclusion of agreement.
Phase two (2) will include Conduct of Review and negotiations which will also include:
* Each party to be represented by a negotiating team, led by an appropriately authorized lead negotiator;
* ABG/PLA joint negotiating team;
* Each team to be supported by appropriate technical advice;
* Separate negotiation tables to deal with environment, social, and the financial aspects of negotiations.

Momis lauds Prime Minister O'Neill Post-Courier 29.11.11
BOUGAINVILLE president John Momis last week thanked PNG Prime Minister Peter O'Neill for his decision not to approve the renewal of the Special Mining Lease (SML) held by Bougainville Copper Limited (BCL) in Panguna for the last 42 years. He said that through the Peace Agreement and through the Constitutional arrangements and the Strategic Framework on the Drawdown of Mining Powers and Functions, the PNG government would not exercise mining powers and functions on Bougainville. This he said meant that the National Government would not exercise powers in relation to any mining related issues including powers and functions that relate to the BCA and the re-negotiation of this agreement.

"While my Government has undertaken considerable work in consultation with landowners and the National Government in preparation of the BCA re-negotiation, I am happy to hear of reports that the Prime Minister has agreed not to renew the Special Mining Lease held by BCL, but to consult with the ABG on issues concerning mining matters on Bougainville," he said. Mr Momis added that the ABG and the Panguna Management Consultative Committee had agreed to re-negotiate the Bougainville Copper Agreement (BCA) with BCL, the National Government and any other interested developer. "The ABG has established a steering group to undertake preparatory programmes in relation to the re-negotiation of the BCA," he said.

BOUGAINVILLE PRESIDENT MOMIS TO RETURN TO PANGUNA
First journey to mine site since captivity in 1990

By Gorethy Kenneth
PORT MORESBY, Papua New Guinea (PNG Post-Courier, Nov. 29, 2011) - Bougainville's president John Momis will now go back to Panguna 21 years after his abduction in 1990 by the Bougainville Revolutionary Army. President Momis' visit to Panguna will be historical as he has never stepped on Panguna soil since his abduction by the late Francis Ona's commandos from Tinputz in the mid 1990s. He was taken hostage to Guava and kept there in captivity before being released some months later. The story of Mr Momis becoming a Prisoner of War (PoW) in Guava village is such that a reconciliation is still pending. He was kept a prisoner for almost six months in Panguna by the late Ona and his men. One of Bougainville's instrumental leaders (named) was handed a gun to kill Momis but he let him escape after several pleas by Mr Momis. Mr Momis was a priest at that time and to date his "legs" have never set foot in Panguna.

Mr Momis also, had never visited Panguna even when he was the Regional Member for Bougainville in the National Parliament. He is now going back there early next month to see his people and to further negotiations for the development of Bougainville, because that is where the heart of the Panguna Mine lies. The Bougainville administration is now in preparation to facilitate his visit to Panguna tentatively before the JSB meeting in Buka. The JSB will be held on December 5. The people of central Bougainville specifically Panguna and Guava have invited Mr Momis to visit the place and address his people in that part of the world. The Panguna management consultative committee meeting held recently in Buka was briefed of the planned visit by the president.

“This is a long overdue matter that must take place as soon as practically possible,” the meeting was told. “At this meeting an official invitation was extended to President Momis and he accepted and preparations will now begin by PMCC stakeholders in consultations with ABG Administration officials to make this event a reality.” On the same note, Bougainville Copper Limited chief executive Paul Coleman is now being invited officially by the PMCC and specifically the people of Panguna to visit the area where the giant mine pit lies idle. Mr Coleman’s visit will happen after Momis’ official trip. Mr Coleman already visited Panguna but that was on an invitation by those who were involved in the Panguna Scrap Metal operations, which BCL has been facilitating.

Ex-US Soldiers’ Presence in Freeport Arouses Suspicions

Markus Junianto Sihaloho, November 28, 2011

Controversy has again erupted over security arrangements for copper and gold miner Freeport Indonesia, this time amid reports that armed American guards are operating around the Grasberg mine in Papua. Djoko Suyanto, the coordinating minister for political, legal and security affairs, acknowledged on Sunday that the US-based miner was employing four “security consultants” at its concession from a company that also provided security contractors to the US government and companies operating in Iraq. He added that they were all former US military personnel but were employed by Freeport as civilians. “There are indeed a number of former American servicemen working at Freeport who were hired as civilians, like all the other workers there,” Djoko said.

He insisted there was nothing unusual about the arrangement, saying Freeport adopted similar security measures at its other operations worldwide. However, the minister’s explanation failed to quell the growing suspicion over the presence of armed foreign nationals operating in the country. Tjahjo Kumolo, a member of House of Representatives Commission I, which oversees foreign and defense affairs, said he was stunned by the initial reports from Friday that there were up to 70 US servicemen deployed at Freeport. “If indeed this is true, then we’ve clearly sold our sovereignty as a free people,” he said. Tjahjo, from the opposition Indonesian Democratic Party of Struggle (PDI-P), said there was a tendency for the government to kowtow to the wishes of the US government.

He added that the presence of US troops operating in the country could be linked to Washington’s decision to grant 24 used F-16 fighter jets to Indonesia. “We shouldn’t barter away our national sovereignty for a batch of planes that we’re going to have to pay through the nose for to upgrade anyway,” he said. He called for the formation of an independent team to look into the issue. “What’s important is that there’s an official explanation from the government on this matter,” Tjahjo said. “There’s a good possibility of violations by the foreign party, so an investigation is very much needed.” The issue was first raised last Friday by Ali Kastela, from the opposition People’s Conscience Party (Hanura), who claimed he saw 70 US military personnel on active duty when he visited the mine recently. The allegation was echoed by Jimmy J., the speaker of the Papuan provincial legislature, who said he could not understand what armed foreigners were doing in the province.

The issue has also sparked speculation that the armed presence was part of a wider plan to embed US security officials in the Indonesian government, including in the Ministry of Defense. However, Air Marshal Eris Herryanto, the ministry’s secretary general, denied the claim, saying there was no move to employ foreigners. The controversy is the latest linked to security arrangements for Freeport. Late last month, National Police Chief Gen. Timor Pradopo admitted that police on the ground at Grasberg took millions of dollars in "lunch money" to provide security for the miner's operations. The attacks on Freeport and security forces have intensified recently, as a strike started by mine workers on Sept. 15 drags on. Two people were injured on Tuesday in the latest ambush on a vehicle on the road leading to the mine. A week earlier, gunmen opened fire on another Freeport patrol vehicle, injuring a police officer.

WARRING FACTIONS IN BOUGAINVILLE REACH TRUCE

President Momis to attend ceremonial ritual

WELLINGTON, New Zealand (Radio New Zealand International, Nov. 28, 2011) – The President of the autonomous Papua New Guinea province of Bougainville says he expects tomorrow's signing of the Konnou Agreement to follow ceremonial ritual. John Momis says the signing, at the village of Mogoroi, marks the first truce between warring factions in the Konnou constituency. The region has been shut off from government services for years because of fighting and criminal activities attributed to groups led by Damian Koike, who comes from Mogoroi. President Momis says the area is the last part of south Bougainville to undertake reconciliation after the war on the island. "They're following a traditional ritualist ceremony. I haven't seen any written, legal documents but I presume they will be following traditional, processes of reaching a truce, restorative justice phase and actual reconciliation." President John Momis says he hopes his presence at the ceremony will signal the government's commitment to peace in the area.

[*PIR editor's note: President Momis has said that ending the fighting between groups is a necessary step to bringing the province closer to a referendum of independence in 2015 from Papua New Guinea. Warring factions in Konnou have fought for years, and a major concern brought up by Momis has been the trauma suffered by the people involved in battle, particularly the young men to give them support and provide job training.*]

PNG PRIME MINISTER SLAMS GAS FINANCING DEAL

O'Neill says parliament was in the dark about 'secret deal'

PORT MORESBY, Papua New Guinea (The National, Nov. 28, 2011) – Prime Minister Peter O'Neill says the IPIC AU$1.68 billion [US$1.65 billion] LNG project financing deal was done in secrecy and neither the National Executive Council nor parliament were briefed. He revealed this during debate on the Independent Public Business Corporation (IPBC) report tabled in parliament last week. The report revealed that a lot of mess had been created by entering into bad deals. O'Neill said the AU$1.68 billion deal to finance the state equity in the LNG project from the Middle East state of Abu Dhabi had a downfall of PGK900 million [US$408 million] which the government had to pay even before receiving any revenue from the LNG in 2014. He described this as a bad deal as through the financing the state share in Oil Search was mortgaged while decisions on all SOEs had to be made by Abu Dhabi.

"Arab will continue to win even if the prices go up or down. They have the upper hand because we have sent the boys to play the men's game," O'Neill said. He said the deals were made at IPBC by former minister Arthur Somare who controlled everything in the former government. O'Neill said the treasury department was not involved in the deal but now they would have to. However, Southern Highlands Governor Anderson Agiru claimed later at a press conference that the downfall was a result of the transaction which was determined by the stock market exchange rate. He said they locked the AU$1.6 billion loan through the Oil Search mortgage but to take part in the PNG LNG project, they had to go through the US stock market because ExxonMobil shares were listed in the US, which had resulted in a shortfall of PGK900 million.

Further report raises serious concerns about Nautilus and experimental seabed mining

PNG Mine Watch 28.11.2011

A further report has surfaced that raises serious questions about the propriety of the experimental seabed mining project Solwara 1 and points out that it is not supported by local people and has the potential to be socially, economically, and environmentally destructive. The report, **Nautilus Minerals Inc**, prepared in 2008, finds that it is abundantly clear that local and regional leadership have inadequate information regarding both the Nautilus company and its explicit technical plans.
The report also finds that the awareness of local biological diversity and its documented (and in some cases, expropriated) uses is inadequate to insure any appropriate oversight and management of indigenous resources by the Government of Papua New Guinea. Further local people are not aware of the degree to which the proposed operation is likely subject to significant international intellectual property considerations that are neither owned nor overtly documented to have been licensed to the company. The report was prepared by M Cam Financial and Management Advisors and is based on extensive research and consultation in the Rabaul region, Port Moresby and Fiji. The report author, Dr David Martin, concludes:

There is sufficient opacity so as to preclude entering into full-disclosure binding agreements regarding Nautilus access to land and sea resources to commence operations. The leadership of the Komgi Village has unanimously voiced its opposition to authorizing any use of, or access through, lands under their common control at this time pending the adequate addressing of all concerns regarding guaranteed and absolute preservation of all marine and terrestrial ecosystems.

On Friday a separate report, “Out of Our Depth”, was published which details the serious environmental and social impacts expected as a result of the unprecedented experimental mining of the ocean floor in PNG. Professor Richard Steiner has also published a devastating analysis of Nautilus Minerals deeply flawed Environmental Impact Statement – “EIS not fit for its purpose”.

Frieda plan study delayed

The National, 28th November 2011

By YEHIURA HRIEHWAZI
THE feasibility study for the development of Frieda copper project has been delayed by 12 months to await the potential of tapping into the energy options being developed by other players in the resources sector. The delayed study was announced by the developers Xstrata Copper of Canada and Highlands Gold of Australia last week. Xstrata was initially scheduled to deliver the feasibility study for the Frieda River project next January to maintain its 81.82% shareholding in the project. However, the JV partners said last Thursday that as a result of a number of potential power options becoming available late in the study timeframe, both parties had agreed to extend the January deadline to December 2012. “There are some exciting energy projects happening in Papua New Guinea at present, either in development or near development, and Highlands and Xstrata Copper believe these must be more rigorously considered to optimise the development of this resource,” Highlands Pacific managing director John Gooding.

Gooding was not specific on the power options. The National understands that the Stanley gas field being developed by a group of companies led by Horizon Papua near the giant Ok Tedi mine was a possible supplier of gas to power the Frieda project. Other possibilities were the Elevala and Ketu gas fields and the Elk and Antelope gas stripping plants. A better alternative is Oil Search Ltd’s Pnyang gas field located about 50km west of Frieda. The Stanley gas field is about 150km south of Frieda. It is also understood that the Wafi-Golpu mine is expected to enter into negotiations for liquid gas from the Western province to be shipped to Lae to power gas turbines to supply electricity for the mine. State-owned Petromin Holdings Ltd was expected to take the lead in the Wafi-Golpu campaign. With regard to the Xstrata project, Gooding noted that as part of the extension, Highlands Pacific would be carried through from January to the lodgement of the special mining lease application, with Highlands' share of expenditure repaid when the project was in production.

At the end of the feasibility study, and subject to the JV partners agreeing, the Frieda River project could proceed to the lodgement of a special mining lease and an environmental-impact statement. Gooding said that Xstrata Copper would have earned a 72% interest in the project by next January, with the remaining 9.82% contingent on the completion of the feasibility study. "This is a good result for the project and for Highlands … Xstrata Copper has undertaken a huge task over the last four years and this extra time and focus should allow the project to explore all operations to maximise the returns for the stakeholders," he added. The Horse-Ivaal-Trukai deposit was estimated to host some two-billion tonnes of resource at a grade of 0.45% copper, 0.22 g/t gold and 0.7 g/t silver for 9.4-million tons of contained copper metal and 14.8-million ounces of contained gold.

A prefeasibility study had found that an open pit mining operation could deliver an average copper production of 190,000 tonnes per year and 280,000oz/y of gold, over a 20-year life-of-mine. Adjacent to the main Horse-Ivaal-Trukai orebody, which was currently the focus of the feasibility study, the high-grade Nena deposit also provided further optionality for the project, added Gooding. The Nena deposit was currently outside the JV with Xstrata Copper. However, the diversified miner could be brought in by exercising an option and paying Highlands a further US$10.8 million by January.

Australian gold output dips in September quarter Post-Courier 28.11.11

Australian gold production fell moderately in the September quarter as the price of the precious metal set all-time records. According to Melbourne-based mining consultants Surbiton Associates, the nation's gold output dipped by 2.4 per cent to 2.1 million ounces in the three months to September 30, compared with the June quarter. The US dollar gold price reached an all-time record afternoon fix of $US1,895 per ounce in early September and averaged $US1,702 per ounce for the quarter.In Australian dollar terms, the price peaked at a record $1,807 per ounce on August 22, with an average for the quarter of $A1,626 per ounce. "Some producers were able to take advantage of the higher prices to process slightly lower grade ore and lower grade stockpiles," Surbiton Associates director Sandra Close said. "Although this leads to lower production, it allows a more effective use of gold resources." Dr Close said the record gold prices coincided with an anxious period in the global economic environment, including the US debt crisis. -AAP

Interoil commits to $US 15billion LNG project Post-Courier 28.11.11

INTEROIL last Friday signed a $US15 billion non-binding document with one of the world's major independent commodity oil trading companies – Gunvor to develop the nation's second largest LNG project. A heads of agreement was signed by InterOil's founding directors Phil Mulacek and Christian Vinson with Gunvor executives led by Luc Speeleveld at the Parliament House last Friday. Prime Minister Peter O'Neill was also part of the signing ceremony at his Parliament conference room. Mr O'Neill said that the Government was pleased to witness yet another positive event to signal InterOil Corporation's seriousness and sincerity to move forward towards delivering a world class PNG project on time. "I congratulate InterOil's founding directors Phil Mulacek and Christian Vinson, their InterOil, Liquid Niugini and Pacific LNG for securing this LNG off-take agreement," he said. This Government fully supports InterOil Corporation's efforts to develop the nation’s second LNG project. “The State is a partner in this project by virtue of its obligation to acquire up to 22.5 per cent equity as stipulated under the Oil and Gas Act.

By fully supporting the interOil project, and their re-scoped development plans and schedules, this Government is clearly signaling to oil and gas industry stakeholders that any attempts to undermine and obstruct the progress of the second LNG project will not be tolerated,” Mr O’Neill reiterated. “This Government fully supports InterOil Corporation’s decision to develop the LNG project, production and export facilities in Gulf Province. The project will be a much needed economic and social boost for development-starved Gulf Province. “The Government will move swiftly in the coming days to begin the process of facilitating necessary amendments to parts of the Project Agreement dealing with the relocation of Gulf instead of piping gas and condensates to facilities located at Napanapa in Port Moresby as initially envisaged.’’ He said the Government would also amend Project Agreement provisions to validate InterOil’s re-scoped plan.

Nautilus EIS for experimental seabed mining not fit for its purpose

PNG Mine Watch 26.11.2011

With international attention focused once again on experimental seabed mining, it is timely to look again at Professor Richard Steiner's devastating analysis of Nautilus Mineral's flawed Environmental Impact Statement for its Solwara 1 project

Professor Richard Steiner

The Solwara 1 project proposes to commercially exploit gold and copper deposits associated with deep-sea hydrothermal vents at a depth of 1,500 in the Bismarck Sea off Papua New Guinea. As the Project would represent the first large-scale, human-induced, site-specific disturbance to the deep ocean basin anywhere in the world, it must be considered with exceptional deliberation and caution.

Scientists only first discovered these deep-sea hydrothermal vents and their exotic chemosynthetic ecosystems in 1976, and these extraordinary ecosystems remain poorly understood today. Deep-sea hydrothermal vents, found along mid-ocean ridges and back-arc basins (such as the Manus Basin in the Bismarck Sea), support one of the rarest and most unique ecological communities known to science. Organisms derive their energy from sulfide chemicals in hot (350 C), mineralized vent fluids rather than directly or indirectly from photosynthesis as in other biological communities, and/or from endosymbionts in their tissues. Most species discovered at vents are new to science, and the vents support communities with “extremely high biomass” relative to other deep-sea habitats. Some scientists suggest that such deep-sea hydro thermal vents systems may be where life first evolved on Earth.

The proposed Solwara 1 mining project would destroy an extensive patch of productive vent habitat, including tens of thousands of vent chimneys, killing virtually all of the attached organisms. The EIS states that: “The extent of the impacts to vents and other seafloor habitats directly mined will inevitably be *severe* at the site scale,” and that “it may be *many years* before development of chimneys returns to pre-mining conditions (emphasis added).” And mining is expected to alter venting frequency and characteristics on surrounding seafloor areas as well, thus affecting the ecological communities of a much broader scale than just the mined site.

Although the Solwara 1 EIA / EIS makes a significant contribution to deep-sea vent science, it is clear that the EIS does not present sufficient information with which the PNG government can effectively judge the project’s expected impacts. Thus the EIS is judged as not fit-to-purpose. Many risk contingencies are poorly analyzed, some are not analyzed at all, and many of the baseline studies necessary to understand potential impacts have yet to be completed. For instance, studies of the taxonomy and genetic relationships of macro-invertebrate species found at Solwara 1, South Su (upstream about 2 km), and Solwara 8 (downstream about 45 km) have not been completed, and thus the degree of genetic variability and endemism of organisms between sites is not yet known. It is likely that several rare and endemic (found only at the site) macro-invertebrate species that are yet to be described by science exist at Solwara 1.

As a result of the 2007 study at the mine site, "at least 20 new species have been added to the species list at active vent sites." This is a high rate of discovery of species new to science, and species encounter rates of the studies predict that there are likely many more species yet to be identified at the site. Such species would likely become extinct du e to the mining project, even without having yet been identified or described. This alone constitutes an unacceptable risk. Bioethics dictates that resource development should not knowingly put species at risk of extinction, be they well-known charismatic macro-fauna (tigers, gorillas, whales, etc.), or poorly known deep-sea invertebrates.

While Nautilus conducted extensive studies of the deep-sea *benthic* (bottom dwelling) communities at the site, no systematic study was conducted on the deep-sea *pelagic* (water column) community that would be impacted immediately overlying the seafloor. Further, there was an inadequate assessment of risks associated with sediment and waste rock disposal, toxicity of the dewatering plume to deep-sea organisms, effects of increased light and noise in the deep ocean environment, and potential accidents on seafloor equipment or surface vessels. Regarding impacts to the *near-shore* ecosystem, one of the greatest risks from the project is the potential loss of tow or power of an ore shuttle barge in route to Rabaul (the EIS projects 3-9 barge trips per week, with 6,000 tons of toxic ore onboard each tran sit), or of one of the 25,000 ton bulk ore freighters (3-6 trips per month from Rabaul), and the barge or freighter then drifting ashore spilling its toxic cargo and fuel onto the coastal reef system. Yet, this risk was not considered at all in the EIS. Much of the EIS is simply too general in nature to determine impacts, and many of the mitigations proposed rely upon Environmental Management Plans and procedures that have yet to be developed by Nautilus, and thus the effectiveness of these cannot be judged at present.

It is likely that the project would result in severe, prolonged, and perhaps region-wide impacts to a globally rare and poorly understood biological community, and it is clear that the EIS does not adequately assess many of these impacts. Further, the benefits to local people or the economy of PNG seem disproportionately low compared to the scale and risk of the project. While the Project could gross almost $1 billion USD in its 30-month lifetime, it expects to provide only $41 million in total taxes and royalties to the government, a $1.5 million development fund, and a few dozen jobs at most to PNG nationals. Given the above concerns, it is respectfully recommended that the government of PNG not approve the project on the basis of this EIS.

Report says experimental seabed mining an unacceptable risk

PNG Mine Watch 25.11.2011

A new report titled "Out of Our Depth" details serious environmental and social impacts expected as a result of unprecedented mining of the ocean floor in PNG. Canadian mining company Nautilus Minerals Inc. (Nautilus) plans to extract gold and copper from the floor of the Bismarck Sea in 2012 at its Solwara 1 project. The project will mine active and inactive hydrothermal vents at 1.46 kilometres under the sea. Thousands of these vents over an 11 hectare area will be destroyed. Possibly the origins of life on earth, these high-temperature underwater vents host unique species, most of which have not yet been identified or studied. The underwater mine site is located close to coastal communities that rely heavily on sea food for diet and income. The project is raising alarm among these directly affected communities, as well as among PNG citizens who question the environmental process that led to the licensing of the project. Moses Murray, advisor to the "sea bed mining forum" of community organisations from New Ireland Province, East New Britain and Madang, says:

"The PNG Constitution in its preamble provides for sharing of natural resources with future generations. The current trend shown by our political leaders have taken the direction that they are not worried about the future generations anymore. It is "the now" that matters to them. Every mine on land, be they gas, oil, and other natural resources including mining under the ocean is set to be opened. The brain, pen and ink used to draft the preamble of the Constitution was a waste of time."

Helen Rosenbaum, author of the report, says "Nautilus has prepared a deeply flawed Environmental Impact Statement. For example, the company has insufficiently tested the toxicity of its process on vent species, and has not sufficiently considered toxic effects on organisms in the marine food chain." Catherine Coumans of MiningWatch Canada, an editor for the report, notes "once again a Canadian company is set to inflict unusual environmental and social harm in Papua New Guinea in a way that would not be permitted in Canada. Canadian mining company Placer Dome dumped mine waste into the sea for many years and Barrick Gold is currently using a major river system as a mine waste dump. It is tragic that Canadian mining companies are profiting from weak governance in Papua New Guinea."
Available: **www.deepseaminingoutofourdepth.org**
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Bougainville mining lease expires Post-Courier 25.11.11
By JONATHAN TANNOS

THE Bougainville Mining Lease cannot be reviewed, despite its expiration yesterday, because of an automatic 21-year extension clause under the Bougainville Agreement. Such is the case facing the once prolific world copper producer but the Government will be working with all affected stakeholders, including landowners to find ways to reverse the process. Prime Minister Peter O'Neill explained to Parliament yesterday that both the Bougainville Mining Agreement and the Mining Lease Agreement did not allow the Government to cancel it. He said even amendments to the Autonomous Government of Bougainville Act could change the 21-years automatic recurring lease extension period.

He was answering questions from National Capital District Governor Powes Parkop, who raised questions over the matter, adding considering the hardships both Bougainville and the country went through why there could not be a cancellation to mining lease. He also asked if a moratorium on exploration was in place for any regions of Bougainville. Mr O'Neill said the Government was working closely with all stakeholders including landowners, eventhough they had indicated they were not interested in the renewal of the mining lease. He said on the question of the current mining lease agreement provisions, it would be useful to work together to review the 21-year automatic extension clause and find legal means to remove it.

LNG LOAN LEAVES PNG GOVERNMENT WITH $409 MILLION DEFICIT
Former government's judgment questioned

By Simon Eroro
PORT MORESBY, Papua New Guinea (PNG Post-Courier, Nov. 25, 2011) – A billion dollar loan to finance the LNG project obtained by the Somare Government and its subsequent loan repayment failure has the new O'Neill Government staring at a K900 million [US$409 million] shortfall. The A$1.68 billion [US$1.63 billion] loan from a little known investment company IPIC based out of

the oil rich Abu Dhabi in the Middle East was obtained by former State Enterprises Minister Arthur Somare and one-time IPBC Managing Director Glenn Blake. The blowout now means the Government must find the shortfall to plug the repayments by the March 2014 final repayment schedule. Minister for State Enterprise Sir Mekere Morauta made this revelation in Parliament and said this was the largest investment made by a government ever in PNG and this was investment of public money in the PNG LNG project.

Sir Mekere said they had to investigate the circumstances of the loan because of the shortfall but it was not clear exactly why this large shortfall had occurred. He said some of the decisions taken in relation to the loan and administration of the funds seemed hard to explain or was based on bad advice but they certainly produced disastrous results. "Without going into details, it seems very strange and an appalling lapse of judgement on the part of Messrs Somare and Blake, to agree to repay the loan in full in March 2014, before the LNG project starts producing significant revenue," Sir Mekere said. He said PNG would need to repay this loan before it had an income stream from the project for which the loan was taken out and to agree to this was completely stupid, which raised many questions about the motives of the borrowers. "Would it not been more sensible to take out the loan for a longer period, which would have enabled the loan repayments to have been made after the project was in full production? And why was the loan money drawn down, earning little interest, months before it was required for the LNG project?" Sir Mekere asked.

The former Prime Minister said that issue alone guaranteed there would be a significant shortfall which would have to be made up. Sir Mekere also said very large foreign exchange losses were incurred when the loan money was all converted to one currency without any currency hedging in place, a normal precaution for such large financial transactions. He said the initial development of this loan and its administration since being taken out in 2009 had been characterised by poor decision making which had resulted in a loss to the Government, to the people of PNG of K900 million. Meanwhile, Sir Mekere said then the this Government took over from the Somare regime in early August, he was given the task of sorting out the mess which had been created among all of the state owned enterprises by the former Minister.

Australia: Mine fight to Canberra Post-Courier 24.11.11
Aboriginal leader petitions environment ministers

CANBERRA: If the federal environment minister ignores calls to use emergency powers to intervene in a WA land dispute between traditional owners and mining giant Fortescue Metals, it will be too late to save sacred sites, an Aboriginal group says. The Yindjibarndi Aboriginal Corporation (YAC) claims the iron ore miner is damaging sacred sites dating back thousands of years at the Firetail mining lease, a part of the Solomon Hub project, in the Pilbara. They claim Fortescue Metals Group (FMG) has desecrated an ochre quarry and destroyed part of a creek where sacred stones are collected for initiation rituals. Three lots of skeletal remains had been found in caves there and more burial sites were likely to be uncovered because not all caves had been surveyed, the corporation's head Michael Woodley said.

Mr Woodley travelled to Canberra on Wednesday to call on environment minister Tony Burke to use emergency powers to stop FMG from destroying the sacred sites. Mr Burke has refused to give a time frame on when he will decide, citing hundreds of pages of documents that need to processed and FMG getting an opportunity to present its side. “We want him to act immediately and have work ceased on these sites, if he doesn’t do this and we wait four or five weeks there’s a danger they'll be destroyed,” Mr Woodley told reporters. “If no one (in parliament) helps us we will see our heritage being wiped from the face of the earth forever.” FMG has rejected the claims, saying it continues to work with the Yindjibarndi people to identify Aboriginal heritage sites and it has the support of the majority in the community.

Chamber: Bid on mineral rights ownership will split country

The National, 24th November 2011

A PROPOSAL to turn ownership of mineral rights over to landowners in Papua New Guinea would split national unity and devastate the country's economically vital mining sector, the PNG Chamber of Mines and Petroleum warned last week. Supporters of the move led by former prime minister Julius Chan believe it would better distribute royalties from the billions of dollars reaped each year from mining and oil directly to local communities instead of relying on the central government. But chamber executive director Greg Anderson said this would lead to chaos and could deter foreign investment in the nation's single-largest revenue earner. The proposal was first tabled by North Fly MP Boka Kondra whose electorate covers the giant Ok Tedi mine and the proposed legislation was now dubbed as the Kondra Bill.

Supporting the move was current governor of New Ireland Sir Julius Chan whose electorate hosts two mines – Lihir gold and Simberi. Sir Julius's son Byron became the minister under the new government and one of the first positions he took was to publicly announce a shift in favour of the Kondra Bill for landowners to own the mining and petroleum resources under the ground and the sea. It was likely to become a key issue ahead of national election next June, which was often described as an island of gold, floating in a sea of oil surrounded by gas. "The proposal is getting a high profile because we're coming up to the election," Anderson said.

The country had long been a supplier of petroleum products, copper and gold and investor confidence in exploiting more reserves had been growing. Exxon Mobil was developing a US$15 billion liquefied natural gas project and a consortium led by Metallurgical Corporation of China was digging a nickel mine. Anderson said direct ownership of minerals rights could fracture the country's national identity and promote individualism and personal greed. A prominent lawyer Peter Donigi, who recently formed a political party in favour of resource landowners, was in Kiunga last week with Kondra where hundreds of people gathered to celebrate the mooted passage of the bill in Parliament. The National newspaper believed that was not likely to happen with Prime Minister Peter O'Neill's commitment recently at an investors' luncheon in Brisbane "not to shift the goal posts".

Plans set to review Bougainville Copper Agreement

Post-Courier 24.11.11

By GORETHY KENNETH

PLANS are now underway to establish a National Government's Coordination Group to oversee the Bougainville Copper Agreement review process. The Bougainville Copper Agreement review was as old as 1967 when it was initiated and no other reviews were made since then except for "slight negotiations" along the way. The BCA Review, if undertaken now will be a completely "new deal" as stated by the parties that would be involved in the negotiations. The Coordination Group will be made up of the following representatives:

* Two representatives from the ABG
* Two representatives from the National Government
* Two representatives from the Panguna Landowners Association and
* One representative from the Bougainville Copper Limited (BCL)

This is from a brief from the Deputy Chief administrator for Bougainville Raymond Masono in his presentation to the Autonomous Bougainville Government Steering Committee together with the

Panguna Management Consultative Committee in Buka last week. The Group is expected, when set up to also cover the BCA Act which was also discussed including the legality of it (ACT) -the Panguna Landowners claimed it was now irrelevant and wanted a completely new deal. The other issue discussed which the Group would take charge of was BCL's request to the National Government to extend/renew the Special Mine Lease (SML) licence. But the Panguna Management consultative Committee is now aware the National Government had allocated K2 million to oversee the BCA Review and other Panguna mine re-opening allocations and mine related matters.

This fund will cater for the landowner's establishment, regional awareness, ABG/PLOA – BCA Secretariat and the PMCC works program (budget). There are already five of the sic mine leases registered by the mining division and they include Special Mine Lease (SML), Lower Tailing Lease (LTL), Upper Tailing Lease (UTL), Port Mine Access Road Lease (PMARL) and Uruawa/Rorovana Lease (URL and the Siokate Lease (Arawa Customary Land). All these issues should be the agendas for the National Coordination Group if setup by the Government. This is the start of the Bougainville Copper Agreement Review.

World Bank: 'Crime rates to increase if PNG fails to share wealth'

The National, 23rd November 2011

THE World Bank has warned of increases in crime rates if there is continued failure in addressing the inequality in distribution of the nation's economic wealth. "Progress against the modified Millennium Development Goals adopted by the PNG government is generally off track. "Crime rates may well rise further, exacerbating a major operational cost for businesses, if there is continued failure to address mounting inequality, limited opportunities for low-skilled workers, and poor provision of security and other public services," the bank said about PNG in its economic update titled: Navigating Turbulance, Sustaining Growth. It was released in Singapore yesterday. It said the O'Neill government had formulated "ambitious plans to tackle these issues." "Now, before revenues from new natural resource projects start to flow, is the time to develop the systems and lay the groundwork for the improvements in governance needed to achieve those goals," it said.

It wanted that although PNG was headed for its eighth consecutive year of growth with GDP likely to hit 10%, there were risks that the government should be aware of. High inflation is the obvious one. There is still continuing uncertainty on the global financial front which could reverse the high commodity prices that PNG enjoys today. If this happens, resource projects could be put on the back burner. "Concerns are growing around both external and domestic developments. The deteriorating and more uncertain global outlook creates risks that the prices of PNG's exports may retreat significantly from recent levels. "A reversal in commodity prices may reduce the likelihood of potential future resource projects reaching final approval," the bank warned.

"PNG's economic outlook remains strong, though not without risks. The central driver is the stream of new investments in the country's productive capacity. "Residential property constraints in the main urban areas, and the associated very high rental rates, are also being addressed with a large increase in the supply of new housing units and hotel rooms expected to enter the market from Q4 2011 and through 2012. "Efforts are also being made to improve the efficiency with which business and government operate, although PNG's ranking in the 2012 Doing Business survey declined by four positions to 101 out of 183 economies as other countries reform efforts moved ahead of PNG's. "The government is also investing in measures to strength its public financial management systems, but the current management of the various financial accounts has not helped remove excess liquidity from the financial system," the bank said.

Hides Gas Development Company now a top employer Post-Courier 23.11.11

Hides Gas Development Company Ltd is now among the top employers of Papua New Guineans. The umbrella company of the upstream section of the PNG LNG Project now employs more than 2000 skilled and unskilled workers who are engaged with various EPC contractors in the project. When the project reaches its peak by mid next year, the total number of employees engaged with the EPC contractors will increase to 3000 or even more. As a requirement for any company employing more than 15 staff, HGDC has formalised its membership with private sector super fund National Superannuation Fund Ltd. HGDC is also one of the largest contributors to the fund. The increasing number of employees engaged with the upstream operations of the PNG LNG Project has prompted NASFUND to immediately open an office in Tari where contributors can have easy access to enquire about their savings.

HGDC is also ensuring that since the construction phase of the LNG project is short term, all employees will be contributing to NASFUND from day one instead of the usual probation period of three months. Since the construction phase is short term, HGDC wants to make sure its employees start contributing to the fund as soon as they are signed up instead of starting contributions after their three-month probation. This will ensure that they have some form of saving after the construction phase of the project winds down. Chairman Tuguyawini Libe Parindali said with a workforce of such magnitude and given the urgency to deliver first gas by 2014, HGDC had a mammoth task ahead to ensure that while “we do our part to deliver PNG’s first LNG project we will also fulfil our role as an umbrella landowner company and pay dividends to our shareholders.

“As chairman of the company, I would like every landowner from Benaria Pipeline, Angore, Juha, Hides PDL 1, Hides PDL -7, Komo Airport, Kobalu Camp and the Heavy Haul Road to take ownership of the PNG LNG Project and look after it,” he said. “The Project will be here for the next 30 to 40 years and benefits to the landowners are guaranteed in the project life if we look after the project. “There are processes and procedures in place to follow if the landowners have issues to be addressed and resolving to disrupt the project must cease.” He said as the LNG Project is relatively new to the country, “it is also our learning curve in managing landowner issues and benefits to the landowners so procedures should be followed at all times so that we achieve a win-win scenario for every stakeholders including the landowners, the State and the developers”.

He said HGDC will grow and ensure returns to the shareholders are maximised over the years ahead. I would like to see our landowners look after HGDC as it represents all regional landowner companies in upstream sector of the PNG LNG Project. “We will participate in all the business opportunities that are available to us and where possible, we will venture into strategic joint venture partnerships to participate in business opportunities out of the five reserved areas,” Mr Parindali said. HGDC in conjunction with business partners are also in the early stages of developing a range of services, a supermarket and other public utilities that will ultimately transform Para (where HGDC camp is located) into a modern town.

Landowners demand payment of K70m Post-Courier 23.11.11

THE Napanapa Landowners Association in Port Moresby has demanded the Government to pay them their approved K70 million compensation by November 30. The association owns Napanapa DA 5 land which hosts the InterOil Refinery and the area planned for condensing plant for the second LNG Project by InterOil. Association president Kore Kore Gaudi released a statement yesterday saying that approvals, endorsement, due diligence and clearance have been made and there is no reason for any further hold-ups. Mr Gaudi said they have pursued tirelessly for 14 years for recognition and benefits from the State for the Napanapa DA 5 Interoil refinery land since 1997 and have achieved lawful exemption of other land portions around Napanapa DA 5 including three titles being reverted back to the association.

They have also successfully sought the approval of the former Government for K286 million compensation for land, loss of business and other entitlements on the land. He said the Government approved the K70 million in November 2010 for immediate release to the association. Further, he said on May 13 this year, the National Court issued an order directing the State to pay the compensation to the association. Mr Gaudi said then on June 8, the State Solicitor issued clearance for the payment to proceed. This payment received further clearance by the National Lands Commission on August 1 and endorsement and further approval by Acting Prime Minister Belden Namah on behalf of the government on September 26, direction by Treasurer Don Polye to Finance Secretary to immediately release the money to landowners on September 27 and final clearance and due diligence work concluded by Finance Department in October.

"The government grabbed the land from our fathers in 1892 and the result is that we remain marginalised on our own land. "The alienation of our land has denied us excess to our land as government and InterOil have taken up much of it and fishing grounds and these have caused us immense difficulties in our survival. "The harsh reality is that we remain poorer with no proper nutrition, no proper health care, school fee hardships, making it difficult for our children to attain quality education and the problem is compounded with the increasing population," Mr Gaudi said. "We vow further to push for the closure of Interoil refinery on our land at Napanapa should our demands for the approved compensation payments continue to be held back by the Government after November 30."

Talks begin on sovereign wealth Post-Courier 23.11.11

By SIMON KESLEP, DWU Journalism Student

THE PNG Sovereign Wealth Fund will be managed locally with its investments done overseas. This was discussed during the first PNG Sovereign Wealth Fund (PNG SWF) regional forum held in Kokopo this week with participants representing different organisations and stakeholders within the NGI region and government departments sharing their views on how the fund would help in the economic growth of the country. Former Prime Minister and Kokopo MP Sir Rabbie Namaliu officially opened the one day forum and thanked the participants for attending such an important consultation meeting which was set to be hosted throughout the other regions of the country. Sir Rabbie outlined that PNG SWF will protect the economy and future development of this country by safeguarding public mining and resource revenues for future spending.

Sir Rabbie said that the fund was first established by the past Somare government last year with technical help provided by the Australian Government. However, it was made clear that the government agreed and endorsed the policy and legislative framework of the PNG SWF just last month. This fund will aim to support the management of historic wild fluctuations in mineral and petroleum revenues and even it will underpin long-term social and economic development in PNG. Participants shared their views on how this fund would affect the economy and even asked questions based on how SWF would help local subsistence farmers and stakeholders.

Governor of the Bank of Papua New Guinea Loi Bakani was very attentive in answering and discussing the key elements of the PNG SWF. Mr Bakani said that this fund is different from the Mineral Resource Stabilisation Fund (MRSF) and the trust funds. There were four presentations highlighted in the forum with the first one led by Deputy Secretary of the Department of Treasury Anthony Yauieb, followed by Gangiki Wayne from the Department of Justice and Attorney-General with the last two by Sali David representing the Bank of PNG and a representative from the Department of National Planning. It was made clear by Mr Yauieb that the PNG SWF is made up of two funds which is the stabilisation fund and the development fund. Mr. Yauieb said that the establishment of the PNG SWF and its key elements was done last year when the 2011 budget was approved.

Illegal logger and human rights abuser Rimbunan Hijau moving into mining

PNG Mine Watch 22.11.2011

Notorious illegal logger and human rights abuser, Rimbunan Hijau, is moving into the mining sector in Papua New Guinea and has announced a new joint venture with Australian company Siburan Resources (see below). Earlier this year RH invested AUD1.5 million in Siburan to take a 12% stake in the company. Together, RH and Siburan are courting Chinese mining companies to join their cozy collaboration. RH also owns The National newspaper in PNG which it uses as a propaganda vehicle for its logging operations. The National is a keen supporter of the Chinese owned Ramu nickel mine. RH has an appalling human rights record in PNG, as exposed in numerous reports and television documentaries, and many of its logging operations have been exposed as illegal.

Siburan Resources (ASX: SBU) has turned up the heat, entering a joint venture with RH Resources Limited to seek and acquire mineral exploration and mining tenements in Papua New Guinea.
The association with RH Resources is paying dividends as in November, the company took a placement of 10 million shares in Siburan as part of a capital raising becoming a substantial holder in Siburan. RH Resources is associated with Malaysia's Rimbunan Hijau Group, one of Malaysia's largest multi-industry companies. Under the agreement, Sibruan will hold a 30% share of the joint venture and RH will hold the balance of the joint venture. Funding of the JV will be on a pro-rata basis in proportion to holdings. PNG is the one of the world's most prospective regions for mineral wealth and currently has several world class operating mines including Porgera and Mt Kare.

Siburan Resources' managing director, Mr Noel Ong said, "We are very excited to be working with RH Resources as we intend to be a significant mineral exploration player in PNG. PNG is a world class resources area, rich in precious and base metals such as gold, copper and nickel. "Papua New Guinea is famous for its large multi-million ounce gold deposits such as Porgera and Mt Kare. In addition, the recent development of the Hidden Valley and Wafi deposits highlights that there are still large deposits undiscovered or undeveloped. "We firmly believe that partnering with the RH Resources will allow us to establish ourselves as a major player in a very prospective yet challenging area. We are confident our exploration activities will be well funded and managed given the significant experience of our partner in PNG."

Siburan will have an active management role in the sourcing and management of the exploration projects. RH Resources Limited is a Malaysian registered company (under the Labuan Company Act 1990) in which the sole director and shareholder is Mr David Chiong Ong Tiong. Mr David Tiong is also the executive director of the Rimbunan Hijau Group ("RH Group"). The RH Group is one of Malaysia's largest multi-industry companies operating in many countries around the world. It has established a successful presence in PNG for 22 years. The group was established in 1975 and has an estimated annual turnover of more than 1 billion US dollars, according to the Malaysia-China Business Council

China's Hunan Province Zhonghe Mining Industry Development Co.

Also in November, Siburan Resources has signed a Memorandum of Understanding (MOU) with China's Hunan Province Zhonghe Mining Industry Development Co. (HPZ), which could lead to

HPZ acquiring a major stake in the company. HPZ is a wholly owned company of the Nuclear Industry Bureau of Hunan Province, a China State Government enterprise.

LNG: Illegal activities on the rise in Hela Post-Courier 22.11.11

By JOHNNY POIYA

The large amount of money floating around the LNG project in the Hela province has attracted many illegal activities into the once little known region. Top on the list are the increase in number of alcohol, prostitutes, marijuana, criminals and opportunists who go into the remote part of Hela to illegally cash in on the LNG project generated money, a Catholic Priest and a Resource Consultant raised this week. The St Joseph Tari Secondary School run by the Catholic Church has recently seen a rise in the number of visits by vehicles from the LNG works, who come in and pick up female students after hours and on the weekends. It is the same scenario at the Dauli Teachers College and other high schools. Administrator of the Catholic Church in the Southern Highlands Province Fr Eki Kaluza yesterday said this was a new experience in the school as the new province was faced with a major social problem.

“There are a lot of illegal activities soaring up with the LNG project in progress. We’re seeing an increase in roadblocks, the recent attack on students at the Dauli Teachers College, and almost every day, we have reports of vehicles from the LNG Project picking up school girls. The situation in the school is not settled. People put money above everything else. “People are not coming to Church now like before because of money. Kids were used to 20t and 50t before but now all they want is K50 and K100,” Fr Kaluza said. Peter Koim, a consultant dealing with the LNG pipeline project said Tari and the little known Komo areas were now faced with a big social issue. He said employees in the project from outside were able to fly out and spend their money while locals had nowhere to spend. The huge amount of money in the hands of locals attracted marijuana, illegal alcohol, prostitutes, criminals and opportunists – a good recipe for a major law and order breakdown.

“The reports we get of police confiscating cartons of alcohol on the roads are only tip of the iceberg. We have a serious problem there that needs to be addressed effectively. It all comes down to leaders,” Mr Koim said. Fr Kaluza also said the lack of financial management skills by the landowners contributed to general chaotic situation in the area. “People don’t know how or where to spend money. There’s no infrastructure like major shopping centres or so to spend money. Because of these factors, they misuse their money easily on illegal activities,” he said. He also said the sex traffic in Port Moresby heavily involved landowners who spend all their grants and return home empty handed. “The bulk of landowner royalties are consumed in the sex trade in Port Moresby till everything is gone. We have a serious financial management problem here,” he said.

SEABED MINING IN PNG ONLY A YEAR OFF

Nautilus beings construction of remote machines

PORT MORESBY, Papua New Guinea (The National, Nov. 22, 2011) – The world’s first deep-sea copper/gold project is edging closer to production in the Bismarck Sea off Papua New Guinea, promising to create a new industry to benefit the people of New Ireland, East New Britain and PNG. After several years of careful research, planning and preparation, Nautilus Minerals Inc, the company developing the Solwara 1 project, aims to commence production in the last quarter of 2013. Nautilus had started construction of three sophisticated remote-controlled machines that will be used on the seafloor, at depths of about 1,600m, to mine ultra-high grade deposits of gold and copper at Solwara 1. The mined material will be pumped as slurry to a ship above and then transported to treatment facilities, probably elsewhere in Asia. Solwara 1 had a total resource of about 2.1 million tonnes, which was a modest number compared with many land based mines.

However, the material is high grade, running at an average of about 7% copper, which is more than 10 times richer than typical land based copper mines. The gold grade is also high, averaging about 7g/t, which is more than three times the grade of many land based mines. Besides the high grade of minerals found at Solwara 1, the project was 30km offshore from Rabaul and far away from residential communities. It will create employment and business opportunities for the region, and its impact on the environment will be minimal, and carefully managed. Nautilus aimed to produce around 1.3 million tonnes of ore per year, and the initial size of the area affected by the operations is small, at only 0.11sqkm. The company will not be creating a large pit as typically seen at most land-based mines, which are shifting more than 50 million tonnes of material per year, and often cover more than 10-20sqkm.

The Solwara 1 deposit sit virtually exposed on the seafloor, having been formed by the precipitation of minerals from superheated hydrothermal fluids which gush up from deep within the earth, through cracks and fissures in the seafloor. These types of deposits tend to be relatively small, forming in mounds on the seafloor which can be broken up and collected by the seafloor mining machines without any use of blasting or explosives. Because the material sits close to the surface of the seafloor, there is virtually no waste material created. And as there was no processing of the ore at the mine site, there are no tailings released into the Bismarck Sea. Nautilus had extensive exploration programmes aimed at identifying further deposits in the Bismarck Sea and elsewhere in the Western Pacific, including in Tonga.

The company had already identified many potential deposits and numerous hydrothermal fields, but the full extent of these has not yet been quantified. There are estimated to be potentially thousands of these hydrothermal vent sites on the bottom of the oceans around the world but many of them will be too small to develop. Nautilus had been granted all the necessary permits by the PNG government to begin production at Solwara 1. In March of this year, the government decided to take a 30% stake in the project, ensuring that the people of Papua New Guinea participated in the economic benefits of this landmark project. The government’s pioneering decision ushers in a new frontier as countries around the globe look to the ocean for mineral resource development.

Nautilus had relied heavily on proven deepwater technologies in the design of its production system. It comprised three main components: the seafloor production tools, the riser and lifting system and the production support vessel. Using remotely operated seafloor production tools, ore is broken and then gathered by a large robotic machine. The Auxiliary Cutter (AC) was a preparatory machine that deals with rough terrain and creates benches for the other machines to work. The second machine, the Bulk Cutter (BC), has higher cutting capacity to work benches created by the AC. Both machines leave cut material on the seafloor for the Collecting Machine (CM) which will collect the material by drawing it in as seawater slurry and transferring it to the “riser and lifting system” (RALS).

Solwara 1: New Ireland people disappointed Post-Courier 22.11.11

NEW Irelanders who attended the Solwara 1 Project consultation forum last week have expressed disappointment over the non attendance of provincial government leaders. The people of Kavieng, Central New Ireland and Namatanai local level governments have collectively expressed great disappointment over the non attendance by the New Ireland Provincial Government (NIPG) and its administration, in the consultation forum for the Solwara 1 project. The consultation forum started on November 17 and ended on November 18 in Kavieng. It involved the State, the East New Britain

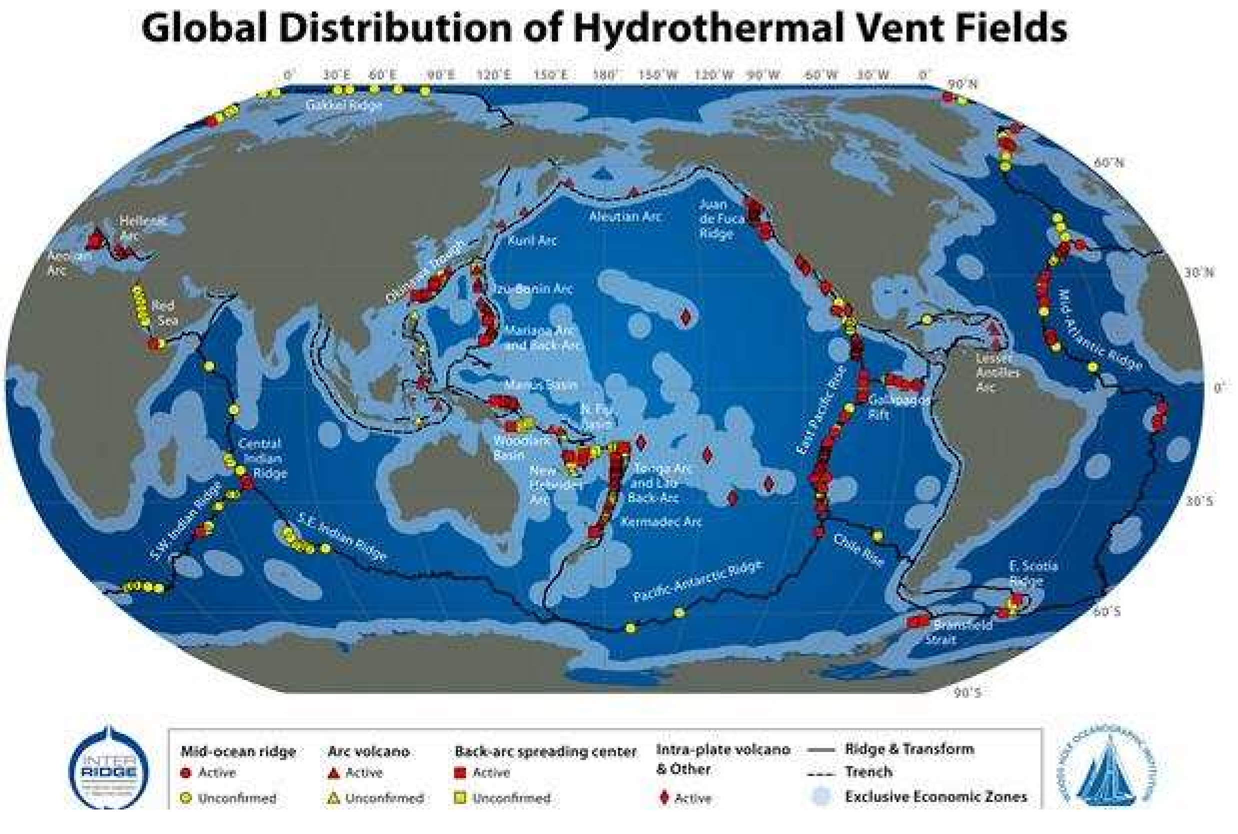
Provincial Government (ENBPG) and people of the three Local Level Governments. The president of Central New Ireland Local Level Government Soka Toligai said this consultation process was an important dialogue and he would have wanted to see the NIPG's participation. "It's no good boycotting the process," he said.

Patrick Maris of Kavieng LLG and Andrew Topolot said their leaders have let them down. "Mipla i paol ya bikos ol lida bilong mipela long provinsal gavman i no stap long stiaim mipela," Mr Maris said. (We are confused because our leaders from the provincial government are not here to guide us). The three and many others were reacting to a presentation by the ENBPG leaders outlining their comments on the existing draft Memorandum of Agreement that was drawn up in Kokopo by all parties earlier this year. Their presentation also outlined the proposed breakup of benefits that are expected to flow from the Solwara 1 project.

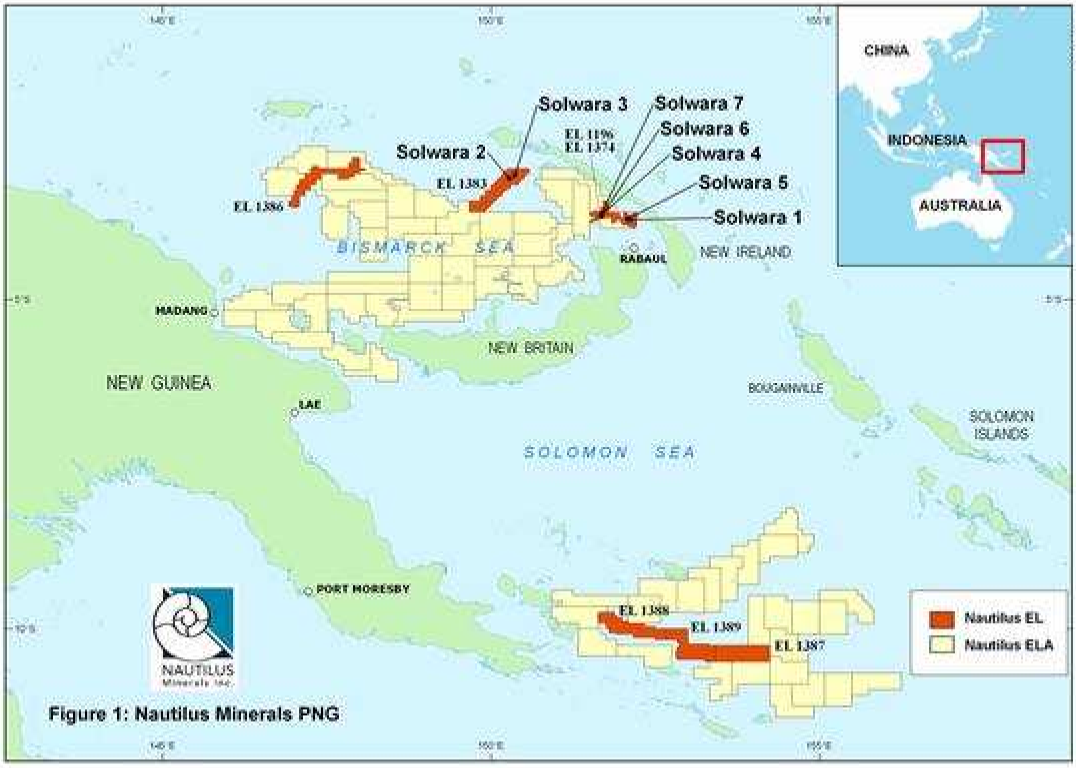
The ENB presentation showed how much royalty would go to each LLG and why they wanted that much of the royalties to go to each of the LLGs. "Mipela i nogat dispela kain ol tingting i kam long provinsal gavman bilog mipela, olsem ol lida bilong ENBPG i wokim, why?"asked Mr Maris. (Our provincial government leaders don't have the same initiative as the leaders of the ENBPG, why?) Acting Managing Director of Mineral Resources Authority (MRA) Kepas Wali explained to the people that the State officially invited the NIPG to attend this important forum but the NIPG declined to attend. He added that the NIPG has declined to attend a total of three meetings so far.

Canadian study casts doubt on seabed mining prospects

By Randy Boswell, The Vancouver Sun, Postmedia News, November 21, 2011



Most deep-sea vents are in volcanically active areas marked on the map by red dots. Many are in international waters or in seas belonging to countries that are still developing deep-sea conservation policies. In January, Nautilus Minerals of Toronto won the world's first deep-sea mining lease from the government of Papua New Guinea to mine near vents in the Manus Basin in the Southwest Pacific Ocean. Photograph by: Handout, S. Beaulieu, K. Joyce, and S.A. Soule (WHOI), 2010



Areas marked in orange and cream indicate where Nautilus has been exploring the "massive" and mineral rich deposits on the seafloor off Papua New Guinea. Photograph by: Handout, Nautilus Minerals Inc.

With a Vancouver-based company now licensed to open the world's first undersea mine off the coast of Papua New Guinea, a new Canadian-led study of whether ocean-floor extraction of copper, gold and other metals is "worth the risk" concludes that accessible supplies of deep-sea resources are not nearly as plentiful as previously believed. The fresh assessment of offshore mining potential — published in the journal Geology and co-authored by University of Ottawa earth scientists Mark Hannington and John Jamieson, along with experts from the U.S. and Germany — notes that the copper-gold project proposed by Canada's Nautilus Minerals on the floor of the Bismarck Sea is "adding urgency to the debate about deep-sea mining" at a time when easy-to-reach metal deposits on land have been in extraordinarily high demand. "The possibility of mining sea floor (deposits) has stirred debate about the sustainable use of this new resource and whether commercial development is worth the risk," the research team states in the Geology paper.

And the scientists conclude that although the vast ocean bottom may well hold massive mineral deposits, the most easily identifiable and accessible seams of copper and zinc along the Earth's "neovolcanic" ridges, for example, are "insufficient to satisfy a growing global demand for these metals." Hannington, the U of O's Goldcorp Chair in Economic Geology and lead author of the study, told Postmedia News on Monday that while undersea metals are very challenging to obtain, the world's nations "may need (them) someday." And he said the work Nautilus is doing in Papua New Guinea is "fantastic, because we've learned so much already about these deposits (from company research) that we as scientists could never have hoped to have learned" given limited university budgets. But Hannington sounded a note of caution about the overall economic prospects for undersea mining.

"I think the bottom line that the world needs to understand is that the oceans — at least on the neo-volcanic zones where people are presently exploring — are not going to make a major impact on the total availability of metals," he said. Still, "some companies, like Nautilus, will make a few bucks if they can recover the metals at a cost which is less than that associated with mining on land." Key to the financial equation, said Hannington, is the rate at which land-based resources become depleted and the costs of extracting metals from the ocean bottom become truly competitive. "Just in the United States, which is not a major mining centre, there are 90 million tonnes of copper and zinc in the ground that hasn't been developed," he said. "And that's more than all the metal in the deposits that we think exist in the neo-volcanic zones and the ridges" of the oceans. Hannington positions himself on undersea mining "halfway between those who are rushing and those who are not," he said. "The resources in the oceans are likely to become part of a spectrum of resources that we exploit — just like energy, we exploit wind and solar and oil and gas and nuclear.

"I think that certainly ocean mining is going to take place. But it isn't going to replace current metal inventories from land-based mineral deposits." He added that the Geology study is "purely about the geological resource and with potential economic implications. It doesn't consider at all the environmental, social, etc. impacts that may result from this activity." While the government of Papua New Guinea has given what Nautilus officials call "historic" approval for the undersea project, critics such as Australian senator and Green party leader Bob Brown have raised alarms about the proposed development. "The Australian Greens are calling for scrutiny of what deep seabed mining means for the health of our oceans and our own country's natural marine resources and fisheries into the future,"

Brown said in a June statement about Nautilus's proposed "Solwara 1" mining operation, which would take place about 1,600 metres underwater. Under the Canadian company's plan, robotic mining machines would break up the metal-rich ore on the ocean bottom and send a slurry solution by pipeline to a surface barge for transport and further processing. The technology is largely modelled on offshore oil and gas operations. Hannington declined to weigh in on the debate about the environmental impact of offshore mining. "That's not my domain," he said. "That's a question that society and governmental agencies are going to have to tackle to determine whether those risks are acceptable." rboswell@postmedia.com

MILITARY PRESENCE IN PAPUA CALLED ‘MAIN PROBLEM’

Rivalry between police, military complicating Freeport strike

WELLINGTON, New Zealand (Radio New Zealand International, Nov. 21, 2011) – The Indonesian Institute of Sciences has identified the heavy presence of the military as the main problem hampering development in Papua region. The Institute has been lobbying the government to enter dialogue with Papuans to settle grievances, and says chief among the grievances are human rights abuses by the military. The Institute’s Muridan Widjojo says the military is too often linked to conflict in Papua. He says the ongoing strike at the large Freeport mine in Papua is also complicated by the involvement of the military and its rivalry with police for control of the area. "Now in Jakarta we put more and more pressure on the central government to evaluate the policy of deploying soldiers to Papua. It becomes too excessive and it becomes the main problem of Papua now, and it creates a kind of political stalemate in Papua. And it has for so long undermined law and enforcement in Papua," Widjojo says.

[PIR editors note: Pressure on Indonesia *to grant West Papua sovereignty* has increased over the last few months, and critics of police and military action in Papua, especially in the wake of five deaths and numerous injuries to civilians, are calling for the Indonesian government *to end abuses and promote peace* in the region. Indonesia-based researcher Muridan Widjojo has said that public policy in Jakarta is under scrutiny over the *frequent and heavy usage of troop deployment*, which has become the biggest factor "undermining law and order."]

SOLOMONS GOLD RIDGE MINE LANDOWNERS DISPUTE CHARGES

Claim they blocked road on customary, not private, land

By Assumpta Buchanan
HONIARA, Solomon Islands (Solomon Star, Nov. 21, 2011) – The case of the Gold Ridge land owners accused of blocking the access road to the Gold Ridge Mining Company will be brought before the court again, December 2. In the meantime, the prosecution and the defense will be making a submission on a legal issue on whether the road the alleged offences took place is on public land or customary land. The land owners are claiming the road is in the customary land while the prosecution said it is in the public area. After the submission is made, then the matter will be fixed for trial. Sixteen men are facing one count each of unlawful assembly, common nuisance and duty of force to keep order in public roads. This was in relation to the alleged incident on September 9, this year. The men allegedly blocked the road to the mining company site after the company failed to pay their claim for royalty. Private lawyer Charles Ashley is representing the landowners while the police prosecution is representing the police.

[*PIR editor's note: Villagers from four communities that depend on water from the nearby Matapona river, into which the mine allegedly spilled diesel, oil and other pollutants, wrote in protest to the company demanding compensation near US$1.9 million. Less than two weeks after the road block, villagers held up a company vehicle and demanded royalties, which led to the arrest of a landowner and a village chief.*]

Ramu NiCo: Mine nearing operations

The National, 21st November 2011

RAMU NiCo's second sustainability report has been released. The report presented a world-class nickel project in Kurumbukari (mine) with its pipeline and the processing plant on the coast at Basamuk Bay in Madang province. The mine is moving towards full commissioning. The report had provided a vivid account of Ramu NiCo's journey toward sustainability during the construction stage and portrayed its commitment to long-term sustainable development. Ramu NiCo board of chairman Madam Luo Shu said she was very proud to present the company's latest sustainability report. It was the first nickel development in PNG. With a total investment of US$1.6 billion, it was co-owned by partners from China and Australia. In PNG, the co-owners were the state and land-owners in the project area.

Luo said in her forward of the report: "Having overcome countless challenges during the construction stage, we achieved a relatively lower investment and a faster completion time at Ramu project, when compared with similar laterite nickel project development around the world." "The speed and efficiency can be attributed to our 'all-win' investment and management philosophy. "The credit also goes to our staff – both international and local, management team, shareholders, and contractors, who have worked tirelessly to see this project grow and succeed, in addition to the strong support we receive from our host governments and communities. "We adhere to the concept of sustainable development. "We are applying world class technologies and processes with the dual purpose of ensuring commercial viability and mitigating social and environmental impact." "At the same time, with significant capital investment in building the project, we are making major economic investments in the Madang region and starting to instill a long term, transforming impact," Luo said. She said the company aimed to "professionalise, internationalise and localise", growing into a world-class mining company by consistently meeting international operational and performance standards.

“This is our mission, and it will inevitably be a difficult journey ahead. “Over the past two years, we have invested tremendously in our people and management systems to build a strong foundation for success.” “As we step into the operational phase, we will be in a position to fulfill the financial commitments we made to our shareholders, and continuously fulfill the social, economic and environmental promises we made to our community,” Madam Luo said. The world-class Ramu Nickel project that integrated mining, beneficiation and refining cromprised laterite open-pit mining, 135km slurry pipeline, high pressure acid leaching, deep-sea tailings placement (DSTP) and a number of supporting facilities. The project will produce nickel/cobalt intermediate product, in which the aggregate nickel metal will account for 31,000 tonnes per year and 3,000 tonnes of cobalt per year. The large scale construction began in 2008 and by early this year, the construction was substantially completed. The project was now being progressively commissioned and was expected to begin trial operation by next month.

Seabed mining data crucial Post-Courier 21.11.11

CAREFUL monitoring before, during and after the impending deep seabed mineral mining off the shores of Papua New Guinea will provide the hard data that will guide responsible deep seabed mining practices in the future. This is the view of Dr Charles (Chuck) Fisher, Professor of Biology, Penn State University USA, who made a presentation at the recent STAR meeting. STAR (the Science, Technology and Resources Network) is an integral part of the SPC/SOPAC Division annual meeting that took place mid-October in Nadi, Fiji. Deep-sea biologist Dr Fisher said that mining activities that were planned with conservation in mind might have little long-term effect on the animal life found at the depths where deep seabed minerals lie.

“On the other hand, poorly planned or regionally intense mining activities could have devastating effects on the fauna, especially on relatively rare species or isolated populations,” said Dr Fisher. Dr Fisher had been studying such creatures “almost since they were discovered in the late 1970s,” which live where deep-sea minerals have formed. “Within the deep, dark environment of the seabed at depths of around 2000 metres, in waters that can be as acidic as battery acid, a specialised group of creatures has evolved that are not dependant upon sunlight for the manufacture of their food,’’ he said. They survive in large numbers.

Stakeholders of Solwara1 meet Post-Courier 21.11.11

Stakeholders of the Solwara1 project attended a two-day consultation forum in Kavieng, New Ireland Province (NIP). The stakeholders in this project are the State, East New Britain Provincial Government (ENBP), NIP Government and the operator Nautilus Minerals. The NIPG was represented by executives of its local level governments of Central New Ireland, Namatanai and Kavieng. The aim of the forum is to gauge the views of all stakeholders and agree on the various issues including benefits such as royalties, special support grants, employment & training for locals in affected communities and business spin offs. This is the third forum and depending on the progress after this forum, there could be more in the near future.

Acting Managing Director of the Mineral Resources Authority (MRA) Kepas Wali said on behalf of the state that the government and particularly the MRA, was prepared and committed to working with impacted communities and other stakeholders to progress the consultative process and eventually establish and MOA He said the MRA’s vision is to improve the livelihoods of all Papua New

Guineans through the responsible management of the nation's mineral resources. "Consultation processes like this is a direct effort to achieving this vision." Mr Wali explained that consultation forums like these are a normal part of the process of negotiating benefits and related issues before any mining project goes into operation. He said these processes eventually lead to Memorandum of Agreements (MOA) adding that when people get benefits, their livelihoods improve.

PNG lacks economic independence: Prime Minister Post-Courier 18.11.11
By TODAGIA KELOLA

PAPUA New Guinea's challenge now is to be economically independent, says Prime Minister Peter O'Neill. Speaking in Rabaul yesterday during the launching of the Mataure Rabaul Microfinance Limited (MRML), Mr O'Neill said the country has had political independence, among other things, but he questioned if that had changed the lives of the ordinary people, adding that only a few people had benefited. He said the 2012 National Election was far more important than previous elections as it should ensure that PNG had economic independence so that by 2014, the country would have enormous wealth. "…..but if we continue to elect irresponsible governments or if we continue to elect corrupt governments, we will miss that opportunity," he said. Mr O'Neill said that PNG must learn from previous projects in the country which included world class mines such as the Panguna mine in the Autonomous Region of Bougainville and the current Ok Tedi and Lihir mines.

"The revenues that we have got from these mines have been mismanaged as such that we don't even have any money now," he said. He said that was why the Government was trying to make sure the little resources that it got money from to make up the budget was distributed evenly around the country. Mr O'Neill said PNG must learn from the mismanagement of revenues from resource projects over the years and the Government believed strongly that they must make sure that they put a law around the management of these funds. The Prime Minister said the Government would be setting up a fund management law in the next session of Parliament. He said it was important that PNG had to have a law to manage funds and reports could be made every three months. Mr O'Neill told those who gathered at the launch yesterday that he had nominated former PM and Kokopo MP Sir Rabbie Namaliu to head the fund.

Survey exposes rural poverty
The National, 18th November 2011

By SALLY POKITON, UPNG journalism student
A SURVEY has shown that 73% of people in rural areas are illiterate, men have an average life expectancy of 52 years, while 23% walk for four hours to the nearest health centre, a doctorate researcher with the Australian National University (ANU) says. Researcher Cate Rogers said the survey conducted last year with 262 families representing 1,726 people in the Yelia area of Obura-Wonenara district in Eastern Highlands, showed that rural poverty still existed despite the much talked about LNG project that would generate billions of kina for the country. This was revealed at the ANU and CARE international launching of the report, Rural poverty in remote Papua New Guinea, at the National Research Institute in Port Moresby yesterday.

Rogers said the integrated community development project baseline survey showed a vast majority (72%) had traditional child births, with no trained birth assistants present while children under five were estimated to have a mortality rate of 191 deaths per 1,000 live births. Rogers said the findings showed a literacy rate of 27% was almost 30% below the national level of 56% and 17% below the Eastern Highlands provincial level of 44%, according to NRI. "76% earned less than K100 from coffee sales due to their location and the distance travelled to sell their produce," Rogers said. She said women, on the other hand, had a higher average life expectancy of 65 years. Obura-Wonenara district administrator Erinu Kasong said rural people were being neglected. He said the government and partners should go into a joint effort to address the issue of poverty in rural areas.

Prime Minister to explain 'wealth fund' Post-Courier 18.11.11

By JONATHAN TANNOS

PRIME Minister, Peter O'Neill, is taking the lead in a nationwide awareness drive for the proposed Sovereign Wealth Fund (SWF). He will commence in Kokopo today and then move on to Madang, Lae, Mount Hagen and Alotau later this month and the beginning of December. While there he will explain the purpose of the SWF and answer queries relating to its operation. This follows the gazettal of the Organic Law to be introduced into Parliament during next week's sitting of Parliament. The Papua New Guinea Sovereign Wealth Fund is designed to manage public mining and petroleum resource revenues. The 2011 Budget provides for the establishment of the SWF and since February, the government has been developing the fund's framework and legislation. "It aims to ensure PNG's natural resource revenues are well managed and used, and support the economy and future development of our nation as envisaged in the PNG development strategies – the PNG Vision 2050, District Support Program (DSP) and the Medium Term Development Plan (MTDP)," Mr O'Neill said.

The decision to establish the SWF was influenced by the desire of the Government to avoid the potentially damaging macroeconomic impacts of the liquefied natural gas (LNG) project and other large scale mining projects that are expected to commence over the medium to long term. The Government is basically focused on safeguarding the economy from the possible inflationary impact of an increase in liquidity in the domestic market. Accounting firm PricewaterhouseCoopers (PWC) says establishment of the SWF was also in view of the impending appreciation of the Kina caused by large inflows of foreign currency. "This could have the effect of making exported goods relatively more expensive leading to reduced demand," PWC said. Mr O'Neill said the SWF would safeguard a portion of revenues to provide a dedicated stream of funds for urgently needed nation-building infrastructure maintenance, the capitalidation of our State Owned Entities, and for future development priorities. He said improving the lives of everyone would provide significant benefits for future generations. "The Fund will also protect PNG's farmers and small businesses," he said. "The PNG SWF can reduce these local effects by helping to stabilize the value of the Kina internationally."

Ok Tedi landowners buy Madang hotel Post-Courier 18.11.11

The landowners of the Ok Tedi mine in Western Province have purchased a new hotel in Madang. The Madang Star International Hotel was officially opened last Friday by Madang Governor James Gau. Present to witness the event were representatives of the Ok Tedi Royalty Investment Trust (Royalty Trust), Ok Tedi Mining Limited, landowner representatives and members of various business houses and institutions. The hotel was purchased by the Star Group of Companies, a subsidiary of the Royalty Trust. The group manages royalties on behalf of the 12 mine villages. The Ok Tedi Royalty Investment Trust is one of several landowner trusts set up by OTML for the mine impacted communities. Madang Governor James Gau praised the Ok Tedi landowners for investing their money in such a worthwhile investment. "I commend the Ok Tedi landowners for deciding to invest your money in such an investment. I truly commend you and I would like to appeal to other resource owners in the country and especially in Madang to do the same," Mr Gau said.

He described the acquisition of the hotel as timely considering the unprecedented growth Madang is experiencing as a result of mining operations in the province. Royalty Trust deputy chairman Joel Dangkim further backed Mr Gau and challenged other resource owners in the country to invest their money for the future generations. Star Group of Companies General Manager Aubrey DeSouza said due diligences were done before the hotel was acquired and that there were huge potentials for the hotel to operate successfully given the increased business activities in the province. “Royalty Trust’s strategic plan is to have sustainable investments, therefore providing income for the communities after the Ok Tedi mine closes. Our investments are spread onshore in PNG and offshore in Australia and we currently have K86 million of investment assets,” Mr DeSouza said.

Enterprises’ review

Post-Courier 18.11.11

A MAJOR strategic review has been completed for all State-owned Enterprises (SOE) aimed at improving their efficiency. It is also aimed at giving the Government clearer options to either privatise or re-capitalise them to maintain provision of essential services to the people. This was revealed by State Enterprises Minister Sir Mekere Morauta when presenting a paper at the National Research Institute (NRI) during a seminar on rural poverty in remote PNG yesterday. “In the last eight years the country has enjoyed massive flows of revenue from oil, copper and gold projects, but virtually none of it has been translated into services and benefits for rural people,” Sir Mekere said. “I call this ‘the PNG paradox’– rich in resources, but poor in services. “Plenty of money, but little to show for it. “For nine years we had one Government, so-called political stability, at a time of unprecedented revenue flows to the Government.

“What did the money and political stability bring to the people or rural PNG? “Clearly, something is missing. “What is the missing link between money, political stability and poverty and lack of services? We have to find an answer to this question. “Otherwise, the enormous additional wealth expected from PNG LNG will only aggravate the paradox. “It is clear that the way we are managing resources is not producing positive results. “Doing things the way we have always done them has failed the nation, and the result is social indicators that are among the worst in the world. “What is stopping us change our way of managing our resources?” Sir Mekere said the problem laid with fear of change, adding that nothing had improved from Independence, especially for the rural or remote areas which governments were not addressing.

He said SOEs were intended to change the status of which he was committed in order to make them operate in more sustainable manner “so that they are not a constant drain on the public purse, and so that price rises are contained”. “People seem to forget that these SOEs do not belong to the Government of the day, they do not exist to glorify our image, or to fly our flag,” he said. “These enterprises are owned by the people of Papua New Guinea to provide services for their welfare – transport, power, water, telecommunications. “The question then to ask is why is it that they are not providing extensive, reliable, affordable and decent quality services? Under public ownership, these service providers have proved incapable.”

Minerals debate hots up in Papua New Guinea

IOL, November 17 2011, James Regan Sydney

A proposal to turn ownership of mineral rights over to landowners in Papua New Guinea would split national unity and devastate the south Pacific country’s economically vital mining sector, Papua New Guinea’s Chamber of Mines and Petroleum said yesterday. Supporters of the move led by former prime minister Julius Chan believe it would better distribute royalties from the billions of dollars reaped each year from mining and oil directly to local communities instead of relying on the central government. But Chamber of Mines and Petroleum executive director Greg Anderson said this would lead to chaos and could deter foreign investment in the nation's single-largest revenue earner.

The proposal, first tabled by Mines Minister Byron Chan, the son of Julius Chan, is a key plank ahead of national elections next June in Papua New Guinea, which is often described as an island of gold, floating in a sea of oil surrounded by gas. "The proposal is getting a high profile because we're coming up to the elections," Anderson said. The country has long been a supplier of petroleum products, copper and gold and investor confidence in exploiting more reserves has been growing. Exxon Mobil is developing a $15 billion (R122bn) liquefied natural gas project and a consortium led by Metallurgical Corporation of China is digging a nickel mine. Anderson said direct ownership of minerals rights could fracture the country's national identity and promote individualism and personal greed. – Reuters

Landowners want LNG developers to pay Post-Courier 17.11.11

LANDOWNERS of Cape Suckling Red Scar Bay in Kairuku, Central Province, want compensation for environmental damages and prolong land title recognition, as one of the LNG Project Impact areas. Muna`a Vaivai Incorporate Land Group (ILG) is National Government Recognised and Identified land group in the determination on the Pipeline License (APL4) (CAPE SUCKLING) Muna`a Land Portion 2456 (via 2458c). The Muna`a Vaivai ILG is the Umbrella ILG that covers areas of Hisiu and Muna`a land. The Chairman of Muna'a Vaivai ILG Hennie Hickey Ikupu said that construction of LNG Pipeline begun the construction phase and the Rig platform was set within 12 mile fishing zone above Gorohu and Manu Manu villages coastline. A letter to Dr Wari Iamo, Acting Secretary for Department of Environment and Conservation, was sighted by the Post-Courier in regards to the base line survey and environment impact assessment. The letter stated that LNG pipeline commenced operation without proper consultation; no proper land owners' identification done; no social mapping; no demarcation and no baseline survey. There is also no marine environmental impact study and coral reef damage, and destruction cost of assessments done as the EHL Environment permit requirement and condition.

CHINA TO BENEFIT FROM FIJI'S FIRST BAUXITE MINE

Industrial giant to extract key element in aluminum

WELLINGTON, New Zealand (Radio New Zealand International, Nov. 16, 2011) – The Fiji interim government says its first exports of bauxite will be ready by January or February next year. The mineral is being exported to China. The mine at Nawailevu in Vanua Levu was opened a week ago by the interim Prime Minister, Commodore Frank Bainimarama.
[PIR editor's note: Bauxite is a main ingredient in aluminum, used widely by heavy industries in China and in the marketing and packaging of consumer products.. *Land leases were issued* to Chinese businesses in February, and 60 acres of land in Bua has been set aside to construct a large-scale wharf specifically for transporting the mined bauxite ore to processing plants in China.]
He told guests the mine was a direct result of government's efforts to bring about economic growth and modernize Fiji. The Commodore says the mining sector will create immediate business and employment opportunities, improve living standards, cut poverty and attract economic attention to the region. The permanent secretary of the Ministry of Lands and Mineral Resources, Filimoni Kau, says the mining company is already making real progress.

Nautilus: Project in steady progress
The National, 15th November 2011

NAUTILUS Minerals Inc continued to make steady progress in the development of its pioneering seafloor copper-gold project, in the September quarter of this year, and remains on track to begin production in the final quarter of 2013. The company completed the quarter with a cash balance of US$155.1 million, after successfully raising C$70.5 million in the first tranche of a C$98.1 million capital raising. The final tranche of C$27.6 million was received last month. The capital raising involved the issue of approximately 39 million shares at C$2.52 per share. The funds raised were being used for the construction of a seafloor resource production system, which initially will be deployed at the Solwara 1 project in the Bismarck Sea off New Ireland province – the company's first deepwater copper and gold project. As a result of the successful financing, the board of Nautilus formally sanctioned the Solwara 1 project. "During the quarter, we continued to work with the PNG government and Petromin to finalise contracts and financing arrangements for its 30% holding in the Solwara 1 project," according to Nautilus chief executive Steve Rogers.

Project development gathered pace during the quarter, leading to an increase in investment. Net cash invested for the nine months to the end of September totalled US$56.6 million, compared with US$36.4 million at the end of June, with the increase mainly due to purchase of plant and equipment. The loss for the period was US$11.4 million, reflecting the fact that the company remained in the development phase, and had not yet began revenue-generating operations, the company said. In exploration, Nautilus continued to analyse the results of its Bismarck Sea drilling campaign completed in May, and to update the company's NI43-101 resource through an independent report in preparation by Golder and Associates by year end. The drill programme was expected to lead to a significantly enhanced understanding of Solwara 1 geology.

PPM eyes gold at Mt Suckling
The National, 15th November 2011

PAPUAN Precious Metals (PPM), an aggressive junior metals explorer, began exploration drilling at EL 1424-Mt Suckling's Urua Creek gold-copper prospect recently. Urua Creek is located inland from Abau and on the Owen Stanley Ranges between Central and Oro provinces. A groundbreaking ceremony at Urua Creek paved the way for PPM president and chief operating officer Dr David Lindley and his exploration team to get their drilling programme underway. The landowning clan, Ba'u, welcomed the company and its spokesman, Cambridge Bero, praised Dr Lindley for returning to the area after it was abandoned in the early 1990s. He had then worked for other exploration companies who did some preliminary activities there. "After the prospecting period was over in 1992, David (Lindley) told us that he will be coming back," Bero said at the ceremony.

"Unless it is by you and you alone, David. It is by your knowledge, it is by your money and it is by your effort who brought us this far," Bero told Dr Lindley and team. "Thank you for prospecting on our virgin land and progressing to the stage of drilling. "It is a memorable event in life of the Ba'uan tribe, for young and old never dreamt of ground breaking," an excited Bero stressed. PPM announced the start of drilling after the ground-breaking ceremony by about 400 villagers who made up the total landowning Ba'u. The first hole (URD001) was targeting an intense 200m diameter chargeability anomaly which was likely to be completed in 4-5 weeks. Quest Exploration Drilling (PNG) Ltd of Lae had been contracted to complete the drilling programme of about 2,000 metres. "It will test a significant chargeability anomaly identified by the recently completed 3D-induced polarisation ground geophysical survey," PPM said.

“Several surface trenches had been dug and sampled by PPM geologists in the area of high chargeability in 2009. “Significantly, Trench 5, located closest to the strongest part of the chargeability anomaly yielded 36m @ 0.72% Cu and 0.97 g/t gold, including 12m @ 1.12% copper and 2.03 g/t gold in phyllic altered breccias. , while the remaining three trenches identified wide intercepts of low-to- moderate grade porphyry-style gold and copper mineralisation. The Urua Creek, the company’s flagship prospect in the Mt Suckling area, is also collecting data and sampling the Ioleu, Araboro, Doriri, Dimidi and Duna creeks within the area. Apart from the Mr Suckling prospect, PPM is also doing exploration work in New Hanover in New Ireland province and in Waria River on the border of Oro and Morobe provinces and in the Bewani Mountain in Sandaun Province.

Nipa-Kutubu leaders query K32 million

The National, 14th November 2011

By MALUM NALU

NIPA-Kutubu leaders from Southern Highlands have questioned how K32 million allocated by the national government for projects had been spent. They said people from the province were now demanding that provincial administrator William Powi tell them how the money had been spent. The money included K2 million for cooperative societies, K10 million for Nipa Secondary School infrastructure development and K20 million for Nipa Rural Hospital infrastructure development. They said people of the province were encouraged to apply and secure funds from cooperative society funds, however, the process was very “selective”. “Though many applied, only applicants from Nipa-Kutubu electorate were considered and accepted, in which each village of Nipa-Kutubu electorate was given K10,000. “The recipients were very selective, which seems to be his (Powi’s) supporters and agents, who are very close to him where he wants to gain favour and vote during the 2012 national elections,” they said.

The Nipa-Kutubu leaders said K10 million was allocated for Nipa Secondary School infrastructure development, however, “there was no normal process for interested companies to apply”. “In his (Powi’s) capacity as the provincial tenders board chairman, he awarded the contract to Raiboro, which is another private company.” They said K20 million for Nipa Rural Hospital infrastructure development fund was given to the same company, Raiboro, by Powi’s relatives. “If the government is to fight corruption, then there should be honesty, transparency and accountability to maintain the good name of the new government,” they said. “How can William Powi, who was appointed by the current government, be using government resources to campaign? “The government, if it is serious, must look into this allegation seriously to maintain the fight it has launched since taking office. “We, the silent majority of SHP, are watching as we have no authority to speak out on what is happening.”

Hides PDL1 unsure about payout criteria

The National, 14th November 2011

By SAMUEL RAITANO

THE landowners of Hides PDL 1 have questioned the criteria used by the government to make payments of ministerial commitment this month. They alleged that many genuine landowner companies had missed out on the payment of more than K60 million. The aggrieved landowners in Hides demanded payments this month and next month after threatening to shut down Hides in the new year. According to a Hides PDL 1 landowner company Homa Holdings Ltd, the ministerial commitment payments did not go down well with the landowners who were beginning to lose confidence in the government. Homa Holdings chairman Leonard Tombena said most landowners had been in the National Capital District for more than two years to secure a memorandum of agreement, business development grants, industrial development grants and ministerial commitments.

But they had been overlooked, he claimed. Tombena, as the Issue Working Committee secretary general, said prior to the payments of ministerial commitments, he had submitted a list of companies and project proposals to Finance Minister Don Polye. "How he came up with a different list and awarded payments according to his list is a mystery to us,'' he said. "We have been patient all this time. We urge the government to source some more funds so that we may start meaningful projects alongside the LNG." Tombena said the landowners wanted the LNG to progress for the good of the nation and had resolved to remain calm while the government addressed their grievances before the end of this year.

Environment ministry presents awareness report

The National, 14th November 2011

THE Minister for Environment and Conservation, Thompson Harokaqveh, recently accepted a government report on an environmental awareness patrol which is the first of its kind conducted by a combined government team. The report titled "The combined PNG government – Hidden Valley joint venture community consultations on environmental audit report among the Watut and Markham River communities – August 2011", was received on behalf of the government and the people of Morobe. The report was presented to Harokaqveh by the Department of Environment and Conservation (DEC) deputy secretary for environment protection, Michael Wau, on behalf of the secretary Dr Wari Lea Iamo, in Lae, Morobe during a workshop conducted to accept the report and endorse the consultative action plan emanating out of the exercise. It was the result of the consultations by the parties who visited the river communities, collected vital information on issues and concerns regarding the impact of mining activities on their communities.

The field trip took two weeks, travelling through rough terrains on foot, dinghies and by helicopter where there was no access roads or river systems. All findings were categorised as concerns and issues under the following order; Environment, Health/Social, Food security, Services, MoA, Compensation, Policy/Government matters and Economical impacts as in the impact of sedimentation on household income from alluvial mining. The minister thanked all stakeholders for compiling the report with its action plans and encouraged all present at the workshop to discuss the Stakeholder Action Plan Matrix as the way forward in resolving the matters of concern and issues highlighted by the communities. Witnessing the acceptance of the report by the Minister were community leaders of the upper, middle and lower Watut and Markham regions, LLGs, provincial and national government leaders, mining officials and the media. Information on this report can be obtained from Department of Environment, Tony Kuman or Goro Arigae on 301 4500.

Marengo Mining: We work with locals

The National, 14th November 2011

By YEHIURA HRIEHWAZI

MARENGO Mining continues to be sensitive to the needs of local communities around its Yandera copper project area in Madang province, according to company chairman John Horan and managing director Les Emery during the company's annual general meeting in Australia, last Friday. Even though Yandera was still in exploration stage and was gradually working towards proofing up its ore body and bring the project to definitive feasibility study (DFS) stage, the company worked in close consultation with all stakeholders including the local people. Emery said consultation with the communities in Yandera was the key to any successful activity "and Marengo believes that the effort put into this area is well justified". "Marengo is committed to providing a safe and healthy workplace and continues to take steps to ensure that this is practiced at all levels within the company. "As the company's activities expand, so do our efforts to ensure that safety is a primary consideration. The extension of medical services by Marengo to local communities is another area where our presence continues to make a big difference," Emery said.

Horan said: "We place a high priority on our responsibility to be good corporate citizens in PNG, and on paying careful attention to the interests and wellbeing of the local communities whom we are happy to support in many different and significant ways. "We are proud that we continue to be welcomed by the communities, and that we enjoy productive, friendly and cooperative relationships with them." He said there had been several key factors enabling Marengo to consolidate and build further on its position. "They include our strategic alliance with a major Chinese engineering and construction group; the continuing confidence and support of our international investors; the continuing progress on our flagship Yandera Project; the careful maintenance and building of good relationships with all levels of government in Papua New Guinea, as well as with the people of the local communities in which we operate; and the wealth of talent, drive and commitment of all who are working to establish a sound future for the company," Horan said.

The alliance with China Nonferrous Metal Industry's Foreign Engineering and Construction Co Ltd (NFC), one of China's largest manufacturing and engineering groups, was a key component in the drive to bring to successful completion the Yandera project DFS, which was itself a major undertaking, he said. This important alliance would result in NFC becoming the principal contractor for the construction of the Yandera project under an engineering, procurement and construction contract, as well as facilitating financing of at least 70% of the project development costs with Chinese banks. Our standing in the financial markets continued to be bolstered by the confidence and support of our major backers both here in Australia and in North America, who had continued to consolidate their holdings in our most recent capital raising.

The progress and importance of the Yandera project had been recognised by the PNG government as another "significant development of the long-term resource base of PNG". "This recognition is evidenced in the PNG government's recent entering into the Yandera project investment and cooperation agreement through the state-owned company Petromin, which will lead indirectly to the government acquiring a 30% stake in the Yandera Project," Horan said. He said the company was also building up its staff with specific appointments to meet its growing needs, "and we are most fortunate in the quality of the people whom we have been able to attract to work with us at Marengo". "This applies right across the spectrum of our workforce, with so many people who are genuinely interested in the future success of the company, and who are contributing positively to build that success," he said.

On a broader front, he noted the investment community's attention to the emergence of China as a major player on the world political and economic stage. "From a commodities perspective, barely a day goes past without some reference to China's current and likely future position on metals consumption, and its impact on prices," he said. "We, at Marengo, take a long-term view of China's predicted demand for copper, and of the price of the red metal itself. "China is an important market for us … our immediate imperative is to develop the Yandera project to production stage so that Marengo can take advantage of market opportunities both in the near term, and for the long-term life of the project," Horan said.

SUSPICIOUS FIRE AT NEW CALEDONIA NICKEL PROJECT

$5 billion Koniambo plant in country's Kanak north

WELLINGTON, New Zealand (Radio New Zealand International, Nov. 12, 2011) – There has been a major fire at the construction site of New Caledonia's nickel plant in Koniambo in the territory's north. The nickel company says the fire broke out at five in the morning and burnt down the site's administration offices. There have been no injuries and the cause of the fire is not known. However, the blaze comes amid a spate of suspicious fires across the territory. The Koniambo project is expected to be completed next year at a cost of five billion US dollars. The nickel plant is being built by Swiss miner Xstrata and a local firm SMSP, and is a key plank of a policy to boost the economic development of the mainly Kanak north.

Porgera project to help locals improve life

The National, 11th November 2011

THE Porgera Joint Venture (PJV) recently embarked on a comprehensive engagement process to help local communities in Porgera improve their quality of life using a system called participatory rural appraisal (PRA). The purpose of this process was to engage communities from the special mining lease area (SML) in Porgera to discuss their aspirations and priorities for development activites designed to improve their living condition. Coordinated by the PJV community social responsibility department, the PRA sessions were also attended by a multi-disciplinary team from the mine consisting of environment and asset protection department personnel. Phases 1 and 2 of the process had seen the PJV team visit 21 villages in the SML area and commence a dialogue with community members on the issues of population, health and nutrition, education, sanitation and governance. The information obtained during these sessions was then analysed to help create development priorities.

Phase 3 will see formal community development plans being designed consultatively between the community, PJV and local government and non-governmental organisations, to better inform the rural planning processes of those agencies. The plans would then be implemented across the SML villages with a view to expanding the project to the broader Porgera District in the coming year. This exercise is the first use of the PRA process in the Porgera Valley and it had been well received by the communities involved. Participatory rural appraisal – sometimes known as rapid rural appraisal – was an approach used by development professionals as they develop partnerships within communities for enhanced joint development outcomes. PRA is a semi-structured activity carried out in the field by a multi-disciplinary team and is designed to quickly acquire new information about rural life. As a tool to investigate rural community realities, the PRA process recognised that people who lived in the community were those best placed to identify barriers to development and ways to overcome those barriers.

Drilling shows Woodlark's high grade gold

The National, 11th November 2011

Kula Gold is developing the 100% owned Woodlark Island gold project 500km east of Port Moresby in the Milne Bay province. KULA Gold Ltd yesterday announced "further significant" intersections of gold mineralisation adjacent to a 685,000 ounce Kulumadau resource at its Woodlark Island Gold Project in Milne Bay province. Previously announced assay results from drilling confirmed an undiscovered zone of mineralisation is present under a relatively thin limestone cover immediately east of the Kulumadau resource. Kula Gold managing director Lee Spencer said the company was continuing its definitive feasibility study due for completion early next year. "We are also undertaking further exploration drilling to simultaneously expand our resources and geological knowledge of the region.

"This latest drilling campaign has demonstrated further evidence of a zone of high grade gold mineralisation adjacent to our already established resource at Kulumadau which is very encouraging, and we plan to continue our exploration program with the aim of establishing a resource at Kulumadau East," he said. Two reverse circulation (RC) drill rigs had been engaged during the last three months in engineering evaluation of proposed open pits, mill sites and hydrological studies for the feasibility study. A single diamond rig had been utilised during this period in defining the limits, nature of host rocks and style of the Kulumadau East mineralisation. Six diamond holes were completed with four holes drilled on section 8996500 to test overall geology of the Kulumadau area. These holes intersected brecciated volcanics variably mineralised with base metals.

Hole 11WKUD 008 intersected 14 metres at 2.3g/t Au from 53m within a shear zone in these breccias. Two diamond holes were drilled into the footwall of the Kulumadau East zone with the aim of confirming orientation of the host structure. Holes generally intersected broad low grade zones of mineralisation in haematite altered volcanics, similar to alteration to the west of the main Kulumadau Resource. Encouragingly, this indicates the structure dips back to the west towards the main resource. A diamond hole into mineralisation previously defined by RC drilling at Kulumadau East confirmed previous high grade intersections, returning 26m at 6.3g/t Au from 37m including 6m at 21.2g/t from 54m. Mineralisation was associated with calcite veins in clay shears within hydrothermal breccias.

FREEPORT MINE STRIKE COOLS AS PAPUA TALKS CONTINUE

'Significant progress' in negotiations reported

WELLINGTON, New Zealand (Radio New Zealand International, Nov. 10, 2011) – The strike that has rocked copper and gold mining company Freeport McMoran in Indonesia's Papua region is expected to come to an end soon. Thousands of workers launched a strike in September when the collective bargaining between management and workers hit a deadlock over several crucial issues, mainly a wage hike. The Jakarta Post reports management and workers have made significant progress in their negotiations. The Manpower and Transmigration Ministry's, Myra Maria Hanartani, says as part of the ongoing bargaining process, the management had offered a 35 percent wage increase. At the same time, the Confederation of All-Indonesian Workers Union, agreed to lower its demand for a wage hike from US$6.7 per hour to $4 per hour. The negotiation, mediated by the Manpower and Transmigration Ministry, is still underway and both sides are expected to reach a compromise soon to end the prolonged industrial strike.

Porgera: K4.3billion spent in many benefits since 1990

The National, 10th November 2011

PORGERA Joint Venture paid out a total of K4.277 billion in various benefits to the national and local economy since its first gold pour in 1990 and helped keep the economy afloat soon after Bougainville mine was forced to shut down in 1989 by rebels. PJV's gold and silver production also accounted for 12.7% of PNG's total exports over the life of the mine. It was expected to cease operations in 2020. The national government had been the biggest beneficiary with a total of K2.13 billion in taxes and duties out of the K4.27 billion paid into the economy to date. Other benefits from PJV to December last year had seen K315 million paid in royalties and K185 million in compensation to the locals.

Under the tax credit scheme, PJV implemented a total of 549 projects at the cost of K182 million and a further K26 million for the Highlands Highway. The tax credit scheme was tax deducted from the company's annual profit. Infrastructure development projects in the community totalled K4 million, while K849 million was spent on business development contracts broken down as follows: Porgera - K456 million; Enga - K367 million; and PNG - K612 million. Porgera Mine also had a social responsibility towards its people by financing major social programmes. These include adult literacy where 50 schools served 5,000 participants and combating HIV/AIDS.

Porgera holds dialouges with communities Post-Courier 10.11.11

LOCAL communities will soon learn how to improve the quality of their lives through a comprehensive engagement process facilitated by Porgera Joint Venture's (PJV) Community Social Responsibility Department. PJV's Community Social Responsibility Department, is using a method called Participatory Rural Appraisal (PRA), sometimes known as Rapid Rural Appraisal (RRA), in which PJV staff have dialogues with community members from the Special Mining Lease (SML) area in Porgera to discuss improvements to the quality of their lives. PRA is an investigation tool of rural community realities and respects that people who live in the community are those best placed to identify barriers to development and ways to overcome those barriers. The PRA sessions were attended by a multidisciplinary team from the mine consisting of Environment and Asset Protection personal.

Phases one and two of the process saw the PJV team visit 21 villages in the SML area and start a dialogue with community members on the issues of population, health and nutrition, education, sanitation and governance. The process includes jointly discussing aspirations and priorities for development activities and information obtained during these sessions is then analysed to help create development priorities. Phase three will see formal Community Development Plans being designed consultatively between the community, PJV and local government and non-government organisations, to better inform the rural planning processes of those agencies. The plans will then be implemented across the SML villages with a view to expanding the project to the broader Porgera District in the coming year. This exercise is the first use of the PRA process in the Porgera Valley and it has been well received by the communities involved.

K12.9 billion pumped into economy, says OSL

The National, 10th November 2011

PNG's only oil and gas producer Oil Search Ltd contributed a total of K12.9 billion into the country's economy from 1992 to 2010, it has been revealed. OSL is the operator of Kutubu oil fields and the Hides gas field that powers the Porgera gold mine in Enga province. Of the K12.4 billion direct financial benefits derived by PNG, the national government alone was paid a total of K9.4 billion in the form of petroleum income tax, salary and wages tax, stamp duty, withholding tax and equity dividend. This was revealed in a media workshop organised by the PNG Chamber of Mines and Petroleum in Port Moresby last weekend. Non-cash or indirect benefits to landowners through employment wages, loan guarantees, landowner company contracts, tax credit projects, MoA grants, community development programmes, royalty and equity future generation trust payments totalled K2.232 billion to December last year.

The Southern Highlands and Gulf provincial governments and their respective local level governments in impact areas received K814 million through special service grants, infrastructure grants, royalties, equity dividends, MOA grants and development levies. Direct cash payments to landowners through royalties, land compensation and land rentals and equity dividends totalled K389 million. The 1996 Oil & Gas Act was important in that it mandated the parcelling of benefits to various stakeholders and particularly that a percentage of landowner benefits were sequestered in community infrastructure and future generations' trusts. Oil Search paid equity dividends and royalty benefits in cash in field and not in Port Moresby unlike other resource companies.

The company had established a BSP bank in Moro and assisted landowner groups to open bank accounts for their financial benefits to be paid into. Meanwhile, the company was also involved in many other community programmes such as education and training. On sponsorship expenditure from 1996 to 2010, the company had spent over K7 million to sponsor a total of 1,376 students to various educational institutions. This included students from project areas in Hides, Gobe, Kutubu, Moran and the pipeline project. They were being trained in health, secretarial, business, technical and theological studies.

BAINIMARAMA TOUTS FIJI MINE INDUSTRY

Expanded prospecting, big profits anticipated

By Caroline Ratucadra

SUVA, Fiji (FijiSUN, Nov. 9, 2011) - The mining industry in Fiji is expected to rake in over one billion Fijian dollars of economic activity once explorations and actual mining activities at defunct and potential sites become fully operational. Prime Minister Commodore Voreqe Bainimarama said Government was seriously considering re-activating explorations and actual mining at Mount Kasi in Cakaudrove and the operations of other potential mines like Namosi. He made the remarks while opening the country's first bauxite mine at Nawailevu in Bua yesterday. Commodore Bainimarama said development of the mining sector would create immediate business and employment opportunities, improve Fijians' living standards, reduce poverty and attract economic attention to the region.

"As the Fijian Government explores the best and most promising opportunities for economic advancement, it is crucial that our Government and our partners maintain a level of transparency and fluid communications to ensure valuable and unassailable growth," he said. Commodore Bainimarama said Fijians should feel confident in this form of exploration such as the Nawailevu bauxite mine while Government continued to implement various reforms to create high trading standards for long term growth and a bright future for the Fijian economy. However, with the development of the mining sector, he assured the people that Government would not shy away from its responsibility to the community and the people.

"We stand by the workers. We stand by the resource owners. We stand by the investors. We stand by the environment. Ours is a holistic approach. This is how we will proceed," Commodore Bainimarama said. As of June this year, a total of 49 special exploration licenses covering 576,146 hectares were issued by Government. The Prime Minister who is acting Minister of Lands said a further 37 exploration applications including deep sea explorations were in varying stages of processing. "We're strengthening the monitoring of these licences to ensure the licence holders keep true to their commitments, I am happy to state that feedbacks received have been encouraging," Commodore Bainimarama said. The Nawailevu bauxite mine is the first for Fiji and is now the third operating mine in the country, after Vatukoula and the Wainivesi gold mines.
FijiSUN: *http://www.fijisun.com.fj/*

Mining boom

The National, 09th November 2011

THE mining and petroleum industry is the biggest employer in Papua New Guinea in the past six years. The industry came close to doubling its workforce from 18,000 to 30,000 between 2003 and 2010.These figures were disclosed by Michael Uiari, the Oil Search general manager in PNG in charge of commercial, legal and stakeholder management. He was speaking last Friday to journalists in Port Moresby about the industry's benefit to PNG's economy. The main projects in the pipeline are the PNG LNG project, Yandera, Ramu nickel, Wafi Golpu, Frieda River and Gulf LNG. There are a number of grass roots exploration projects in both mining and petroleum also employing a lot of workers in the fields. Projects commissioned into production during this period are Simberi and Hidden Valley mines. Uiari said a growing number were hired in the exploration phases, small-scale alluvial mines and contractors and joint ventures being set up.

He said the industry was an integrated industry made up of exploration, evaluation, development and production, using a wide range of services and support industries, indirectly giving jobs to more people. They were mainly employed by aviation, drilling and drilling suppliers, seismic contractors, analytical laboratories and technical services of all types. Others were involved in expediting and logistics, earthmoving and trucking sales and contractors, shipping of all types, port services, supply of motor vehicles and tyres, wholesaling and retailing of fuel, general merchandise, white goods, equipment, tools, food supplies and catering, maintenance and servicing contractors of all types, accounting, legal, engineering, surveying and other professional services, provision of accommodation including hotels, office and private rental residences, technical and vocational training and security. "These groups benefit because our industry consumes goods and services from every aspect of our economy," Uiari said.

The PNG LNG project alone currently employs 6,600 local workers compared to a maximum of 3500 projected before construction. At the peak of construction in the second half of next year, total employment is expected to jump to 15,000 people – local and foreign combined. The economy is expected to grow by a "low double-digit" this year which is expected to translate to significant increases in employment in contrast to 2009 when the economy grew by only 4.5% due mainly to the global financial crisis. Uiari said the financial and other benefits provided by the resource projects were diverse and substantial including employment, royalty via the state, taxes, dividends, tax credit schemes, education and training, business and agricultural development, health programmes and services, community facilities and other infrastructure. He said an estimated K1.47 billion in taxes was paid to the government last year. Uiari said royalties alone during the past five years had totalled K1.1 billion calculated at the rate of 2% each from the mining and the petroleum sectors.

Mt. Kare: developer to work with landowners

Post-Courier 9.11.11

By ANDREW ALPHONSE

AUSTRALIAN mining company, IndoChin Ltd would use a 'Melanesian approach' in dealing with landowners issues to start explorations at Mt Kare Gold mine, situated between Tari in Hela and Paiela in Enga provinces. George Niumataiwalu, IndoChin's PNG country manager said this yesterday at the remote Paijaka village in Tari during an awareness visit to the Huli landowners there by helicopter. Mr Niumataiwalu, originally from Fiji, told the landowners that Mt. Kare project is probably one of the most challenging in PNG due to legacy and complex landowner issues in the project area. He said similar to the approach used in the Hidden Valley and Wafi gold projects a few years ago, IndoChin is going to use a 'truly Melanesian approach' to unravel the complex issues regarding landownership to do with the project. "This means recognising traditional kinship lines and rights acquired by utility," Mr Niumataiwalu said.

He added that this is particularly important since only a few decades ago, no one actually laid claim to this area due to its bleak nature. Traders from the North Tari Basin would pass through this area on their trading journeys to Laiagam and beyond and Paielans only visited to harvest wild pandanus (karuka) nuts or to take refuge from tribal fighting. He said the gold rush during former explorer Canadian company CRA's day then created this claims to ownership only because of the gold found there. "What we plan to do is to produce a pre-feasibility study (PFS) outlining the conceptual designs for a mine by August next year which is the end of our current license period and a bankable feasibility study (BFS) thereafter and within 18 months hence," Mr Niumataiwalu said.

He said when they first began re-exploration at Mt Kare, the company had difficulty hiring technical people to the project including nationals. "However, we have been lucky in recruiting almost the whole of the Frieda River exploration geology team and as of early September we have managed to establish the camp and are prepared for a robust drilling campaign to support our PFS," Mr Niumataiwalu said. He said they have had many challenges in conducting exploration at Mt Kare which included bad weather that restricts chopper use as it is difficulty in getting choppers to operate up there while tribal fighting and law and order issues are prevalent. "But we are quickly making headway in containing this. "We have also designed in draft form for a memorandum of understanding (MOU) with the police so we can secure the project on behalf of the project community. "This will then allow us to focus on the project as our license demands," he said.

He added that the bottom line is, the company is looking for a Zone 7 type ore-body similar to the operations at the nearby Porgera Gold Mine operated by Barrick PNG Ltd, adding that this would make Mt Kare a world class gold mine. He said this will then be of great benefit to our project communities in Hela since they are caught between the multi-billion kina PNG LNG project and the existing Porgera mine project, adding that Mt. Kare may be the only opportunity to see improved services, benefits and welfare improvements than otherwise. The landowners also seized the opportunity and told Mr Niumataiwalu's team of the company's failure through its community affairs (CA) officers in establishing a proper dialogue and communication between them and the company. They also wanted an office set up at Ekanda or Paijaka village while the company be fair in labour recruitment for drilling and other operations at Mt Kare instead of giving priorities to the Paialeans on the Enga side of Mt Kare.

## Myur to explore for minerals		Post-Courier 9.11.11

By DAVID MURI

MYUR exploration PNG Ltd has opted to carry out mineral exploration in Western Highlands covering an area of 500 square kilometers towards the eastern end of Mount Hagen. Myur Exploration is an Australian company that has been established to identify, explore and develop prospective mineral deposits in PNG. But some landowners have cautioned the company to protect the environment if mining activities were to be carried out in the province. Representatives from the Mining Department, Myur exploration and the Australian Government were in Western Highlands early this week to conduct a warden hearing before an exploration license could be issued. Landowners from Panz in the Dei District and Anjinip in North Waghi were given the opportunity to express their views if their land could be explored for mineral deposits.

The people in both areas were satisfied with the exploration company and asked them if they could start immediately. However, spokesman for the Panz community Nikints Tiptip said the livelihood of the people depended on the river system and the entire ecosystem and it was necessary that those areas were protected if a proper mining was to take place. Myur Commercial Manager Jonathan Rees said the company was only interested in the exploration bit and they would collect samples and find out if there were any mineable minerals, let alone mining. He said he was pleased with the positive response from both communities and was looking forward to get back early next year to carry out exploration once they were issued a license.

Mining warden Calvin Dusava from the Mineral Resource Authority (MRA) told the people of Panz and Anjinip during the warden hearing that it was their right to allow exploration companies in their area or not. “We represent the people and government of PNG and if you do not want exploration to take place then we cannot carry out anything further,” he said. He said the company would carry out exploration specifically for mineral deposits such as gold, copper, silver, etc. Myur has applied for an exploration license (ELA 2040) via its local PNG entity (Myur Exploration PNG Ltd – formally known as Inishowen Ltd) that concerns an area of approximately 500 square kilometers to the east of Mt Hagen. As per the PNG Mining Act (1992) applicants are obliged to attend an MRA warden’s hearing and notices to this effect have already been issued by the MRA. Mr Rees said exploration would take at least two years starting next year.

STRIKING WORKERS IN PAPUA LOWER PAY DEMANDS

Initial US$7.50 hourly demand reduced to US$4

WELLINGTON, New Zealand (Radio New Zealand International, Nov. 8, 2011) – Indonesian media are reporting striking workers at the Freeport-McMoran mine in Papua have dropped their minimum wage increase demands from US$7.50 an hour to $4. An official with the All Indonesian Workers Union, Virgo Solosa, is reported saying the new demand, up from the current minimum wage of $1.50 an hour, is the best solution for all. He says Freeport management is currently offering three dollars an hour. Solosa also says the union is also demanding that striking workers who had been sacked by the company be rehired, without sanctions. A report in the Jakarta Post says the huge Grasberg mine is estimated to be running at 5 percent of full capacity as the strike continues.

Australia: Aboriginal group want mining stopped Post-Courier 8.11.11

PERTH: An Aboriginal corporation in the Pilbara is calling on federal Environment Minister Tony Burke to use his emergency powers to stop Fortescue Metals Group (FMG) mining on its land. The Yindjibarndi Aboriginal Corporation (YAC) says sacred sites dating back thousands of years are being damaged at the Firetail mining lease in the miner's Solomon Hub project. YAC chief executive Officer Michael Woodley said on Monday he had evidence showing FMG forced heritage consultants to change a report on the cultural significance of the area by threatening to withhold payments. The unedited report pointed out that a consultant anthropologist employed by FMG had spoken only to a breakaway Yindjibarndi group who supported FMG but knew nothing about the area, Mr Woodley told reporters in Perth.

He said FMG was refusing to deal with YAC, the authorised representative for the Yindjibarndi, and was only negotiating with the breakaway group. Mr Woodley said the Firetail site held culturally important ochre mines, burial sites and places where “gandi” stones were collected for initiation ceremonies in which sacred songs were sung. “If our country continues to be destroyed by mining companies, then there will be no more reason to sing the songs because you cannot identify any more the hill that relates to the song that we're singing,” he said. YAC lawyer George Irving said that around 270 cultural sites had not been identified or reported by FMG for the Firetail location and that could be in breach of legal requirements. Mr Woodley said YAC was appealing to Mr Burke to use his emergency powers under the Aboriginal and Torres Strait Islander Heritage Protection Act to stop the destruction of sacred sites on Yindjibarndi land.

Ok Tedi posts K5.1billion revenue

The National, 08th November 2011

By YEHIURA HRIEHWAZI

OK Tedi Mining Ltd, which is now a 100% PNG-owned company, earned K5.1 billion in sales revenue last year alone – 27% higher than in 2009 and highest ever recorded in any one year. And a whooping K3.2 billion of that was ploughed back into the PNG economy as direct financial benefits in the form of taxes, dividends, royalties, compensation payments and for goods and services supplied to the mine. It declared an after-tax net profit K2.03 billion last year – the highest since the mine opened. The unusually high export earnings were due to high metal prices of copper, gold and silver. Net cash generated before dividends was up 96% to K1.98 billion from K1 billion, which was almost double the previous year's net takings.

Total dividends paid to the State and PNG Sustainable Development Program Ltd and Inmet Mining of Canada was K1.687 billion. K300 million of that went to Inmet. The state, through its 36.6% equity received K507 million and PNGSDP, received K879.65 million. Inmet sold its shares back to OTML last January and exited from the mine. According to an information sheet distributed to the media by OTML during a workshop on mining and petroleum over the weekend, the financial benefits were distributed as follows: Various forms of taxes to government – K920 million; dividends – K1.687 million; royalties to Fly River provincial government and landowners – K46.8 million; compensation payments to impacted communities – K69 million; goods and services sourced from within PNG – K816 million. All added up to a total of K3,238.8 million.

A total of K1.48 billion was cash payment to government. The government used that to hand down a supplementary budget and appropriated K600 million to free education next year. "When you have free education next year, thank Ok Tedi," Brian Gomez, facilitator of the media workshop over the weekend, said. In the third quarter of this year, OTML produced 37,767 tonnes of copper, 105,533 ounces of gold which are lower by 15% and 23% respectively compared to the corresponding period in 2010. This was attributed to lower copper and gold head grades which were lower by 6% and 17% respectively, due to a requirement to process low sulphur ore as a result of the ruptures on the pipeline carrying pyrite waste. Meanwhile, OTML's general manager (community business support and corporate relations) Musje Werror told the media workshop that mine life extension was pending on completion of the feasibility study, OTML board approval, community consent and State regulatory approvals. This will facilitate OTML continuing its Mt Fubilan mining activities until 2022

Government freezes deal on casino project

The National, 08th November 2011

THE government yesterday announced the suspension of the Port Moresby casino project agreement with south Korean company CMSS because it was "not in a position to fund the project". Commerce and Industry Minister Charles Abel announced the suspension to allow for an investigation to determine "who has invested monies and how these funds have been expended". The state was a major player in the project because it provided state land for the construction of the casino hotel as well as waving customs duty on import of construction materials and ensuring a 10-year protection from granting another casino licence to a competitor. The state then went to resources sector landowner groups and raised K11 million each from Petroleum Resources Gobe and Petroleum Resources Moran to buy equity in the project.

Another participant, Papindo Group had not injected any funds in the project. PRG chairman Philip Kende two months ago complained that the government "lured" him and his Moran landowners into investing their funds in the project and then left them high and dry. He said then that he was hoping for a way forward and was working on a rescue plan. Kende had preferred a PNG consortium to take control of the project with a variation to the project agreement and make the South Korean investor become a minor equity participant. Abel said yesterday that his department had suspended the project agreement with the South Koreans following a show-cause letter delivered to CMSS demanding why its contract should not be terminated.

CMSS general manager Jimmy Kim had told this newspaper several weeks ago that he had responded to the show-cause notice. Yesterday he refused to comment, saying he would seek legal advice today. Abel said the show-cause letter asked CMSS to demonstrate why the agreement should not be terminated “after more than 12 months of inactivity”. He said CMSS had provided a response that “would indicate that they are not in a position to fund the project”. “While the State is in a position to terminate the agreement, we will allow an investigation to ascertain all facts first in case we unfairly prejudice any party,” Abel said. The minister also called for expression of interest from parties with necessary expertise and capital to take a majority position and complete the project after the “fact-finding” investigation.

Potape: LNG’s K70m paid secretly

The National, 08th November 2011

KOMO-Margarima MP Francis Potape has claimed that up to K70 million of ministerial commitment has been secretly paid to selected LNG project landowner groups. Potape yesterday challenged Treasury and Finance Minister Don Polye and Petroleum Minister William Duma to call a public forum next week to explain to the landowners the criteria used in making the payments.
He said the government had allocated K140 million for ministerial commitments that had been paid out in the city to “certain people while the rest of the landowners are in the dark”. He urged Prime Minister Peter O’Neill to put his foot down and ensure all landowner payments were made at the project sites and not behind closed curtains in Port Moresby.

“Millions of kina have been paid to certain hand-picked landowners that have been selected by the key departments of treasury and finance and petroleum and energy without following due process,” Potape said. “They have by-passed the expenditure implementation committee process and the Public Finances (Management) Act.” Potape alleged that people who had connections with the key ministers were getting their money. “What about the landowners who do not have political connections? Will they get their money? “I, as the former petroleum minister, am challenging Polye and Duma to a public forum to publicly give names of companies that have benefited and the people behind these landowner companies. “The O’Neill government must not be a government of convenience for a few ministers,” Potape said.

China mines in Zambia ‘unsafe’: Human Rights Watch

Post-Courier 7.11.11

Chinese-run copper mines in Zambia are dangerously unsafe and owners routinely flout the rights of workers, says a report by Human Rights Watch (HRW). The pressure group says miners are threatened with dismissal if they became involved in union activities. It urged Zambia's new President, Michael Sata, to fulfil election promises and take decisive action against the owners. The Chinese state company running the mines denied most of HRW's allegations. Copper mining is one of Zambia's main industries, providing nearly three-quarters of the country's exports; many of the mining companies are foreign-owned. The Human Rights Watch report entitled "You'll Be Fired If You Refuse": Labour Abuses in Zambia's Chinese State-owned Copper Mines, highlights "persistent abuses".

It said miners had to work 12-hour shifts often in fume-filled tunnels. Sometimes shifts were 18 hours long. Zambian law limits shifts to eight hours. The report said that despite improvements in recent years, safety and labour conditions at Chinese mines were worse than at other foreign-owned mines. The state-owned China Non-Ferrous Metals Mining Corporation (CNM) runs four copper mines in Zambia. In its response to the report, CNM said "language and cultural differences" could have resulted in "misunderstandings". "China's significant investment in Zambia's copper mining industry can benefit both Chinese and Zambians," said Daniel Bekele, the Africa director at Human Rights Watch. "But the miners in Chinese-run companies have been subject to abusive health, safety and labour conditions and longtime [Zambian] government indifference."

Many of the poor safety practices in Zambia's Chinese-run mines were strikingly similar to abuses at mines in China, he added. A Chinese Foreign Ministry spokesman in Beijing, Hong Lei said the report did not accurately reflect conditions. "The conclusions reached by Human Rights Watch are inconsistent with the facts," Mr Hong told reporters. He said Chinese companies had brought great benefits to Zambia and that systems were in place to protect the safety and rights of workers there. The report is based on interviews with 170 copper miners, more than half of whom worked for the Chinese companies. Human Rights Watch found that pay at the Chinese-run mines was higher than Zambia's minimum wage, but much lower than that paid by other multinational copper mining firms. The workers said they often had to buy their own safety equipment. "Sometimes when you find yourself in a dangerous position, they tell you to go ahead with the work," one miner told Human Rights Watch. -BBC

Esso spends US$250mil monthly on LNG project

The National, 07th November 2011

By YEHIURA HRIEHWAZI

Esso – subsidiary of ExxonMobil – was spending US$250 million a month on the various components of the LNG project which included the Hides Gas conditioning plant, Komo airstrip which should be finished by third or fourth quarter of next year, the 300km-long onshore pipeline (completed), 400km underwater pipeline (commenced last week), the gas liquefaction plant outside Port Moresby and export port and 2.2km-long jetty, Esso managing director Peter Graham told journalists over the weekend. PNG media business reporters and editors were treated to a rare moment with Graham when he personally attended a workshop last Friday and briefed them on the PNG LNG project. When the airport is completed, it will be much bigger than the Port Moresby international airport and the runway alone will be 3.2km long to support one of the world's largest cargo carriers, the Antonov. It will fly in most of the plant, equipment and materials for the LNG project. At the peak of construction – second half of next year – there will be 15,000 workers on site. Already there are 6,600 this year.

Esso has selected 74 of the top brains from around the country and is training them fulltime at its special college at Dream Inn in Port Moresby and by next year, they will be placed in positions around the world. They are aged between 18 to 23. The next batch of the same number will be recruited soon to replace the first lot when they go for job placements overseas. These are separate from the training programme at Port Moresby Technical College and the Juni Technical College in Southern Highlands. He said generally, all the people in their impact areas were in support of the project, but there were instances where "outsiders" were disturbing the project. He said the company would persistently "push and push" and achieve the target of delivering the first gas by 2014. Asked on the sideline if the company will "push" persistently without due care and attention to local concerns, he said, it would be done "with sensitivity." Oil Search Ltd – one of the partners in PNG LNG – has been on the ground for many years and understands the culture of the local people is helping Esso deal with community concerns.

He said the company had agreed to deliver first gas in 2014, and is committed to do so. He said the first gas would most probably be from the current Oil Search Ltd's oil producing fields as it was re-injecting the gas into the oil fields to help lift the oil up to surface. Oil Search is also gearing up and is re-aligning its production facilities to enable delivery of the first gas. Meanwhile, Oil Search revealed at the workshop that total financial benefits to government, landowners and the Southern Highlands and Gulf provincial governments (royalties, taxes, dividends etc) from 1992 to 2010 totalled K12.888 billion. Some expressed concern that there was nothing much in the impact areas to show for the kind of money paid out to date. The reporters were also given updates on all the producing oil and mining projects as well as those nearing decisions on start-up like Wafi-Golpu.
It was a great opportunity for reporters to meet company representatives and to help them establish contacts to verify information for their articles. The two-day media workshop was sponsored by the PNG Chamber of Mines and Petroleum.

Don't sell land cheaply: Mald Post-Courier 7.11.11
By JOHN PANGKATANA

MINISTER for Community Development Andrew Mald has raised a concern over customary landowners selling off their land "cheaply". The Member for Moresby North East said he was recently surprised in the manner that landowners between Hanuabada, Tatana and Baruni villages towards the LNG Project site, at Papa village and areas along the Magi and Hiritano Highways were purportedly selling off their land for fast cash. "I'm concerned that the land has not been properly valued or surveyed. Once a potential buyer shows up with K100,000 cash, the landowners are quick to handover the land without any thought of the consequences," Mr Mald said. He said it was in the best interest of the landowner to have his land properly assessed by the Lands Department with the option of mortgaging it or engaging the buyer in partnership to develop the land. Mr Mald is concerned that foreigners or big businessmen are coming in and taking advantage of the village people, who may be ignorant to what is happening. "There are numerous cases where a big buyer has flashed cash and has taken the land for a far lesser amount than what it is valued at," he added. The Minister said he was not happy with the current scenario which he said was happening not just in the nation's capital and Central but all over the country. "People must not be fooled in giving away their land for fast money," he said.

Oil Search praised for payout Post-Courier 7.11.11

Oil Search Limited's (OSL) move to pay more than K8 million to the State in royalties for the landowners of South East Mananda (SEM) has been praised. Member for Komo Margarima Francis Potape commended Oil Search for finally releasing the monies. The payment to SEM is the first in a very long time. This is due to identification problems which resulted in a dispute over the percentage breakup for payment among the beneficiaries. Mr Potape last night said while he commended the move to finally pay the landowners their royalties, the landowners had waited long enough. "Some died while waiting," he said. He said while he was the minister for Petroluem and Energy he gave the direction for the SEM landowner identification problems to be settled and the landowners to be paid their royalites quickly. "There is no point for landowners to wait, while Government, developer and other stakeholders are benefiting,'' he said.

The South East Mananda (SEM) fall within the boundaries of Komo Margarima Electorate. Mr Potape said he raised this 'waiting issue' because this hurdle could be avoided. " If the DPE and the State did their job accordingly in the first place and co-operated with the developer this hurdle should be avoided. "It is the State's role to organise the landowners and I thank SEM landowners for taking my direction when I was the Minister and now they are reaping the benefits," Mr Potape said. Oil production from SEM commenced in 2006, however, Oil Search withheld the royalties as directed by the Department of Petroleum and Energy because of a dispute over the percentage breakup for payment among the beneficiaries.

The disputing parties obtained numerous court orders restraining Oil Search Limited from paying any monies until the issue was resolved. The State was last week presented a cheque for K8, 063,750.94. Oil Search Limited, as operator of the petroleum development license, is required under the Oil and Gas Act to pay royalties to the State. “I thank the landowners for listening to my advice and working with the developer. “In future the State must ensure all landowners benefit and avoid such delays,” he said. Meanwhile, Mr Potape has called on the developer and the State to fix the Komo Ayagaipa Bosavi road under the tax project scheme. “These landowners who received their royalties are locked away. There is no road,’’ he said. “I’ve used K500,000 to do the initial ground work but this is not enough. “I call on the Government and the developer to put up K20 million first under the Tax Project Scheme and build the road so that these landowners can use their royalities on services provided.’’

Lihir and Simberi locals agree to work together

The National, 03 November 2011

LANDOWNERS in the special mining lease area of the two gold-rich islands of New Ireland have buried their differences and resolved to work together for the good of the people. The New Ireland provincial administration followed the direction of the provincial government and over three years of persistent dialogue and persuasion succeeded in bringing the landowners together for reconciliation processes. This was concluded in the last two months and signaled a new spirit of unity which meant drawing mutual benefits under the mining agreements for the people and the provincial government. Governor Sir Julius Chan said it paved the way for the long-awaited review of the memorandum of agreements which meant benefit packages from the gold mines of Lihir and Simberi could be handed out to the people under various development project grants.

And Sir Julius commended the provincial administration for an exercise well executed saying this signified a high level of commitment. He made the comment following the PEC’s approval of the position papers on the Lihir revised MoA and the Lihir sustainable development plan plus the Simberi revised MoA and Simberi development plan. He said Cabinet was satisfied with the report of the reconciliation process and approved the revised changes. Internal bickering over rights and privileges to benefits derived from the MoAs had divided the landowners for some time delaying the release of funds. Sir Julius said the reconciliation process was a victory for New Ireland.

Enga receives K3m dividend from MRDC

The National, 03 November 2011

BY BOSORINA ROBBY

GOLD is currently trading at US$1,723 per ounce in the world market, a top price for gold, which is bringing in good money for producers, especially for the Enga provincial government’s business arm – the Mineral Resources Enga (MRE). Led by Enga Governor Peter Ipatas, a 19-strong delegation of the provincial assembly arrived at the Mineral Resources Development Co’s (MRDC) office at the Heritage Centre in Waigani to collect K3 million in dividends. MRDC managing director Augustine Mano paid the dividend as part of the interim dividend for the 2010 financial year. Ipatas said the money was from the 5% shares the provincial government had in Barrick’s Porgera gold mine through MRE, which was managed by MRDC. Ipatas said the landowners would also be paid another K3 million for a total of K6 million, which the MRDC raised for them. “This is a unique arrangement we've made since the mine started and I want the people of Enga, especially the landowners, to take the opportunities," Ipatas said. "So thank you MRDC management," he said.

Ipatas said dividends from MRE usually went straight to fund education for his people of Enga. "The Enga provincial government every year invests in the human capital. "This year, we anticipated a high dividend and made a budget of K9 million for school fees … but now we've been given this amount so we've cut it down," he said. Ipatas also used the opportunity to thank his assembly members for their support throughout his term as governor and for their long-term vision in investing in their children's education so they could become builders of their province. Mano said the arrangement with MRE in the last three years had seen an improvement in management, which had translated into good money for the group. He said the landowners, who had a 2.5% share in the mine, would be receiving a portion of K3 million after outstanding issues were settled. Meanwhile, Ipatas was taking a 30-member delegation from his provincial government and public servants to the Philippines for a recreational trip.

Oil Search pays out royalties Post-Courier 3.11.11

Oil Search Limited paid out more than K8million to the State as in royalties for the landowners of South East Mananda (SEM) yesterday. Oil production from SEM commenced in 2006, however, Oil Search withheld the royalties as directed by the Department of Petroleum and Energy because of a dispute over the percentage breakup for payment among the beneficiaries. The disputing parties obtained numerous court orders restraining Oil Search Limited from paying any monies until the issue was resolved. Oil Search was also directed by the Department of Petroleum and Energy that, until such time these disputes were resolved, it was prudent to withhold royalty payments. Petroleum and Energy Minister William Duma subsequently made a ministerial determination in September 2011, which was accepted by the SEM beneficiaries, who also executed a benefits sharing agreement. This enabled Oil Search Limited to release these funds. The State was today presented a cheque for K8, 063,750.94. Oil Search Limited, as operator of the petroleum development license, is required under the Oil and Gas Act to pay royalties to the State.

BAINIMARAMA TO OPEN FIRST BAUXITE MINE IN FIJI

Fijian and Chinese representatives in Nawailevu next week

By Losalini Rasoqosoqo

SUVA, Fiji (Fiji Sun, Nov. 2, 2011) – Fiji's first bauxite mine is expected to be in operation soon. Mining by Aurum Exploration Fiji Limited will begin next Tuesday at Nawailevu, Bua, soon after the Prime Minister, Commodore Voreqe Bainimarama, commissioned its opening. The Prime Minister's Office yesterday confirmed Commodore Bainimarama would be at Nawailevu to commission the opening of the mine. Speaking from Nawailevu yesterday, Permanent Secretary for Lands and Mineral Resources, Filimoni Kau said an eight member delegation from the company's parent body from China would attend the opening. "This eight-member delegation will be accompanied by Fiji's Ambassador in China, Commodore Esala Teleni," Kau said. "The vice-governor of Shandong, Zhou Qi, will also be part of the delegation from China." The delegation arrives next Monday. Mining will start after the opening. Kau said the first shipment of bauxite to China would be early next year. The Chinese Ambassador to Fiji Zhou Qi will also be at the opening. FijiSUN: *http://www.fijisun.com.fj/*

FREEPORT OFFERS STRIKING WORKERS 30 PERCENT RAISE

$1.95 an hour is 'the best it can do'

WELLINGTON, New Zealand (Radio New Zealand International, Nov. 2, 2011) – The mining company, Freeport McMoran, says its offer of a 30 percent increase in base salaries is the best it can do for workers at its Grasberg site in Indonesia's Papua.
[*PIR editor's note: At the current pay rate of US$1.50 an hour, a 30 percent raise would increase pay by 45 cents, to $1.95 an hour.*]
Thousands of workers at the mine have been striking for seven weeks as they seek substantial wage increases. The Jakarta Post reports Freeport as saying a 30 percent increase would mean a monthly income of just over 1,200 US dollars for the lowest ranked workers and up to about 2,100 for those on the highest salaries. The company says the workers' demand for US$7.50 an hour is too high. But the paper reports the negotiations remain deadlocked with the union asking for a break this week to explore other possible options.
[*PIR editor's note: Meanwhile, as Freeport offers an increase to quell the striking workers, the American company has defended funding Indonesian police. Company representatives state that the funds were legal through an international initiative called the Voluntary Principles on Security and Human Rights. Freeport claims 80 percent of the funds went to provide shelter, food, transport and facilities, with the remainder paid in cash.*]

PNG TRAVELERS CAUGHT IN CROSSFIRE OF TRIBAL FEUD

Poragera battle zone has cost eight lives

By Mal Taime
PORT MORESBY, Papua New Guinea (PNG Post-Courier, Nov. 2, 2011) - A warring tribe of Lower Porgera in Enga Province shot a policeman attached to the Mt Hagen based Mobile Squad (07) last Thursday. MS (07) of Mt Hagen has been deployed there to provide security at Kairik airport following the tribal fights between the two warring tribes. The tribal fight, which has been going for sometime, has damaged properties worth thousands of kina on both sides. Travelling commuters fear for their lives, especially in the mornings and afternoons. Police said the warring tribe set up an illegal roadblock at the main highway near Kairik airport, held up a PMV bus and terrorised the passengers. The passengers later went back and lodged a formal complaint at the Paiam Police Station in Porgera. Police, upon responding to the complaint, quickly went to the scene to disperse the members of the warring tribe and terrorised the passengers without knowing that the local tribe would turn around and shoot at them.

When they arrived at the scene, the armed men escaped into the bush and shot back at the policemen and in that event, first constable Fred Kaman received gun pellets on his left hand. His comrades immediately rushed him to Paiam Hospital where he was treated and later discharged. The shooting frustrated the policemen and they called for retaliation. They they called for reinforcement for a gunbattle with the local tribe. According to the police, the gun battle was held for four hours from 8 to 12 and they shot two men. Police brought the other man to Paiam Hospital and admitted him. He is in a critical condition while the members of the warring tribe brought the other injured man into thick bushes.

The situation is very tense but the road is clear for public to travel. Police have urged the travelling commuters to take extra precaution when traveling incase they might end up in danger. Kairik airport is still operating. They also said five men from Lower Porgera tribe had been killed while three men including a female from the opposing tribe of Kairik were shot dead. Police said both sides were using very high powered factory made weapons including AK 47, SKS rifle, SLR and pump action.

Mining executive: South Africa can learn from PNG

The National, 02nd November 2011

SOUTH Africa could learn from the “transparent, open and honest” approach of the government of Papua New Guinea in facilitating foreign direct mining investment, Harmony Gold chief executive Graham Briggs said. Briggs, who was speaking to the media after Harmony posted its highest-ever quarterly profit of R1.3-billion (US$162 million), tells Mining Weekly Online that some of the company’s shareholders were already valuing the incipient PNG portion of the company’s total portfolio more highly than the long-standing South African portion, where the JSE-listed company is bringing several new gold projects into production and where it employs 40,000 people. He adds that the South African mining industry needed a lot more transparency, which had been one of the discussion points that the company has had with the South African government. “You need to be able to see who owns what and who is applying for what, and the new electronic system is not as transparent as it should be,” he adds.

In PNG, the company had been receiving red-carpet treatment, with access being laid on to the country’s prime minister and half of his cabinet. “We’re a medium-to-small-scale mining company, yet I am given the ear of the prime minister,” Briggs reports. The top-level meeting was not afforded any special fanfare or entourage, but centred, in an “honest and down-to-earth” way, on how the PNG government could help Harmony to better develop its promising new Wafi-Golpu gold/copper project. Harmony, which was already producing Hidden Valley in PNG, has a 50:50 partnership with Newcrest of Australia to develop Wafi-Golpu, which was already bigger than the huge Grasberg copper/gold mine at start-up. “Yes, South Africa’s investment climate can be improved with a lot of transparency, openness and honesty,” he added. He said that the PNG government went out of its way to facilitate good investment while at the same time remaining uncompromising about environmental protection and safety.

Hidden Valley would soon be producing 140 000oz/y at a relatively low cash cost and Harmony anticipates smooth sailing in funding its US$2 billion portion of the Wafi-Golpu in two to three years’ time. Harmony executive director Mashego Mashego, who is in charge of government liaison, said that the challenges that arose in the company’s relationship with the South African government were being addressed. While Harmony, at the behest of its main shareholders, is keeping its powder dry for the funding of the Wafi-Golpu project, its Evander mine was continuing to display considerable future potential, with Evander South, Poplar, Rolspruit and Libra looming large on the project horizon. “It’s got huge potential, and it’s a case of how to get the best out of Evander and with whose money,” Briggs said.

Compensation demands taking their toll

Post-Courier 1.11.11

Truckies cry foul over bad state of Highway and security compensation

By ESTELLA CHEUNG

TRUCKING companies are beginning to feel the brunt of rising security compensation demanded by villagers along the Highlands Highway. As the highway’s condition worsens, trucking companies are forced to comply with the outrages rates of security compensation demanded by villagers just so the trucks and the cargo they carry, including their drivers, could pass through safely. Larry Andagali, managing director of Trans Wonderland Limited, one of the trucking companies faced with this situation, stated in a letter to Deputy Prime Minister Belden Namah, who was acting Prime Minister at the time, that like the frequency of the claims, the value was also increasing. Trans Wonderland is one trucking companies providing transportation services for the PNG LNG project. “When trucks are bogged along the highway, people in near villages come out in numbers and claim unreasonable security compensations, some demands are as high as K20,000 per stop,” Mr

Andagali said in the letter.

He said this happens along the highway between Poroma, Nipa and Margarima. Mr Andagali’s letter dated October 12 stated that some of these demands for security payment include one vehicle for three nights at K3000 and three vehicles for three nights at K6350. For the security of one vehicle for one night, the security payment is K2000 and for one vehicle for 12 nights the security payment would be K20,000. He said even the company’s equipment is not safe. “The worst recent example relates to August 19 where an escort vehicle was stopped by a group of approximately 10 men. The driver of the vehicle was assaulted and robbed,” Mr Andagali said. The vehicle was later found in a drain, 15km away and the repair to the damage cost K21,607.

In the letter, Mr Andagali said because the PNG LNG project has reached a “critical path”, the company has had to increase the current monthly trip rate from 150-200 trips to 400-500 trips, starting in November this year to August 2012. “We are a small sub-contractor trying to help deliver this country-changing project so that people of PNG, including those from Southern Highlands, can benefit from the LNG revenue,” he stated. Mr Andagali called for a State of emergency between the Mt Hagen and Tari section of the Highlands Highway and for the State to immediately fix the highway. He said if the problem is not fixed, the trucking companies would have no choice but to “stand down their trucking operations and wait until the road and law and order situation is addressed”.

FREEPORT MINE PAYS INDONESIA COPS $64 MILLION

Police chief calls it ‘lunch money’

By Farouk Arnaz
AUCKLAND, New Zealand (Pacific Scoop, Oct. 30, 2011) – Indonesian police have admitted what much of the country has long known – that they have accepted millions of dollars from the US-owned Freeport Indonesia to provide security for the miner’s operations in Papua.
[*PIR editor’s note: In July, about 8,000 workers at the Freeport mine went on strike for more than a week, protesting for higher wages above their US$1.50 hourly pay and the reinstatement of sacked union officials. The strike disrupted around 90 percent of operations for the copper and gold mine*.]

National Police chief Gen. Timur Pradopo called the payments ‘lunch money’ paid in addition to state-allocated security funding. "It was operational funding given directly to police personnel to help them make ends meet," he said. He also claimed it was normal practice for the police to receive money in the course of duty. "If, for instance, the party being secured offers to pay lunch money to the officers, and if the conditions of the job are particularly difficult, then I believe we can account for that money," Timur said. Timur was responding to reports from the human rights group Impartial that the police received US$64 million from Freeport between 1995 and 2004. "That money is audited, OK? Just ask the police’s operational assistant," Timur said.

Security forces have long been understood to be receiving direct payments from the miner to help guard its massive Grasberg copper and gold mine. The mine and its workers have been the target of frequent attacks, mostly blamed by police on the separatist Free Papua Organisation (OPM). But rights activists have also accused it of using security forces to quell local opposition to its mining operations and crack down on worker protests. The mine is in the grip of a massive workers’ strike that began on September 15. On October 10, two people died in a clash between police and striking workers. Timur denied that the money from Freeport had made the force subservient to the miner, insisting that the payments went no higher than to personnel on the ground. In its 2009 report on "Working Toward Sustainable Development," Freeport revealed that it contributed millions of dollars toward "government-provided" security operations near its Papua mine: $10 million for 2009 alone.

"This supplemental support consists of various infrastructure and other costs, such as food, housing, fuel, travel, vehicle repairs, allowances to cover incidental and administrative costs, and community assistance programmes conducted by the military and police to promote harmony with local communities," Freeport said in the report. In the wake of Timur's admission, legislators said they would summon the police chief to clarify the issue. Benny K. Harman, chairman of House of Representatives Commission III, which oversees legal affairs, said if the money was given directly to personnel – as Timur claimed – then "that's reasonable". However, fellow Democrat Saan Mustofa advised against such a relationship and the image it created. "Freeport shouldn't have paid the money, even if it was to individual officers," he said. It could be accused of bribery."
Pacific Scoop

CANADA BANKER SETS UP FOR SEABED MINING IN COOKS

Endeavor Financial hopes to gather manganese nodules

RAROTONGA, Cook Islands (Cook Islands News, Oct. 28, 2011) – Sea-mining hopefuls and Canadian banking group Endeavour Financial have established a Rarotonga-based company to handle all their business in the Cook Islands. The business, which is being handled by Sandy Moreland, met with members of the House of Ariki this month to help build its relationship with the Cook Islands traditional leaders. President of the House of Ariki, Travel Tou Ariki, said the company would again meet with chiefs from Rarotonga and the outer islands soon to better explain their intentions in the country. Tou Ariki said it was every chiefs responsibility to ensure the ocean and seafloor are treated with respect and preserved for future generations.

Endeavour has been lobbying the various Cook Islands governments since 2007 for access to explore the country's ocean beds for possible deep-sea mining. The company has been seeking permission to explore the potential for sea bed mining of so-called manganese nodules, which would produce tonnes of copper, nickel, cobalt and a variety of rare metals. Endeavour Financial adviser Gordon Keep was also in the Cook Islands during those meetings with the House of Ariki. Cook Islands News has approached Keep, Moreland and Endeavour Financial for comment on their movements in the last fortnight, but no response has been forthcoming.

Tou Ariki said the House of Ariki would work to ensure any company conducting deep-sea mining in the Cook Islands would be environmentally friendly and in line with the peoples expectations. He said he appreciated being able to have first-hand contact with Endeavours people. They are trying to let the people know that this is not an easy job and that this is not an overnight job, Tou Ariki said. But it is good to hear it straight from the horses mouth, making sure the House of Ariki is hearing true information. Cook Islands News: *http://www.cinews.co.ck/index.htm*