

**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://www.pireport.org/>

PNG Post-Courier: <http://postcourier.com.pg/>

PNG National: <http://www.thenational.com.pg/>

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**PNG ready to maximise benefits from Papua LNG**

By MARK HAIHUIE, October 31, 2017, The National Business

THE upcoming Papua LNG project will allow businesses and the Government to maximise benefits through “lessons learnt” from the establishment of the PNG LNG. Former Business Council of PNG president David Toua said the labour market was ill-prepared for optimum benefit distribution of the PNG LNG project. “The LNG project came to town at about the mid-2000. I think it was about 2007 when the construction phase started and 2013 they had already gone operational. So, essentially the peak boom period was from 2007 to 2012,” Toua said. “I think there are some lessons to be learnt as to how we manage the employment and education of our people during that time. “There was real need and demand for labour and once the Papua LNG goes into construction phase, that demand will come back. “The lesson to be learnt from this is that we have to prepare for the creation of that labour force so that it is sustainable.

“We can use that labour force after the construction of the phase of Papua LNG and other major projects.” His successor Robert Nilkare said there should be cooperation between the government

and businesses to address labour fluctuations associated with large projects. “A lot of people were employed and a number of contracts going out. And there was a lot of business activities. But there were no measures to sustain it,” Nilkare said. “That’s the difficult thing that the government has to take on as well as businesses, because the project comes along and employment rises but after that there is a sharp drop. “The government really needs to look at down-streaming the resources that we have from agriculture all the way to the extractive sector. It will also require businesses to take an active role in this.”

## **Labor plans to force Australian mining companies to disclose taxes paid overseas**

Gareth Hutchens, The Guardian, 30 October 2017



Labor says it will make large Australian oil, gas and mining companies disclose the taxes they are paying to governments in every country, including Australia. Photograph: Bloomberg via Getty Images

**Exclusive:** Mandatory reporting regime would apply to large Australian oil, gas and mining companies working overseas

A Shorten Labor government would force Australian mining companies working overseas to disclose the taxes they are paying to foreign governments to extract their minerals. The mandatory reporting regime would apply to large Australian oil, gas and mining companies, and be designed to ensure that communities in countries such as Papua New Guinea understand how many tax and royalty payments they are receiving and for which mining projects. Labor says it wants Australia’s resource companies to be “good corporate citizens” and to maintain transparent accounting practices that combat corruption. It says many of Australia’s neighbours, including Timor-Leste, Papua New Guinea, the Solomon Islands and Nauru, have multibillion-dollar resource projects that are operated by foreign multinationals but are home to some of the poorest people in the world. Labor will announce on Tuesday an “extractive industries transparency plan” that will require large Australian companies to disclose the taxes they are paying to governments in every country, including Australia, and for every mining project. Large companies shall be defined as a company that meets at least two of three criteria:

- Total assets exceeding \$50m
- Annual turnover exceeding \$100m
- The average number of employees exceeds 250

A single or series of taxes and related payments within a financial year would have to be disclosed if the payments were worth at least \$150,000. Payments to be disclosed include: taxes on income,

production or profits; royalties; dividends (except where the dividend is paid to a government as an ordinary shareholder); fees including licence fees, rental and entry fees; signature, discovery and production bonuses; production entitlements (such as profit resources) and payments for infrastructure improvements. The scheme has been costed by the parliamentary budget office at \$2.2m over four years. Between 80 and 100 companies would be affected. Subjected companies would be required to begin reporting payments to governments from 1 July 2020.

A multi-stakeholder committee would be established to help the government implement the reporting regime, including defining project-level reporting and establishing an online reporting mechanism to ensure public transparency. Labor says the legislation would include equivalency provisions so companies captured by other jurisdictions due to cross listing on stock exchanges would only be required to produce one report. The scheme has been modelled on the extractive reporting regime in the UK. Matt Thistlethwaite, the shadow assistant minister for Treasury, will announce the plan on Tuesday in a speech to the Australian Council for International Development's national conference in Melbourne. "Currently Australian companies do not meet world's best practice for transparency and accountability," he will say. "Labor is determined to change this."

Mal Larsen, Oxfam Australia's mining and extractives policy adviser, has welcomed the policy, saying he has been calling for something like this for a long time. "This policy could help lift people out of poverty," Larsen told Guardian Australia. "Australia would join the growing list of countries around the world that require large companies to reveal how much tax is being paid, in which country and for which mine. "This sort of disclosure will allow the public to hold companies accountable for how much tax they pay and governments for how they spend it. "Disclosure of tax payments is an emerging international standard. It is key to driving out corruption and building community faith that mining taxes are being spent on essential services like health and education."

In May 2016 the Turnbull government announced Australia planned to join the Extractive Industries Transparency Initiative, an international standard for increased transparency and accountability in the oil, gas and mining sectors. It will require Australia to disclose information on taxes and other payments made by companies to the Australian government as well as other information such as licences, contracts, production and exports. Larsen says Labor's policy goes further because it would require Australian companies to disclose the payments they are making to foreign governments, not just to Australia's government.

### **Samar vows to work with TIPNG**

October 30, 2017, The National Business

MINERAL Resources Authority managing director Philip Samar will work with Transparency International Papua New Guinea (TIPNG) to address corruption risks in the extractive industry. Samar said this during the launching of the Transparency International Papua New Guinea Corruption Risks in Mining Awards country report yesterday in Port Moresby. He said they would take on board the report if the issues outlined directly affected their processes which target mining processes. According to the report, the seven risks associated with mining awards are:

- Weaknesses in cross-institutional capacity;
- human resource capacity in regulators;
- coherence of feasibility studies and memorandum of agreements;
- lack of a national geo-spatial agency;
- consultation with community representatives; and,
- Corporate social reporting and issues surrounding the inclusion of women and vulnerable members of communities.

“Mining seems to be under the spotlight for transparency purposes,” he said. “So spotlighting our process helps us to improve in the way we do business for government.” Samar said MRA might be following the interests of the Mining Act but some of the processes carried out might raise some issues which needed addressing. “What the report has been able to bring out is that we may be following the intentions of the Mining Act and we try our best to do that,” he said. “But there are some things we may not be aware of that have raised issues which may be historical. But there is the need to consider those. “We’d like to engage. If this things speaks directly to our process which is the mining awards process, we’ll take it on board and engage directly with it.”

### **Lake Murray needs proper health services**

BY DIANNE WAKETSI, Post-Courier, October 28, 2017

The deteriorating health system, a shortage of medicine and qualified doctors in the Middle Fly District has raised concerns among locals on proper health care. Lake Murray’s Boboa Station Ward Member Jerry Kobas says many of our people are dying of curable diseases. “Since the closure of PNGSDP all services including health, education and other basic services have are non-existent,” said Kobas. “I fear for the future of my children, their health and way of living,” said Kobas. Boboa Station is located in the Middle Fly district, while it is accessible by air the cost of flying is too much for local villagers who depend on the river as a way of life for generations. “Kiunga is the nearest place we can get treated but even that is kilometers away. We demand basic services, it is our right,” said Kobas. “I am appealing to our Member , please don’t forget us,” said Kobas. The small rundown clinic currently has no medicine, proper running water, electricity and equipment. The two nurses that service the people can only offer advise on how to cure the sick as there a currently no medicine available.

### **TIPNG boss raises mining lease concerns**

October 27, 2017, The National Business

A REPORT by Transparency International PNG has identified seven areas within the process of issuing mining leases that needs addressing to minimise corruption risks. Chairman Lawrence Stephens said during the launching of the TIPNG Corruption Risks in Mining Awards Country report that it was developed from participating in the global research initiative programme called the Mining for Sustainable Development (M4SD) Programme. “This programme brings together 17 chapters of the TI movement in countries where mining is a major component of the national economy, to identify risks in the process of awarding mining licenses.” Stephens said the awards process was the start of the mining value-chain and any effects of corruption there would be passed along, eventually impacting a country’s sustainable development.

“The new report highlights weaknesses in cross-institutional capacity, human resource capacity in regulators, coherence of feasibility studies and memorandum of agreements, the lack of a national geo-spatial agency, consultation with community representatives, consultation with Community representatives, corporate social reporting and issues surrounding the inclusion of women and vulnerable members of communities.” Stephens said TIPNG as the national chapter of the global TI movement had been supportive of efforts promoting transparency in the resources sector. It had been an active multi-stakeholder group within the PNG Extractive Industries Transparency Initiative Secretariat. “We believe that national agencies benefit from having an external party like TIPNG assessing the processes to ensure that they are of a world-class standard,” he said. “Mining is a steady driver of the economy of our country and is key to ensuring future sustainable development.”

## **Vanuatu civil groups against seabed mining, challenge govt**

October 26, 2017, The National Business

CIVIL society groups in Vanuatu have called for a ban on seabed mining activities in its waters. They held a consultation on experimental seabed mining at Port Vila last week. The civil society groups included the Vanuatu Cultural Centre, National Council of Women, Malvatumauri National Council of Chiefs, Vanuatu Council of Churches, Vanuatu Association of Non-Governmental Organisations and Vanuatu National Council of Youth. They passed a resolution last Thursday challenging the national government to impose a ban on seabed mining activities in Vanuatu waters. The resolution was supported by the Media Association of Vanuatu, Vanuatu Environment Advocacy Network, Vanuatu Indigenous Land Defence Desk, Presbyterian Church of Vanuatu, Vanuatu Environmental Science Society, Vanuatu Provincial Tourism Council and Youth Challenge Vanuatu.

The resolution comes after revelation that over 145 seabed mining exploration licences were issued between 2009 and 2013 without proper procedural permission and consultation within the government of Vanuatu, let alone, the people. A national consultation in 2014 later called for a wider consultation in Vanuatu, and non-renewal or new issue of seabed mining exploration licenses. The coalition of CSOs through its resolution now challenges the Vanuatu government to impose a definite ban on all seabed mining activities in the country's waters. "We Ni-Vans, similar to other Melanesian and Pacific Islands nations have strong connection to our ocean. Rushing ahead with such an experimental project may destroy our ocean, which means destroying our home and our source of life," Wendy Garai, vice-president of the Vanuatu National Council of Women, said.

Garai said it was important Vanuatu took a precautionary approach and impose a ban that will safeguard "our fishing industry, our local coastal communities who depend heavily on the ocean, our tourism sector and Vanuatu as a whole". Marie Joemermer of Youth Challenge Vanuatu said: "There is so much talk about the potential economic benefits of seabed mining, but there is still a lot of unknown and uncertainties relating to science, economic and possible impacts, and we the young people of Vanuatu support this call for a ban as it has the potential to affect our future opportunities if we are not careful."

## **High corruption risks in several areas: Mining Report**

Cedric Patjole, PNG Loop, October 26, 2017



A Transparency International PNG Country Report has revealed high corruption risks in several areas of the Mining Licences Process. The report, which was launched today, has highlighted key areas that need to be addressed urgently to minimise the risk of corruption. The report comes from TIPNG's participation in a global research initiative called the Mining for Sustainable Development (M4SD) program. TIPNG says the need to identify risks in the mining licence process is because the awards process is the start of the mining value chain and any effects of corruption there will be passed along, eventually impacting the country's sustainable development. TIPNG Chairman, Lawrence Stephens, said regulatory systems should be improved so that the wealth generated from the mining sector should be used for the welfare of Papua New Guinea.

"Through reports like this that we can start to make a difference, start to assist people whose job it is to try to make sure all the people of this country benefit," he said. The high risk areas highlighted in the report include cross-institutional capacity; human resources of regulatory agencies; coherence of feasibility studies and MOAs, lack of a national geospatial agency; consultation, representative bodies and associated business entities; lack of CSR reporting requirements; and risks concerning women, vulnerable persons and marginalised groups. Present at the launch was Mineral Resources Authority Managing Director, Phillip Samar, who said some of the issues highlighted are not new to them but are ongoing. However, he said the MRA will continue to have dialogue and work with TIPNG to address the issues raised.

### **Namatanai MP Schnaubelt queries Lihir Royalties**

NBC News/PNG Today, October 26, 2017



Namatanai MP Walter Schnaubelt has tasked the New Ireland Provincial Government to explain the whereabouts of his district's share of mine royalties, as per an Agreement with the Lihir Gold Mine. He says since the start of the mine's operations in 2007, his District has not received its 20 per cent share of the funds. Mr Schnaubelt told NBC Radio the New Ireland Government must furnish expenditure reports of the payments. "The concern now is the 50% portion blong New Ireland Provincial Government which is responsible to dispatch 20% to Namatanai district and 20% to Kavieng district na 10 percent is retained by the provincial government blo administration purposes. "Orait, the provincial government component paid to date is K264m and you know since 2007 i kam nao, Namatanai district and Kavieng district have missed out on their 20% share."

## UN Body Urges Mining Companies To Put Safety First

*New UNEP report "Mine Tailings Storage: Safety Is No Accident" finds mining waste dams threaten people and the environment*

Earthworks, MiningWatch, Amnesty, London Mining Network, 23 October 2017

An international coalition of non-governmental organizations welcomes the new Assessment Report Summary released last week in Geneva by the United Nations Environment Programme (UNEP), which urges States and the industry to end deadly and damaging mining waste spills by enforcing a "zero-failure objective." The joint UNEP-GRID Arendal assessment, "*Mine Tailings Storage: Safety Is No Accident*," highlights over 40 mining waste failures over the last decade, including eight 'significant' spills since 2014 alone. These failures have killed some 341 people since 2008, damaged hundreds of kilometers of waterways, affected drinking water sources, and jeopardized the livelihoods of many communities.

The report was prompted, the authors write, by mining waste "*disasters and rising global concerns about the safety, management and impacts of storing and managing large volumes of mine tailings*." They cite examples such as the Ajka-Kolontár operation in Hungary in 2010 (MAL Hungarian Aluminium), the Mount Polley disaster in Canada in 2014 (Imperial Metals), the Buena Vista Del Cobre spill in Mexico in 2014 (Grupo Mexico), the massive Samarco dam breach in Brazil in 2015 (Vale and BHP Billiton), and the very recent Tonglvshan Mine spill in China in 2017 (China Daye Ltd.).

UNEP and GRID-Arendal point to thousands of mining waste dams worldwide that pose a potential threat to people and the environment located downstream, noting that: "The increasing number and size of tailings dams around the globe magnifies the potential environmental, social and economic cost of catastrophic failure impact and the risks and costs of perpetual management. These risks present a challenge for this generation, and if not addressed now, a debt we will leave to future generations." -- UNEP-GRID Arendal Assessment Report Summary, October 2017

The summary report makes 18 recommendations, including two overarching ones:

- "The approach to tailings storage facilities must place safety first by making environmental and human safety a priority in management actions and on-the-ground operations. Regulators, industry and communities should adopt a shared zero-failure objective to tailings storage facilities where 'safety attributes should be evaluated separately from economic considerations, and cost should not be the determining factor' (Mount Polley expert panel, 2015, p. 125)"
- "Establish a UN Environment stakeholder forum to facilitate international strengthening of tailings dam regulation."

Other recommendations include:

- Transparency: "Establish an accessible public-interest, global database of mine sites, tailings storage facilities and research" and "Fund research into mine tailings storage failures and management of active, inactive and abandoned mine sites."
- Accountability: "Expand mining regulations to include independent monitoring and the enforcement of financial and criminal sanctions for non-compliance."
- Best Practices: "Avoid dam construction methods known to be high risk," and "require detailed and ongoing evaluations of potential failure modes, residual risks and perpetual management costs of tailings storage facilities."
- Financial Securities: "Enforce mandatory financial securities for life of the mine;" "establish a global financial assurance system for mine-sites," and "fund a global insurance pool." Also, "ensure any project assessment or expansion publishes all externalized costs, with an independent life-of-mine sustainability cost-benefit analysis."

The undersigned organizations support the UNEP recommendations and urge all UN member States and governments to implement them swiftly in collaboration with all concerned, including non-governmental organizations and affected communities. The UNEP-GRID-Arendal summary report and recommendations are available here.

## QUOTES

“Mine waste storage facilities are like ticking time bombs, putting communities and waterways in harm’s way in the event of catastrophic failure. Even after the Mount Polley and Samarco disasters, which should have served as urgent wake-up calls, governments and companies have done far too little to prevent future disasters. Mining trade associations have tried to create the impression for regulators and investors that mining waste containment failure has been addressed, when that is far from accurate. We welcome the independent assessment by UNEP and urge companies and governments to act on these recommendations.” **Payal Sampat, Earthworks**

“Catastrophic mining waste failures are on the rise worldwide and on all continents. These environmental disasters indiscriminately hit developed and developing countries alike, and clearly appear to be driven by financial factors, not technical ones. This timely and much needed UNEP assessment should act as wake-up call for all States involved in regulating the mining industry. Safety must come before costs.” **Ugo Lapointe, MiningWatch Canada**

“We believe the recommendations from this UNEP summary report pose a serious challenge to mining companies to improve the rigour of their management of tailings facilities. Last week, we quoted the report in a challenge to the BHP Board in their London AGM to explain how they would ensure their responsibility for rigorous waste management. Their lack of a clear answer demonstrates how far these companies still need to go.” **Richard Harkinson, London Mining Network**  
 “The long-reaching human rights impacts of catastrophic dam failures must not be underestimated. Indigenous peoples and marginalized communities around the globe face enormous uphill struggles for justice and accountability in the wake of mining disasters. Companies must not be permitted to short-cut their human rights responsibilities for the sake of cost, nor governments abdicate their human rights obligations when approving and regulating tailings storage facilities. The UNEP assessment is a welcome acknowledgement of the importance of tailings storage safety in the protection of human rights.” **Tara Scurr, Amnesty International Canada**

## *Letter to the editor*

### **Don’t make Sepik River another Fly River**

Post-Courier, 20 October 2017

I have been tooting the horn regarding the dangers and catastrophic threats looming to damage the Sepik River and its whole catchment area that is served by the many other river tributaries. Authorities plus those in decision-making have taken little or no heed of the warnings and concerns I have been raising both in the media and by the awareness campaigns. I did the same for the mighty Ramu River prior to the Krumbukare Nickel Mine in Madang in the early stages, but it is too late and long gone now as the Ramu River’s contents have drastically increased to an unimaginable levels beyond reasonable rectification, except for divine intervention. Currently, there are no comprehensive database baseline studies of any sort done and put in place for check and balance purposes; so that the future perpetrators disposing their contaminants into the rivers and streams feeding the Sepik River, can be put on notice; in order for them to divert their rejected materials or disposals elsewhere or keep these at naturally manageable levels.

I have two “Early Warning Study Proposals” currently on shelf for the Sepik River catchment are-



as. The contents of my proposals include the predictions of the imminent threats looming to impact and to degrade the Sepik River and its many other tributaries like Karawari, Yuwat, Keram and Porapora rivers. Copies of these proposals for the “Studies” have been distributed to the Angoram DDA and are yet to be supported. In recent times, the article by one MM Ondassa, expressing his view on the new threats to the Sepik River, correctly supports the concerns I have.

Also, any other concerned elite or citizen from the Upper, Middle and Lower Sepik River areas are most welcome to talk to me for further information. These include the Ramu River people, who are already exposed to the problems in their river. I’d like to meet with them as well. I have done many environmental impact assessment (EIA) studies and identified serious discrepancies that had obstructed and degraded the fragile ecosystems, resulting in the depletion of many species of both national and global significance. Having witnessed severe catastrophic effects upon the fragile ecosystems, I am nevertheless fearful that the unique Sepik River will face and experience the same fate as the current Fly River, which had already been polluted, obstructed, degraded, damaged, and permanently transformed beyond repair by its own natural ability. Over to appropriate authorities. I can be contacted on 76263466, 76839466 and 76622888

Alphonse Roy, Registered Environmental Officer Outback countryside Ramu Basin

### **Pacific Islands forum supports calls to phase out coal**

Sikeli Qounadovu, The Fiji Times, October 19, 2017

THE Pacific Islands Development Forum fully supports the call by Canada and the UK to phase out coal. PIDF secretary general Francois Martel urged other developed nations to unite and implement the transition from unabated coal fired electricity and support the Pacific call to limit global temperature rise to 1.5 degrees. "We congratulate Canada and the United Kingdom for championing a global alliance on coal-phase out and encourage other developed countries such as Australia to support this initiative," he said. "On one hand, we need to provide support to Pacific countries to ensure they can reach the targets set in the Paris Agreement, on the other hand, we need to pursue advocacy and engagement to ensure that what fell off the negotiations in Paris to achieve the main targets of 1.5 degree Celsius are now fully addressed."

Mr Martel said much faster and decisive action was needed to phase out coal and prevent coal lock-in and the greater risk of stranded coal mining and coal power station assets and big amounts of already available stocks of coal. "Urgency and high ambition for drastically reducing greenhouse gas emissions need to remain the top priority on the agenda — financing adaptation by development partners should not be the fall-out position for paying lip-service to reducing emissions, nor does it follow the spirit and the letter of the Paris Agreement as ratified," said the PIDF secretary general. Canada strives to have 90 per cent of electricity from non-emitting sources by 2030.

### **Locals in Namatanai supporting Solwara 1 project**

October 19, 2017, The National Business

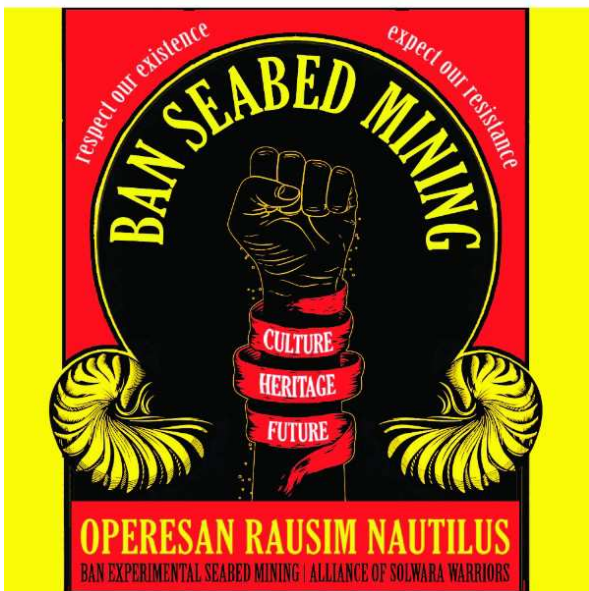
THE Mineral Resources Authority says people along the West Coast of Namatanai in the New Ireland are supporting the Solwara 1 project. They are from wards Two, Three, Four, Five, Six, 15 and 16. They told a team from the national government, Namatanai district mining office and Nautilus Minerals that after many awareness programmes conducted in the coastal communities, they understood the project and were confident it would be successfully operated. Valentine Betbet from Ward Four said Nautilus, the MRA and the Conservation Environment Protection Authority (CEPA), had

done a lot of awareness on the project. He said ward members saw for themselves in Port Moresby the mining tools which were going to be used.

Ward representatives in the provincial government and their counter parts from East New Britain recently went on a familiarisation tour to Port Moresby and viewed the mining tools at the Motukea wharf. Ward Five member Sokip Sulias urged people to understand the working of the project. Nautilus Minerals' manager for community and government relations Stanley Komunt said the company was committed to working with the people. Meanwhile, Ceba representative Joe Katape said Nautilus Minerals had satisfied most of the requirements of the Environment Act, such as the submission of the inception report and Environmental Impact Statement (EIS). The company has also submitted its Environmental Management and Monitoring Plan to Ceba to be assessed.

### ***MEDIA RELEASE***

**Former Attorney General of Papua New Guinea warns potential investors - Nautilus is a risky deal!** Deep Sea Mining Campaign, 19 October, 2017



PAPUA NEW GUINEA | Sir Arnold Amet, former Attorney General and Minister for Justice of PNG has joined the growing opposition against Nautilus Minerals Solwara 1 deep sea mining project in the Bismarck Sea. "It is understandable that Nautilus shareholders want to protect their own financial interests but new investors should beware - the Solwara 1 project is very high risk" said Sir Amet. "The muddy puddle at the so-called test site at Motukea Island is not fit for purpose. It will not provide any evidence that these machines won't malfunction at the intended operating depth of 1.6 km. The hulks are already deteriorating in our tropical conditions."

Canadian company Nautilus is still desperately seeking funds for its flagship Solwara 1 deep sea mining project. Commercial operation has been delayed year after year since it received its licence to mine the floor of the Bismarck sea in 2011. In a last ditch bid to finance Solwara 1, Nautilus's two largest shareholders have now formed a new company whose sole job is to secure funding for the Solwara 1 project [1]. "Nautilus is not a professional outfit" stated Sir Amet.

"I am concerned that the Papua New Guinean Government has bought a 15% share in a dodgy project, any operating disasters by Nautilus Minerals will quickly translate into an environmental catastrophe for the Bismarck Sea and its communities. The associated financial liabilities will be huge."

In recent statements machine operators for the Solwara 1 project voiced their fears about the safety of operating the equipment 1.6 km under the surface and only 25 km off the coast of New Ireland Province [2]. In their Annual information forms lodged with Canadian Securities, Nautilus describes Solwara 1 as an experiment - both the environmental impacts and profits are complete unknown [3]. Nautilus has declined to conduct a preliminary economic assessment, pre-feasibility study or feasibility study – as per conventional industry practice.

"With this high level of environmental and financial risk, The PNG Government should never have issued Nautilus with its licence. It was issued even though PNG has no legal framework to regulate such a mine and we have no capacity to monitor its impacts. The legal context for the licensing Solwara 1 is highly questionable" continued Sir Amet. Coastal communities in Papua New Guinea are holding the PNG Government to account. Formal letters have been submitted to the Ministry of Mining and Ministry of Environment and Conservation requesting that key documents relating to the licensing of the Solwara 1 project be made public. They have given the PNG Government until October 18 to respond or face the prospect of legal proceedings [4].

## Notes

[1] Nautilus signs funding mandate with major shareholders, Nautilus Minerals press release, October 11 2017

[http://www.nautilusminerals.com/irm/PDF/1929\\_0/Nautilusignsfundingmandatewithmajorshareholders](http://www.nautilusminerals.com/irm/PDF/1929_0/Nautilusignsfundingmandatewithmajorshareholders)

[2] PNGeans to pioneer new mining technology, Post Courier, 28 September 2017, <http://postcourier.com.pg/pngeans-pioneer-new-mining-technology/>

[3] See sections on Risk factors in Annual information forms for financial years 2015 and 2016. For example:

"Our operations are speculative due to the high-risk nature of business related to the exploration and acquisition of rights to potential mineable deposits of metals. These risk factors could materially affect the Company's future results and could cause actual events to differ materially from those described in forward-looking statements relating to our Company." (FY 2016, p 52)

"... Performance, availability, reliability, maintenance, wear and life of equipment are unknown. There can be no guarantee that sub-sea engineering and recovery systems can be developed or if developed, will be employable in a commercially-viable manner." (FY 2015, p54)

"... while Company studies have indicated a low likelihood of risk to the aquatic environment from mining activities, the actual impact of any SMS [seafloor massive sulphide] mining operations on the environment has yet to be determined." (FY 2015, p61)

"Nautilus has not completed and does not intend to complete a preliminary economic assessment, pre-feasibility study or feasibility study before completing the construction and first deployment of the Seafloor Production System at the Solwara 1 Project."

"No independent Qualified Person has confirmed the amount of these costs or recommended that these costs be incurred. There is significant risk with this approach and no assurance can be given that the Seafloor Production System, if fully funded and completed for deployment at the Solwara 1 Project, will successfully demonstrate that seafloor resource development is commercially viable." (FY 15, p52)

[4] Constitutional Right to Key Documents on Experimental Seabed Mining, Centre for Environmental Law and Community Rights (CELCoR) and Alliance of Solwara Warriors media release, 3 October 2017, <http://www.deepseaminingoutofourdepth.org/constitutional-right-to-key-documents-on-experimental-seabed-mining/>

### **LNG expansion in Papua New Guinea progressing**

October 18, 2017 The National Business

OIL Search Limited says in its third quarter report that work has been progressing on the next phase of the liquefied natural gas expansion in the country. “Engineering studies are being carried out to evaluate a narrow range of potential development options for the Elk-Antelope and P’nyang gas resources,” the report said. Key focus of these studies is on the configuration and capacity of LNG trains to be built, field phasing and the optimisation of the train configuration in terms of operating performance, capital expenditure and operating costs. “Site preparation for the P’nyang South Two well was completed during the quarter, and the rig mobilised to site with drilling expected to commence shortly. “Muruk gas discovery are now underway, with the well expected to commence drilling towards the end of the first quarter of 2018.” While Oil Search believes there is already sufficient gas in P’nyang and Elk-Antelope to underpin an 8 MTPA expansion, given its proximity to Hides infrastructure, Muruk represented a potential low cost development.

“The fairway between P’nyang, Muruk and Hides has proven gas reservoir quality and gas charge. And Oil Search believes that given the exploration and appraisal success in this region, there may be potential for further discoveries and development that could underpin additional LNG capacity.” Appraisal of the Kimu and Barikewa discoveries, expected to commence in early next year, will test the upside resource base of these fields and will help in the selection and optimisation of the most appropriate gas commercialisation pathway. Several development and appraisal targets and near field exploration prospects have been identified in and around our producing oil fields.

These targets have the potential to add material oil resources and are commercially very attractive given the proximity to infrastructure. The report said an extensive exploration, appraisal and development programme, comprising a range of oil and gas wells and seismic acquisition, was planned over the next few years. “This programme has multiple objectives, including mitigating oil production decline from our mature oil fields, appraising existing discovered gas fields, to create optionality for LNG expansion and other commercialisation options, as well as exploring both known and frontier hydrocarbon provinces in PNG for reserve growth.”

### **MRA paid K117mil in royalties, says Samar**

October 18, 2017, The National National

Mineral Resources Authority (MRA) has paid more than K117 million in royalties to landowners of five mining projects and provincial governments this year, managing-director Philip Samar says. He revealed this in a presentation titled “Promoting accountable leadership and citizen participation in the extractive sector governance” at a forum hosted by Consultative Implementation and Monitoring Council (CIMC) in Lae yesterday. Samar said MRA paid K117.66 million to landowners and provincial governments in August. The breakdown:

- K50.13 million to Lihir;
- K30.7 million to Ok Tedi;
- K24.47 million to Porgera;
- K5.8 million to Hidden Valley; and,

- K6.56 million to Simberi.

Hidden Valley landowners, Bulolo and Morobe government split the K5.8 million according to agreements in place. Samar said mining was a “mature, thriving and sustainable money earner for the country” and needed to be protected to continue sustaining the country. He said the mineral sector’s challenges included participation and accountability in funding requirements, development commitment, lack of infrastructure, worker-related issues, environmental concerns, and international perception of social issues including landowner disputes. Samar said four new mining projects would be operational by 2025. They are Woodlark in Milne Bay, Solwara 1 project in New Ireland, Frieda River in West Sepik and Wafi-Golpu mine in Morobe.

### **Gold mine protester tried for spreading communism as red scare sweeps Indonesia**

Jewel Topsfield & Amilia Rosa, Sydney Morning Herald, October 12, 2017



Indonesian Muslims shout slogans during a rally against communism outside the Parliament in Jakarta on September 29. Photo: AP

An anti-gold mine protester has become the latest person to be tried under draconian anti-communist laws in Indonesia. The case comes as the spectre of a resurgent red peril has once again inflamed the country more than 50 years after the leftist movement was brutally crushed. In circumstances that local media have described as reminiscent of Suharto's authoritarian New Order regime, Heri Budiawan could face up to 12 years in jail for spreading communism. Prosecutor Budhi Cahyono said banners made by protesters against a gold mine in Banyuwangi in East Java on April 4 contained a hammer and sickle drawing in red spray paint like that used by the defunct Indonesian Communist Party, the PKI.



Accused of spreading communism: Heri Budiawan. Photo: Amilia Rosa

"The defendant led the activities of the people protesting and did not stop or prevent the placement of the banner with the hammer and sickle symbol identical to the PKI symbol, knowing that communism is forbidden in Indonesia," Mr Budhi said in the indictment in the Banyuwangi District Court. "The defendant's act was against the law ... in regards to crimes against the security of the nation." But environmental groups claim the gold mine, PT Bumi Suksesindo, is using the communism allegations as a tactic to shut down protests against alleged environmental damage caused by the mine. The man who filed the complaint to police about the alleged hammer and sickle image in April was the then senior manager of external affairs at the gold mine.



Supporters of Heri Budiawan outside the Banyuwangi District Court. Photo: Supplied  
Mr Heri strenuously denied the allegations. "None of the banners we did had hammer and sickle drawings on them," he told Fairfax Media.

Mr Heri claimed there was no way he would invoke the former communist party in his fight against the gold mine.



Thousands of Muslims staged a rally in the Indonesian capital, protesting the government decree to ban radical organizations and against the alleged revival of communism. Photo: AP

"I am against the PKI, I don't want it in Indonesia either. If there was an anti-PKI rally I would join it." A surge in anti-communist sentiment and paranoia about the resurgence of the PKI swept Indonesia in the lead up to the 52nd anniversary of the murder of six army generals on September 30. The PKI was blamed for the aborted coup, which triggered the purge of between 500,000 and one million people with suspected leftist leanings in a dark chapter of Indonesian history that remains deeply sensitive. Last month police were forced to fire tear gas and water cannons to disperse anti-communist protesters who falsely claimed an event at the Jakarta Legal Aid Institute Foundation was a meeting of communist supporters. Military chief General Gatot Nurmantyo ordered screen-

ings of the 1984 propaganda film *Pengkhianatan G30S/PKI* (Betrayal of the Communists), a blood thirsty depiction of the death of the generals at the hands of the communists.

Even Indonesian President Joko Widodo - who was targeted by a smear campaign falsely claiming he was the son of communists during the last election campaign - tweeted on October 1: "Don't let the cruelty of the PKI reoccur." "Although the PKI was violently obliterated in the mid-60s and communism is a dead letter globally which has no popular support in Indonesia, it is alive and well as Indonesia's number one bogeyman," Dr Tim Lindsey, the Director of the Centre for Indonesian Law, Islam and Society at Melbourne University wrote recently. "Communism remains the label of choice to smear progressive opponents." Mr Heri is convinced the case against him has been made up because of his fight against the gold mine, BT Bumi Suksesindo, which he claimed had destroyed the local forest and and was responsible for mud floods.

"It's all made up. I know I am not guilty," he told Fairfax Media. "I am not an activist, just a villager. The mine is destroying our livelihood." The mine could not be reached for comment. The trial is continuing in the Banyuwangi District Court. Fandi, from the Indonesian Forum for the Environment (WALHI) in East Java, said this was not the first time locals had been criminalised to stop the fight against the mine. He said the PKI symbol might be ancient history but it was an effective weapon. "It is to divert attention from the issues with the mine," Fandi told Fairfax Media. "The area was downgraded from protected forest to an industrial zone to allow the mine to operate on it."

Australian National University Associate Professor Marcus Mietzner said that rather than an indication of hardening anti-communist stances in Banyuwangi, this appeared to be a convenient pretext for interests associated with a large corporation to support cases against those rejecting its projects. "Some of the other events - especially the attack on the Jakarta Legal Aid Institute Foundation - are more closely related to the ideological and political dynamics ahead of 2019," Dr Mietzner said. "Obviously, the goal is to somehow associate Jokowi with communism - a move he has countered by portraying himself as being as staunchly anti-communist as his critics. As a result, pro-democracy and leftist NGOs are cornered from two fronts: the alliance of Islamist and pro-military forces on the one side, and the Jokowi government's attempts to appear anti-communist on the other."

## **Nautilus completes trials for seafloor production tools**

Post-Courier, October 16, 2017

Nautilus says the submerged trials of the first of three seafloor production tools (SPT) – the collecting machine – have been completed at Motukea Island outside Port Moresby. The Canadian miner in its market report last Friday, said the results of the CM trial indicated it can perform to design specifications, and the team is now looking at operating enhancements. The firm said trials on the auxiliary cutter are underway and this will be followed by the bulk cutter. The SPTs will be used by Nautilus and its partner, Eda Kopa (Solwara) Limited, at the Solwara 1 project site in the Bismark Sea. Nautilus chief executive officer (CEO), Mike Johnston, said: "The Company is pleased by the progress that continues to be made with the construction, trialling and delivery of the seafloor production system. The system remains on track for initial production during the first half of 2019, subject to further financing. The firm also reported that the construction of the Production Support Vessel at the Mawei shipyard in China, is 70 percent complete.

It also reported that the assembly of all three SPT Launch and Recovery Systems (LARS) is progressing under the supervision of the supplier AXTech, while the lift winches and spoolers for the SPT LARS have also been shipped from Korea to the shipyard. "The Sichuan Honghua Petroleum Equipment Co. (Honghua) continues to make good progress with the fabrication of the derrick and

associated substructure. This equipment, which is required for the deployment of the Subsea Slurry Lift Pump and riser, has now undergone trial assembly at Honghua's fabrication facility in Chengdu," the miner said. The derrick and substructure will be shipped to the Mawei shipyard later this month so that installation on the Production Support Vessel can start before the end of the year. Honghua has also commenced fabrication of the dewatering plant structural steel modules at their Qidong yard, following procurement of the required steel over the past two months.

### **Chinese probe big mine loss**

Rowan Callick, *The Australian*, October 16, 2017

The former chairman of a Chinese state-owned enterprise has been handed over to prosecutors for investigation after the company's investments in several Australian mining ventures lost more than \$1 billion. Li Jinming, who chaired Guangdong Rising Assets Management, which is owned by Guangdong province, was earlier expelled from the Communist Party following an investigation that began in 2014 over losses that the disciplinary inspection team described as "dreadful". The company was established 17 years ago with \$2bn capital, the *South China Morning Post* reported, and it began investing in Australia after the Global Financial Crisis pushed down asset and commodity prices. It acquired, through different subsidiaries, lead-zinc producer Perilya for \$45.5 million, coal producer Caledon Resources for \$500m, copper and gold company PanAust — with a massive prospect awaiting commitment in Papua New Guinea at Frieda River — for \$180m, and rare earths producer Northern Minerals for \$60m. It also paid \$15m for a large stake in gold and base metal explorer Hawthorn Resources.

Leading Chinese financial website Caixin reported that most of these deals had since made losses, with calls on further capital from GRAM. Li Zezhong, who worked for GRAM for 11 years, ultimately as president, was then appointed mayor of Zhuhai, a thrusting city of 1.5 million on the western side of the Pearl River Delta, just north of Macau. It was his successor at GRAM who urged a deepening of the investigation into the company's management. Last month it was announced that Li Zezhong was being investigated for "serious violations of party discipline," believed to relate to his time at GRAM. Four colleagues from his time at the company are already being prosecuted for corruption. Caixin has reported that investigators are also seeking to interview Liu Facai, now living in Australia. He chaired the committee responsible for all state assets in Guangdong province when he led a team to Australia 11 years ago to explore investments in mineral projects. Caixin said that he and his son, who was already living in Australia, introduced GRAM to firms in which the company went on to invest.

### **K1bn needed for Solwara 1**

Cedric Patjole, *PNG Loop*, October 14, 2017

More than K1 billion in remaining project financing is needed to fund the Solwara 1 Project in New Ireland Province. Nautilus Minerals Inc. revealed this when announcing the appointment of its exclusive financial advisor – Deep Sea Mining Finance Ltd (DSMF). In a statement, the Canadian company indicated that a remaining project financing of US\$350 million was needed, which DSMF will be leveraging, to complete the build and deployment of the sea floor production system to be utilised at the Solwara 1 Project. Nautilus said DSMF will seek to leverage the international expertise and financial relationships of Nautilus' two major shareholders to assist in advancing the development of the project. Nautilus has stated that there are no assurances that it will secure the necessary additional funding and a failure to do so may result in it undergoing various transactions, which include asset sales, joint ventures and capital restructurings. DSMF is a newly-incorporated private company in the British Virgin Islands. Nautilus has also announced that it has terminated a 'Bridge



Financing Agreement' signed in 2016 with Metalloinvest Holding (Cyprus) Limited and Mawarid Offshore Mining Ltd.

## **Grasberg mine's riches still a distant glitter for Papuan communities**

Hans Nicholas Jong, Mongabay, 13 October 2017

- *Through its local subsidiary, US-based Freeport-McMoRan operates the world's largest and most profitable gold mine in Indonesia's Papua province.*
- *Changes to Indonesia's mining laws earlier this year raised hopes that Papua's indigenous people might finally get a stake in the mine.*
- *With negotiations between the government and the company snagging on key issues, activists say these hopes may be premature.*

High hopes that the world's biggest gold mine will finally bring meaningful benefit to the community for which it has for decades been a source of contention have been deflated as negotiations hit a wall. Freeport McMoRan Inc. (FCX) and the Indonesian government are currently hashing out the details of a long-term agreement for an extension of the company's contract to operate the giant Grasberg gold and copper mine in Papua province, due to expire in 2021. Freeport announced in August that it had agreed to divest a 51 percent stake in its Indonesian subsidiary, PT Freeport Indonesia (PTFI), in which it currently holds a 90.64 percent stake, following sustained pressure by the government to reform a mining sector long seen as not doing enough to benefit local communities or contribute to the national economy.



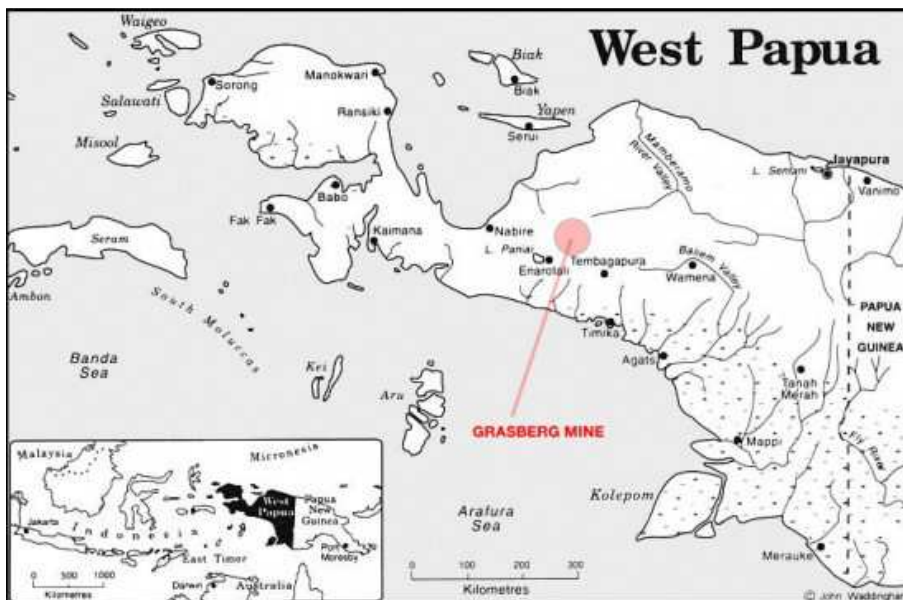
Panorama from high up at the Grasberg gold and copper mine in Indonesian Papua on the island of New Guinea. Photo by Richard Jones/flickr.

As part of broader changes to Indonesia's mining law, the government has required that all mining firms build smelters in-country; convert their existing contracts into more flexible permits; and, for those with a foreign majority shareholder, divest a 51 percent stake in their operations to local partners within a decade of the mines coming into production. Freeport's announcement was cheered by Indonesians, many of whom believe the country has been getting the short end of the stick in its business dealings with foreign miners. The indigenous inhabitants of Papua, in particular, welcomed the announcement, hoping the redrawn contract would finally address the impact of the company's mining operations on the local community and improve their welfare. But as negotiations between Freeport and the government stall over the terms of the divestment, the role Papuans will play in determining the future of the mining project is once again shrouded in uncertainty.

### **Sharing the wealth**

In 2016 alone, Freeport's Indonesian operations generated \$3.8 billion in revenue for the parent company. Yet despite having the world's most profitable gold mine, Papua remains Indonesia's poorest province, where 28 percent of the people live below the poverty line. It also has some of the

worst infant mortality and literacy rates in Asia. To ensure that some of the mine's revenues trickle down to Papuans, Energy and Mineral Resources Minister Ignasius Jonan has said that up to 10 percent of PTFI's shares should be reserved for the Papuan government and indigenous Papuan people. But Freeport has balked at the details of the government's plan to manage the divestment. In a letter dated Sept. 28, the company expressed strong disagreement with the valuation, timing and structure put forward by the government. The government has proposed acquiring a majority stake in PTFI by the end of 2018, but Freeport wants the divestment to take place in stages over a period of several years. It also wants the first batch of shares to be offered publicly through the stock exchange, rather than allocated directly to the government.



A map of the Grasberg mine in Papua. Image by AK Rockefeller/flickr.

The price is another sticking point. Last year Freeport offered to divest a 10.64 percent stake in PTFI for \$1.7 billion, which would give a valuation of around \$8.1 billion for a 51 percent stake. Jonan, however, has called for a much lower figure. Conflating FCX's market capitalization on the New York Stock Exchange and its share of revenue from PTFI, the minister argues that the fair value for a 51 percent stake in the Indonesian operator should be \$4 billion. Any hopes for immediate benefits as a result of the divestment, particularly the promised 10 percent stake for Papuans, have diminished as a result of the impasse. Maryati Abdullah, the national coordinator of mining sector watchdog Publish What You Pay Indonesia, said such disagreements should have been foreseen. "The contentions in the negotiation process were predictable. So any claims of victory after the divestment agreement [in August] were premature, given that there are still many details that haven't been agreed upon," she told Mongabay. "As long as there's no written agreement, there's a high chance that things could still change."

### **'Our nature is damaged'**

Community leaders in Papua argue they should be involved in the ongoing negotiations, regardless of whether Papuans get a share in PTFI. A group representing various indigenous tribes affected by PTFI's mining operation met with Jonan last month to discuss the issue. "We hope we will be involved in the negotiation of the details of the agreement and that a good deal will be given to the local people," said Odizeus Beanal, a representative of the Amungme tribe, whose highland home is where Grasberg is located. "Our hope in the future is for an agreement to be reached for indigenous people." Also affected by PTFI's operations are the Kamoro, a lowland people whose ancestral territory is the site of Freeport's mining town of Timika. The Amungme and Kamoro have traditionally subsisted on sustainable agriculture, fishing and hunting. But the opening of the mine in 1967 disrupted their lives, stripping them of their rights to 100,000 hectares (247,100 acres) of their ances-

tral lands. They have been further displaced and marginalized by migrants from elsewhere across Indonesia drawn to the mining boomtown.



A woman from the Korowai tribe, who live in southeastern West Papua in the Indonesian Province of Papua. Photo by Mari/flickr.

Indonesia's National Commission on Human Rights (Komnas HAM), a state-funded body, said earlier this year that PTFI had never compensated the Amungme and the Kamoro as the original stewards of the land where it operates. It characterized Freeport's concession as a land grab. "The land that could be used to live on has been contaminated with chemicals," Daniel Beanal, a Kamoro elder, told presidential staffers at a meeting earlier this year. "Our nature is damaged. The mountain is filled with holes. I've never received anything from Freeport." Beanal argued it would be best for PTFI to cease operations, a call echoed by another Kamoro elder, Nicolaus Kanunggok. "Our aspiration is clear: to close and audit [PTFI] first. We're not asking for a share, not even a single percent. Close the operation first, and then audit [them]," Kanunggok said.



The giant Grasberg open-pit copper and gold mine in Indonesian Papua on the island of New Guinea. US-based mining giant Freeport McMoRan, which operates the mine, was also granted an exemption from the 1999 Forestry Law. Photo by Alfindra Primaldhi/Wikimedia Commons

### **Audit findings**

A recent report by Indonesia's Supreme Audit Agency (BPK) identified a wide range of irregularities in PTFI's operations and its current contract. Eleven of the issues were attributed to weak management by the government, while 10 pointed to violations of regulations by PTFI. These include indications of reckless mining, and the dumping of mining waste into rivers, forests and the sea. An earlier review by the agency estimated the environmental damage from the company's operations at 185 trillion rupiah (\$13.7 billion). PTFI spokesman Riza Pratama said the company manages its waste in accordance with the terms set out in the Environmental Impact Assessment (EIA) approved by the government in 1997. "We are operating in accordance with our mining contract and [mining waste processing and disposal] has been regulated in it," he told Mongabay.

Noak Kapisa, the head of Papua's environmental agency, said PTFI should pay for the environmental damage identified by the audit agency. "If the damage is done inside Freeport's areas, then it has to fix it," he told Mongabay. Kapisa also called on the government to revoke the company's EIA, which is in the process of being renewed, if PTFI refuses to make amends for the environmental damage it has caused. The BPK also found that Freeport had used 4,536 hectares (11,208 acres) of protected forest area without obtaining the proper permits, costing the government \$20 million in lost fees between 2008 and 2015. Riza declined to comment on this finding when asked by Mongabay.



View from the Grasberg open-pit copper and gold mine in Indonesian Papua on the island of New Guinea. Photo by Richard Jones/flickr.

### **Pitfalls and progress**

As things stand, there is no guarantee of more environmentally sound mining operations once Freeport has relinquished a 51 percent stake in PTFI. That's because Freeport has insisted on retaining operational control of its subsidiary until 2041, even if the government holds the majority of PTFI shares. Should the miner get its way, Indonesia would have no leverage in the deal, according to PWYP Indonesia advocacy manager Aryanto Nugroho. For instance, he argues, Freeport could refuse to pay dividends to the government by saying it needs the money to cover expenses like building a smelter, which it is required to do under the new mining law. "Even if the government held the majority of shares, if FCX still retained operation control, what could we do? So there are traps like that," Nugroho told Mongabay. The government must ensure that Freeport pays all its obligations, including for environmental damage, before the divestment is done, says Henri Subagiyo, executive director of the Indonesian Center for Environmental Law (ICEL), an NGO.

“If the obligations are paid before the takeover, there won’t be many problems. But if the obligations [are held over until] after the takeover, then who would bear the burden?” Subagiyo told Mongabay. “If the government has the majority of shares, then the government would have the obligations [to pay for the damage]. If Papuans get a stake, they would bear the risk as well.” Activists have urged the government to use the BPK’s findings as a basis in the negotiations with Freeport. “These problems have to be probed further and discussed during the renegotiation process of Freeport’s mining contract,” said PWYP Indonesia’s Abdullah. “Environmental problems are no less important than other problems in the renegotiation, which are mainly financial, such as tax, divestment and the obligation to build smelters in Indonesia.” President Joko Widodo has said the government is seeking a win-win solution as quickly as possible. But with neither side seeing eye to eye on the key issues, it remains unclear when the negotiations will conclude.

*Additional reporting by Basten Gokkon.*

### **History with BCL tough: Miriori**

Post-Courier, October 13, 2017

Chairman of the Special Mining Lease Osikaiyang Landowners Association, Mr Phillip Miriori says “As many would be aware, we Bougainvilleans have been through a tough history with the disasters that came from the past operations at Panguna, and then owned by Bougainville Copper Limited (BCL). “The One of the key issues that lead to our civil war, where around 20,000 of our friends and family died, was the way we were treated by BCL then, entering our lands without consent, poisoning our gardens and lives, removing our mountains, inviting in the military and ignoring our views, without compensating us fairly,” said Mr Miriori. “Since the end of the conflict, BCL has made no effort to resolve the damage they caused to our people, lands and rivers – infact they deny any responsibility and are trying to tell us what to do again, calling us impediments when we do not agree with the rules they try and dictate.” “Have they learned nothing or think we have forgotten?” Chairman Miriori said, He said they have fought hard to protect themselves from the same thing happening again and if Panguna re-opens and the new Bougainville mining law transferred ownership of the minerals to the landowners and as a result, now nothing can happen to our minerals without our consent. Mr. Miriori said their SMLOLA members are now in a position to make BCL, the Autonomous Bougainville Government (ABG) and the world respect their views.

### **Leaked Letter Raises More Questions About Solomons Government Relations With Mining Company**

*PM responds saying letter is normal behavior, not sign of 'intimate relationship' with Bintan*



By Teddy Kafo

HONIARA, Solomon Islands (Solomon Star, Oct. 13, 2017) – Prime Minister Manasseh Sogavare appears to have an “intimate relationship” with the controversial Bintan Mining (Solomon Islands) Limited, an overseas miner extracting bauxite deposits on Rennell island, Renbel Province. This intimate relationship is further evidenced by a recently leaked letter, which the Prime Minister wrote to the general manager of the company. In the letter dated 8th May 2017, the Prime Minister stated the following: “I have been watching with keen interest the challenges that your mining operation had to go through in the formative period of your operations and might I add continue to face in Rennell. “I can only admire the cool and understanding manner in which you conducted yourself in dealing with these challenges within the bounds of our laws. “You have demonstrated good corporate citizenship in this matter.

“For this I thank you very much and would encourage you to keep up this responsible attitude which is worthy of emulation by other mining operations in the country. “I must also commend your commitment to implement an extensive community service engagement, fully acknowledging your social responsibility to the indigenous landowning group and provision of employment to Solomon Islanders. “This is admirable given the high risks with mining operations which require a careful balance between social responsibility and profit-making. “You have managed this very well, which is a credit to the effective management and administration of the company. “I believe your company has great future in Solomon Islands in the development of the mineral sector, judging from the noble aims and objectives of the company which augers well with the development objectives of the Solomon Islands Government in the mining industry.

“On behalf of the government and people of Solomon Islands, I commend the good work you are doing in this country and assure you of our closer working relationship with you.” In a statement issued last night, the Office of the Prime Minister said it is a usual practice by the Prime Minister to issue a letter of acknowledgment to investors within the country upon receiving positive feedback from various stakeholders including landowners. This leaked letter followed the meeting between the former Minister of Mines, Energy and Rural Electrification David Dei Pacha and the Chairman of the Asia Pacific Investment Limited (APID) Ray Set Fah Chu in the carpark of the Heritage Park Hotel at 10:40pm on 21st April this year. Bintan is contracted by APID to mine bauxite on Rennell. Mr Pacha, who is now the Deputy Speaker of Parliament, was removed for what the Prime Minister described as “under-performance” after a video footage of the secret meeting was leaked. The video footage attracted bitter sentiments for the removal of the minister.

Two months earlier (January 2017), leaked text messages between Prime Minister Sogavare and an official of Bintan were exposed by the Solomon Star. The text messages went viral on social media. The texts dated 15th and 16th November 2016 show the Prime Minister reassuring a Bintan official that cabinet was preparing to remove all tax exports on bauxite and back-dating it. The reassurance was made in response to a first text by the Bintan official who asked if there was any good news from cabinet on the matter. The Prime Minister added that, “The minister (of Finance and Treasury) and all of us (Caucus) are still tied up in dealing with the current political situation coursed (caused) by the President of the UDP and had Caucus whole day. “We are still solid as a group. I want to assure you that the matter will definitely come to cabinet this week.” The response from the Bintan official was swift. “Dear Prime Minister. Thank you for your information. I hope the current political situation can be solved by your leadership. Good luck and God bless.” Four weeks later on the 13th of December 2016, the Minister of Finance and Treasury issued a gazette validating duty exemption for bauxite exports and this was backdated to 1st August 2016. Last night, the Prime Minister’s Office replied to concerns about the letter. It said:

1. It is a usual practice by the Prime Minister to issue a letter of acknowledgment to investors within the country upon receiving positive feedback from various stakeholders including landowners.
2. The intention of the letter was to give motivation and boost confidence of investors who are providing services in the country and in the case of Bintan Mining, for their commitment demonstrated so by investing into the local community and towards improving the minimum standard of mining operations. An example of this is the 6.5% royalty payment made by Bintan Ltd to resource owners and both the national and provincial governments, which is more than double the legislated requirement of 3%.
3. The letter has no intention to provide any depictions of preferential treatment towards certain investor(s) in this case Bintan Mining (SI) Limited.
4. The letter carries the intention to encourage investors to ensure they comply to the law of the country.
5. It is also the intention of the letter to encourage engagement between the investor and the people in community service obligations.
6. Bintan Mining (SI) Limited operates under a valid mining lease held by APID.
7. Further such a letter holds the company accountable for their actions should they fail to meet the required standard and does not indemnify the company from being held liable for non-compliance but rather raises the bar to ensure requirements are met in accordance with the acknowledgement by the Prime Minister.

“Important also to note that this is not the first time a Prime Minister has written to acknowledge the efforts of genuine Investors and moving forward neither will it be the last, as the DCCG aims to encourage genuine and legitimate investments within the country to support the development of our national economy.”

### **Nautilus Minerals enters new funding deal**

October 13, 2017, The National Business

NAUTILUS Minerals has entered into a funding mandate agreement with Deep Sea Mining Finance Ltd (DSMF). The DSMF will try to leverage international expertise and financial relationships of Nautilus’ two major shareholders to assist in advancing the development of the Solwara 1 project. Mark Horn will lead DSMF, a newly-incorporated private company in the British Virgin Islands. It intends to be 50 per cent owned by:

- USM Finance Ltd, a wholly owned subsidiary of USM Holdings Ltd, an affiliate of Metal-oinvest Holding (Cyprus) Limited; and,
- Mawarid Offshore Mining Ltd, a wholly-owned subsidiary of MB Holding Company LLC.

DSMF has been appointed as the company’s exclusive financial adviser in respect of the remaining project financing of up to US\$350 million (K1.09 billion) to complete the development of the Solwara 1 project. The company may terminate DSMF’s exclusivity rights under the agreement if it fails to arrange binding commitments in respect of financings of at least US\$50 million (K156.32 million) by Dec 4 this year.

### **Mining revenue increase eyed**

October 12, 2017 The National Business

THE K11 billion revenue from large-scale and alluvial mining for this calendar year will increase considerably when new projects such as Frieda and Wafi-Golpu come on stream, it has been re-

vealed. The revenue was projected by the Mineral Resource Authority in its monthly reporting period to August this year. It said the revenue projection was based on “continued overall increases in mineral commodity prices, production and ore exports”. The outcome will represent an increase of 13.4 per cent against 2016 mineral revenues. The PNG Extractive Industries Transparency Initiative thanked the MRA for updating the public on activities related to the mining sector. Head of the National Secretariat Lucas Alkan said active participation by the industry and the government would lift the extractive industry work. “We commend MRA for this update as it conforms to EITI standard and principles,” Alkan said. “We want to make sure that EITI presence is made known, so whatever adjustment that is required can be made in the true spirit of accountability and transparency. “As this is already happening, we aim to realise more as we strive to advance the EITI in our resource rich country. “We hope that the industry players and government entities through the MSG process are responding to what EITI stands for. And we want to nurture that spirit through enhanced collaboration and cooperation.”

### *Letter to the editor*

#### **Don't blame Nautilus, but protect the Bismarck sea**

Post-Courier, October 12, 2017

There have been a number of groups and individuals commenting on the Solwara 1 seabed mining project lately. We all understand that the time for talking against this project is long gone. The mining lease was granted in 2011 (six years ago). There's just no scope for complaints within the process after a mining lease is granted by the Mining Minister. It's going to cost the government huge amounts of money if it bows down to these complaints and backtracks on the lease after it had been granted, although that is also highly unlikely. On the contrary, however, controversies stand insofar as the processes that enabled the project to be developed are concerned, as well as its consequences and impact on the land and seascape and the general backdrop. The significance of this DSM issue rests not so much on whether or not Nautilus has complied with all the laws, rather, at the outset, this industry just does not have the social license to be developed within the confines of the Exclusive Economic Zones of our country.

The dynamics of the impact of DSM is cross-dimensional and must be addressed on a wide spectrum of development issues. The controversy is not with Nautilus!!! Rather, it is with the granting of the sea bed exploration licenses by our government at the beginning. On what basis did the government issue exploration licences for an unproven industry and when PNG did not have in place laws and regulations governing Deep Sea Mining, let alone the use of Remotely Operated Vehicles (ROVs), or remote controlled seabed mining tools, for that matter, to boost exploration and mining under the sea? Nautilus has a significant number of exploration licences spanning the Bismarck Sea with 10 advanced to development stage. Solwara I is just but one that has been issued a mining lease. After that is Solwara 5 then solwara 9 in the same area. Then we have solwara 4, 6, 7, and 8 about 30 kilometres away.

Outside Djaul Island, the known fish breeding area, they have solwara 2, 3, and 10. While the project has been granted a legal license in the form of seabed mining lease, there is absence of a social license basically because the New Ireland West Coast, Duke of York, and ENB, communities cannot organise themselves. Under law, the state owns the sea and all that is underneath. However, the user-rights of the local indigenous communities have not been captured. The UN Declaration on the rights of indigenous people as well as human rights laws capture their concerns under these circumstances. The 40-metre radius delving by the seabed mining tool's operation and the hydraulic suction system will inflict irreparable damage to the seafloor and marine ecosystem and habitat destroyed.



If the UN have cautioned against seabed mining, then I doubt if the government and Nautilus have ensured compliance to the strict requirements of the International Seabed Authority as stipulated by the UN Conventions on the Law of the Sea. There will be collateral damage. The government must address the issue of social and environmental insurance for the local people affected. For economic and geographical reasons I believe Solwara 5 will be next to come aboard after the three-year span of Solwara 1. The machinery developed and brought in for the DSM project should be enough to remind the local people that Nautilus is here to stay given its extensive interest in the Bismarck Sea, facilitated by our government and its processes (a matter of bowing down to economic forces). They cannot just invest so many millions on those machineries for a three-year span project then dispose off them.

The project militates against the Coral Triangle Initiative because the corals ecosystems are supported by the deep sea ecosystems and vice versa. It's all part of the whole ecological chain. The solidified 99 per cent gold from the volcanic vents being sought by Nautilus is part of that ecological chain. The activity will unlock the carbon that is locked underneath the sea. The financial yield to the state from the project is minimal. Due diligence on the project by international monitors was never done by government given the sensitivity of the unproven industry. The silence from SPREP on the DSM issue in the Pacific is deafening too!

ALOIS BALAR, BAINING MOUNTAINS, ENBP

### **ABG operating on annual budget of K360 million**

BY PATRICK MAKIS, Post-Courier, October 12, 2017

The Autonomous Bougainville Government currently operates on an annual budget of K360 million allocated annually by the National Government while the ABG itself is only able to generate K20 million annually in internal revenue from taxes. Member for Kokoda, Rodney Osioco clarified this when correcting an article in Wednesday's issue of the Post Courier which stated that the ABG was operating on a K20 million budget from the National Government. Mr Osioco said the K20 million being raised each year by the ABG was insufficient to adequately deliver services especially if Bougainville wants to achieve financial self reliance. It is understood the National Government owes the ABG about K960 million in outstanding grants which it is obligated to provide under the Bougainville Peace Agreement.

### **Drilling to recommence at Crater Mountain**

Cedric Patjole, PNG Loop, October 11, 2017



Crater Gold Mining Limited has announced to recommence drilling activities in the near term following an agreement to acquire a drill rig. The company said this in line with its strategy to restart exploration at its flagship Crater Mountain Gold Project in Eastern Highlands Province. CGM has agreed to purchase a 2002 Atlas Copco Diamec 252 drill rig (“Diamec 252 Drill Rig”) together with additional ancillary equipment. They include: A 415 volt 45 kilowatt electric over hydraulic power pack; A 1,000 volt 45 kilowatt electric over hydraulic power pack; An air over 22 kilowatt hydraulic power pack; Bob Cat mounting accessories; And feed frames and positioners, skid mounted; and Hydraulic motors and pumps.

The Diamec 252 Drill Rig is a very compact drill rig and is estimated to be able to drill diamond core holes of up to approximately 300 metres in length. Despite reports that the CGM has had difficulties raising capital, the announcement is expected to see positive results shortly. The project is located approximately 50km southwest of Goroka and comprises 3 connecting exploration licences, straddling the border between the Chimbu and Eastern Highlands provinces. This region is in the centre of the New Guinea Orogen, an extensive geological zone that makes up the mountainous spine of PNG. The western portion of this zone encompasses the world class mining operations of Porgera, OK Tedi, Wafi-Golpu and Grasberg.

### **ABG will be financially self-reliant if mine reopens: MP**

Post Courier, October 11, 2017



The re-opening of the Panguna mine will ensure the Autonomous Region of Bougainville is financially self-reliant and able to adequately support its economy as it transits to eventual referendum. This is according to Member for Kokoda constituency Rodney Osioco. “The Bougainville Government (ABG) currently relies heavily on the K20 million annual grant from the national government which is insufficient to fund service delivery and developments in the region,” Mr Osioco said. The ABG is also owed millions in outstanding grants which the national government is obligated to provide under the Bougainville peace agreement.” This was made known to the community government and ward representatives from the North Nasioi constituency of Kieta district during an awareness program conducted in Arawa last week by members of the House of Representatives from Central Bougainville.

Acting as the Central Bougainville leaders political bloc, the group led by Mr Osioco, is currently conducting awareness on issues surrounding the re-opening of the mine. Mr Osioco said the revenue generated from the re-opening of the mine would be the catalyst that would boost other sectors like agriculture and tourism and prop up the economy of Bougainville if it is granted independence. “As the referendum nears, we as your leaders, have come to create awareness and seek your views

on the re-opening of the mine. “We would like to outline to you that agriculture, tourism and other industries alone cannot support the Bougainville economy and that is why we need to re-open Panguna,” Mr Osioco said. He said Bougainville Copper Limited was the preferred operator of the mine if it was re-opened and that the company would still be held liable for compensation and other issues which arose before the crisis. He said the ABG was now the major shareholder of BCL owning 53.8 per cent of which 17.4 per cent belong to the landowners. The Papua New Guinea Government owns 19 per cent of BCL. “The ABG became the major shareholder after Rio Tinto offloaded its 36 per cent stake in BCL to the ABG,” Mr Osioco said.

### **Western: New processing factory to benefit rubber farmers**

October 11, 2017, The National Business

RUBBER farmers in the Community Mine Continuation Agreement areas in Western will benefit from a planned processing factory, thanks to the Ok Tedi Development Foundation. The groundbreaking ceremony was held at Aiambak, in Middle Fly district, on Sept 22. The Aiambak factory is in line with OTDF’s strategic direction 2016-2020 which aims to put money in the pockets of rubber, rice, and eaglewood farmers under its livelihood development package programme. The programme is to ensure that villagers could sustain themselves now and after the closure of the Ok Tedi mine when compensation payments cease. The foundation had taken pro-active steps in establishing an agri-business company owned by the CMCA primary producers. It also facilitated the purchasing of cup lump rubber from farmers in North Fly, Middle Fly and Lake Murray through their agent Lotic Bige Limited since January. So far, 59 tonnes have been exported to Singapore and Malaysia.

The factory will produce ribbed smoked sheet rubber which promotes the production of rolled sheets by farmers, then the smoking of the sheets, grading, packing and exporting. It has a higher value on the international market than cup lump. It is one step away from a tyre re-treading factory. Aiambak is a strategic, central location to ensure farmers in remote Middle and South Fly districts have a market to sell their rubber. OTDF chief executive Ian Middleton is optimistic that downriver farmers will greatly benefit given that they now have an alternate, higher-value option for selling their rubber. He said it was important to have the road from Aiambak to Lake Murray constructed as it would provide easy access to the people.

“Gold and copper do not grow on trees like rubber and eaglewood. Once it is harvested, it’s gone,” he said. “Rubber will continue to produce every day for 40 years. Once you start tapping your trees, the money will flow. You no longer need to rely on cash compensation. You just need to work hard, to sweat in your blocks and OTDF will support you to change your life and put money in your pocket every week.” Department of Agriculture and Livestock deputy secretary Stephen Mombi said: “We have to transform the agriculture sector to a climate-smart and business-orientated powerhouse by commercialising the subsistence sector and building a more modern and competitive industry. “The government is expected to provide budget support for the sector next year so that we can in turn support OTDF given the growing national interests in rubber.”

### **North Fly completely bans alcohol**

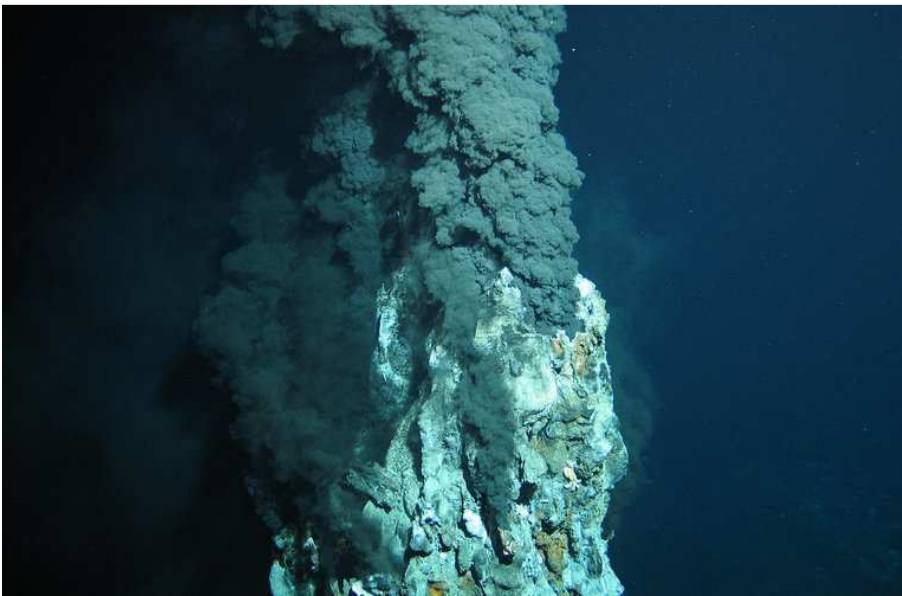
Post-Courier, October 11, 2017

The North Fly District in Western Province has imposed a complete ban on the sale and consumption of alcohol in the district. “In order for us to develop North Fly and Western Province we must firstly change ourselves and get ourselves in order ensuring that our women and children are safe and sound. Families are happy and ready to take on challenges.” Mr Donald said. This is among a

number of resolutions passed by the North Fly District Development Authority board in their inaugural meeting in Kiunga recently. Local MP and DDA Chairman James Donald said the ban on liquor is due to a high rate of alcohol related crimes, family and children abuse, high rate of killings and deaths, irresponsible drinking in settlements and public places, disorder and mismanagement by recipients of monies or payouts from Ok Tedi such as compo and other related social issues. Mr Donald said if his North Fly people want change then these are the type of changes he will be bringing apart from high hopes of bigger infrastructure developments projects that they may expect.

### **Behörden im Rausch der Tiefsee**

Wie Beamte und Lobbyisten beim geplanten Abbau von Tiefsee-Rohstoffen Hand in Hand arbeiten  
Tania Röttger, CORRECTIV, 10. Oktober 2017



Die schwarzen Raucher haben ihren Namen aufgrund ihrer Ähnlichkeit mit Industrieschornsteinen.  
Bildnachweis: © ROV-Team; GEOMAR Helmholtz-Zentrum für Ozeanforschung Kiel.

Nach CORRECTIV-Recherchen sitzen mehrere Behördenmitarbeiter im Beirat eines Lobby-Vereins, der sich für den umstrittenen Abbau von Rohstoffen in der Tiefsee einsetzt. Das Umweltbundesamt vergab einen Auftrag an die private Firma des Geschäftsführers des Lobby-Vereins. Umweltschützer und Lobbycontrol kritisieren das. Im lichtdurchfluteten Gebäude des Bundesverbands für Industrie (BDI) in Berlin haben sich am Tag nach der Bundestagswahl knapp 200 Leute aus aller Welt versammelt. Sie interessieren sich für wertvolle Rohstoffe wie Metalle und Seltene Erden, die in mehreren Kilometern Tiefe auf dem Meeresboden liegen, und die, so scheint es hier, bald dort unten abgebaut werden. „Der Tiefsee-Bergbau gehört in die Koalitionsgespräche“, sagt Matthias Wachter auf der International Underwater Mining Konferenz in Berlin. Wachter ist beim BDI für Rohstoffe zuständig. Der Verein „Deep Sea Mining Alliance“, also „Tiefsee-Bergbau Allianz“, veranstaltete die Konferenz. Der Verein will politische und gesellschaftliche Unterstützung für den Abbau finden. Ein Lobby-Verein.

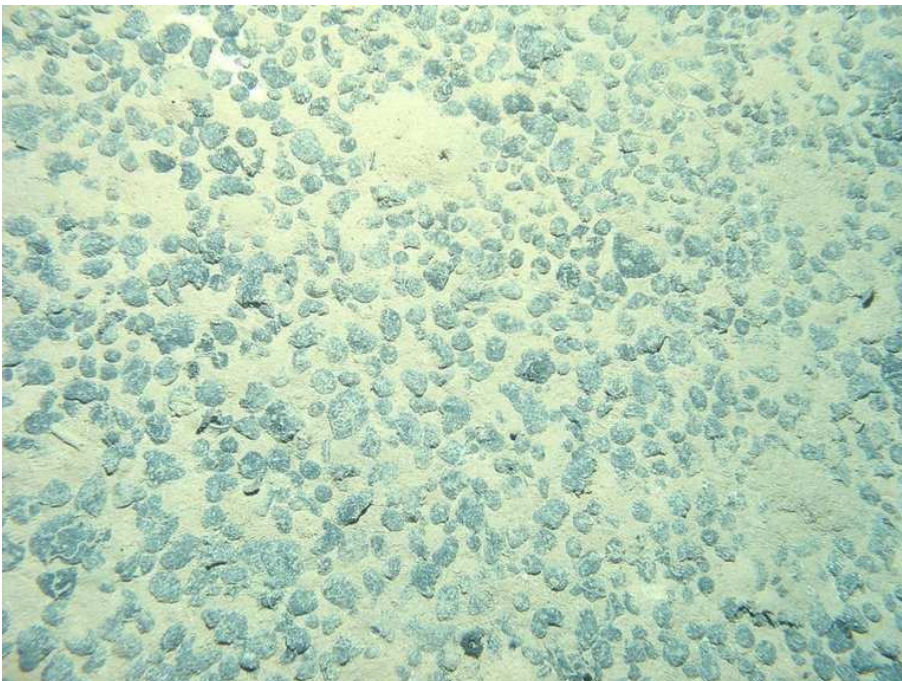
Wissenschaftler fürchten, dass die komplexen, wenig erforschten Ökosysteme auf dem Meeresgrund durch den Tiefsee-Bergbau in Gefahr sind. So könnten selbst geringe Veränderungen Einfluss auf Tiefsee-Lebewesen und damit die Nahrungskette im Meer beeinträchtigen. Das hindert die Mitarbeiter von drei deutschen Behörden nicht, gute Verbindungen zu dem Tiefsee-Verein zu pflegen. Die Verbindungen sind sowohl personeller als auch geschäftlicher Art. So erhielt das private Unternehmen von einem der Geschäftsführer der „Deep Sea Mining Alliance“ Aufträge von Behör-

den. Und während das Umweltbundesamt prüfen soll, wie und ob in der Tiefsee Rohstoffe umwelt-schonend abgebaut werden können, ist zumindest ein Mitarbeiter mit dem Verein verbunden.

### **Rohstoffe im Meer**

Auf dem Meeresgrund liegen große Mengen natürlicher Rohstoffe. Darunter auch wertvolle Metalle wie Gold, Kupfer, Mangan, Nickel oder Kobalt. Sie haben sich über Millionen Jahre abgelagert: in sogenannten Manganknollen, Kobaltkrusten oder Massivsulfiden, auch Schwarze Raucher genannt. Die Materialien werden gebraucht für die Herstellung von Stahl, Akkus oder Solarzellen. Im Moment importiert Deutschland den überwiegenden Teil des eigenen Bedarfs an diesen Rohstoffen. Zum Beispiel aus dem Kongo, aus Russland oder Australien. Doch die Vorkommen an Land gehen zurück.

Viele Rohstoffe liegen in internationalen Gewässern, also außerhalb der 200-Seemeilen-Zone, in der die Küstenanreiner ein wirtschaftliches Nutzungsrecht haben. Ungefähr 50 Prozent der Erdoberfläche sind internationale Gewässer. Und die verwaltet die Internationale Meeresbodenbehörde in Jamaika. Dort können sich Staaten und auch Unternehmen um Lizenzen für bestimmte Gebiete bewerben. Deutschland hat sich inzwischen zwei Lizenzen gesichert: für ein 75.000 Quadratmeter großes Gebiet im Pazifik und eine 10.000 Quadratmeter große Fläche im Indischen Ozean. Dort untersuchen Wissenschaftler nun, in welcher Menge die Rohstoffe vorkommen. Die Hoffnung ist, dass deutsche Unternehmen ihren Rohstoffhunger durch den Meeresboden in den fernen Ozeanen stillen können.



Manganknollen auf dem Meeresboden.

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### **Der Industrie-Verein**

Im Lobbyverein „Deep Sea Mining Alliance“ haben sich Unternehmen zusammengeschlossen, deren Geschäft der Rohstoffabbau im Meer ist. Sie bauen die Maschinen dafür, oder entwickeln spezielle Technologie für das komplexe Terrain unter Wasser. Auf der Webseite des Vereins steht, man wolle „als Plattform der Industrie“ eine „abgestimmte Interessenvertretung gegenüber Politik, Wissenschaft und Gesellschaft unterstützen“ – das ist die Definition von Lobbyismus. Dafür hat sich der Verein Vertreter aus den relevanten Behörden in den eigenen Beirat geholt: Mitarbeiter vom Bundesministerium für Wirtschaft und Energie, von der Bundesanstalt für Geowissenschaften und Rohstoffe und vom Umweltbundesamt. Das sind genau jene Behörden, die den Weg hin zum Roh-

stoffabbau vorbereiten. Timo Lange von Lobbycontrol sagt, das sei „kritisch“. Schließlich befassen sich die Behörden genau mit den Interessen des Vereins. Der bekomme so einen besonderen Zugang zur Verwaltung. Dabei sollten Behörden ihr Amt eigentlich unparteiisch ausüben, und sich am Gemeinwohl orientieren.

### **Die Verbindungen zu Behörden**

Die Bundesanstalt für Geowissenschaften hat die zwei Gebiete im Pazifik und im Indischen Ozean ausgewählt. Der Abteilungsleiter Carsten Rühlemann leitet die Expeditionen zu den Manganknollen im Pazifik. Und er sitzt im Beirat der „Alliance“. Die Bundesanstalt schreibt, Rühlemann sei „einzig und allein dem Forschungsauftrag der Bundesregierung verpflichtet“. Seine Arbeit werde durch den Verein nicht beeinflusst, er sitze im Beirat, um seine Fachexpertise dort einzubringen.

Die Bundesanstalt für Geowissenschaften ist schon in der Vergangenheit durch Nähe zur Industrie aufgefallen. In den 1980er Jahren sollen Unternehmen der Rohstoff-, Chemie- und Energie-Industrie über eine Stiftung Gelder an die Bundesbehörde gezahlt haben. Im Gegenzug soll die Behörde Gutachten im Sinne der Industrie verfasst haben. Über Fracking etwa, und die Eignung des Salzstocks Gorleben als Endlager. Das berichteten „Süddeutsche Zeitung“, WDR und NDR im vergangenen Jahr. Den Vorwurf weist die Bundesanstalt auf Anfrage von sich.

Auch das Wirtschaftsministerium will der deutschen Industrie zu einem Stück vom Tiefsee-Kuchen verhelfen. Aus dem Ministerium sitzt Rodin Knapp im Beirat der „Deep Sea Mining Alliance“. Er war unter anderem für Elektromobilität zuständig. Für manche Autobatterien werden die Metalle Kobalt, Nickel und Mangan gebraucht, die auf dem Meeresboden vorkommen. Inzwischen ist er in der für den Tiefseebergbau zuständigen Abteilung „Maritime Wirtschaft“. Das Wirtschaftsministerium sagt dazu: „Das Bundeswirtschaftsministerium steht auf vielen Ebenen in Kontakt mit der Wirtschaft und wahrt dabei den für die professionelle Arbeit einer obersten Bundesbehörde gebotenen Abstand.“

### **Umwelt in Gefahr?**

Es ist die Aufgabe der Bundesanstalt für Geowissenschaften und dem Wirtschaftsministerium, die deutsche Wirtschaft zu unterstützen. Doch anders ist es beim Umweltbundesamt. Das Amt soll wissenschaftlich erforschen, wie es der Umwelt geht. Dazu gehört, inwieweit der Tiefsee-Bergbau umweltschonend ablaufen kann. Auch von dieser Behörde sitzt ein Mitarbeiter im Beirat des Tiefsee-Lobbyvereins: Hans-Peter Damian. Damian beschäftigt sich unter anderem mit Schadstoffunfällen im Meer. Das Umweltbundesamt schrieb auf Anfrage, dass es bewusst einen Mitarbeiter in den Beirat des Vereins geschickt habe. Er soll dort Informationen über die Industrie sammeln, und an einem „direkten Austausch von Auffassungen“ teilnehmen. Damian soll der Industrie außerdem Anforderungen an die Umwelt vortragen. Das Umweltbundesamt hofft, dass diese „direkt in Planungen fließen können“. Allerdings hat das Amt nach eigener Aussage keine Erkenntnisse darüber, ob das tatsächlich geschieht.

Kritiker haben große Zweifel an dem gesamten Unterfangen. Britta König, Sprecherin der Umweltschützer vom WWF, meint, man könne gar nicht umweltschonend abbauen. Denn die Manganknollen selbst, die vom Meeresboden entfernt werden, seien ein Lebensraum für Organismen. Außerdem würde durch Abbaumaschinen Sediment aufgewirbelt. Das breite sich in der Tiefsee aus und könne so auch andere Lebewesen und Ökosysteme beeinflussen. Der Lebensraum sei geprägt von extremen aber konstanten Bedingungen. Die würden durch den Tiefsee-Bergbau auf jeden Fall geändert. König sagt, es müsse stattdessen über Recycling der vorhandenen Materialien nachgedacht werden. Es ist noch sehr teuer, die Rohstoffe in der Tiefsee abzubauen. Besonders nah am tatsächlichen Bergbau im Meer soll jedoch die kanadische Firma Nautilus Minerals sein, die bei Umweltverbänden bereits in der Kritik steht. Nautilus will im Jahr 2019 mit dem Bergbau beginnen. Vor der Küste Papua Neu-Guineas sollen große Bohrmaschinen den Meeresboden aufbrechen, Mas-

sivsulfide ausgraben und an die Wasseroberfläche bringen. Die Plastikschläuche an den Maschinen kommen aus Deutschland, von dem Kunststoffhersteller ContiTech AG. Die Firma ist Mitglied in der „Deep Sea Mining Alliance“.

### **Geschäftsbeziehungen**

Das Wirtschaftsministerium und die Lobby des Tiefsee-Bergbaus arbeiten schon lange zusammen. Im Jahr 2011 erstellte die private Marketing-Agentur eines der Geschäftsführer des Vereins, Michael Jarowinsky, eine Marktstudie über die Abbauchancen in der Tiefsee. Ein Jahr später erhielt Jarowinsky den Auftrag, den „Nationalen Masterplan Maritime Technologie“ zu koordinieren. Im Juli 2016 erhielt die MC Marketing Consulting schließlich als eines von zwei Unternehmen nach öffentlicher Ausschreibung den Zuschlag, eine Geschäftsstelle einzurichten, um den „Nationalen Masterplan Maritime Technologie“ umzusetzen.

Auch das Umweltbundesamt hat vor einigen Jahren MC Marketing Consulting engagiert. Jarowinsky und seine Kollegen sollten im Jahr 2013 eine Studie schreiben über die „ökologischen Auswirkungen des Tiefsee-Bergbaus auf die marine Umwelt“. Allerdings hat das Umweltbundesamt den Bericht nicht veröffentlicht, weil sie „mit den vorgelegten Empfehlungen inhaltlich nicht übereinstimmen“. Außerdem sei die Agentur nicht genug auf die ökologischen Auswirkungen des Tiefsee-Bergbaus eingegangen, schreibt das Umweltbundesamt nun. Daher habe es auch keine weiteren Aufträge an MC Marketing Consulting vergeben.

Michael Jarowinski sagt, das Umweltbundesamt habe die Studie „vollständig akzeptiert“, von Unstimmigkeiten wisse er nichts. Die angeblichen Bedenken hielten das Amt auch nicht davon ab, einen Beirat in den Lobby-Verein „Deep Sea Mining“ zu entsenden in der vagen Hoffnung, dass Tiefsee-Abbau auf umweltverträgliche Weise möglich ist.

### **Barrick calls for collaboration with MPs**

*In the face of a number of grim challenges, the Porgera Joint Venture (PJV) mining operator Barrick Niugini Limited (BNL) has now called for greater cooperation from Engan members of parliament towards the achievement of the provinces' development agenda.*

Post-Courier, October 10, 2017

In the face of a number of grim challenges, the Porgera Joint Venture (PJV) mining operator Barrick Niugini Limited (BNL) has now called for greater cooperation from Engan members of parliament towards the achievement of the provinces' development agenda. At a recent briefing session with Engan leaders in Port Moresby, BNL executive managing director, Richmond Fenn highlighted a number of challenges that were impeding the progress of the provincial development agenda, which included; illegal mining, the state of the highlands highway, law and order, resettlement and the Memorandum of Agreement (MOA) review. Mr Fenn highlighted the management issues of the Porgera Development Authority (PDA), the Paiam Hospital and functions of the District Administration.

He also raised issues faced by the mine such as the proposed amendments to the Mining Act; the proposed amendment to the MRA Act and increasing the Tax Credit Scheme (TCS) rate. “While some of the issues we can manage as a company, others are more complex and need considerable amounts of commitment from the government to make it work,” said Mr Fenn. “The partnerships that we generate from these kinds of gatherings where we are required to work together on issues that affect us all, are of the utmost importance to us,” he said. Engan governor Sir Peter Ipatas supported the call, adding that as a non-renewable venture, sufficient collaborative action needed to be taken to secure the future of Enga.

“We have to work to sustain Porgera to continue to provide services. The mine will come to an end. In the future, the province will have to fall on its own economy,” said Sir Peter said. “We have the right leadership and we have to incorporate our plans for development into the government agenda,” he said. Sir Peter said the national government should consider funding arrangements for Enga’s special project plans, particularly through an increase in the TCS rate. Given the mines history and contributions to the national economy for over 20 years.

### **Aussie investor talks slow over Bougainville mine relaunch**

Ewen Hosie, Australian Mining, October 9, 2017



Talks between Australian investors and the Papua New Guinean and Bougainville governments over plans to reopen the Panguna copper mine in the Autonomous Region of Bougainville have slowed. The mine has been closed since 1989 due to conflicts in the region. Local operator Bougainville Copper (BCL) recently contributed to a tax and revenue summit in the region’s capital Buka, where it conducted a feasibility study for a relaunch of the once-thriving Panguna copper mine, which, while non-operational, was owned by Rio Tinto until divestment last year.

Lawyer and mining industry expert Renzie Duncan — currently advising Bougainville officials on mining rights and creator of an Australian investor consortium for the region — is banned from entering PNG until 2024 due to a request filed by the Bougainville Government, which wishes for operation of the mine to remain local. Gold and copper company RTG Mining and billionaire private management fund owner Richard Hains are among the investors currently involved with the Australian consortium, which pays stipends to local landowners. The relaunch has been cited as a crucial financial key to the small region’s plans for independence from Papua New Guinea, which is planned to go to a public vote in 2019.

### **Proposed policy to declare mining revenue**

Cedric Patjole, PNG Loop, October 9, 2017

The Department of Mineral Policy and Geohazards Management (DMPGH) says it is working to introduce a policy for stakeholders in the mining industry to declare any revenue received or made from mining projects. Secretary Harry Kore told Loop PNG that the policy idea came about during consultations for the Revised Mining Act. He said while there are reports of mining revenue gener-



ated, a lot of locals impacted by mining activities claim to not see any tangible results. Kore said the policy will ensure stakeholders such as provincial governments, authorities such as the Mineral Resources Authority (MRA), Mineral Resources Development Cooperation (MRDC), as well as landowner association chairmen and landowner company CEOs declare revenue received for the benefit of all.



“You fail to do that and you will be held accountable and you will be penalised under the law. So it becomes a practise. Every quarter they just declare their interest. We know that so much money goes to our landowners but whether it trickles down to the peoples is another thing,” said Kore. The policy idea is similar to a draft legislation currently being drawn up by the PNG Extractive Industry Transparency Initiative to make mandatory all revenue from the mineral, petroleum and gas sectors to be fully disclosed as per good governance standards. Kore said they are yet to have formal discussions regarding the policy idea however, there is cooperation and the policy complements that of the work the EITI is undertaking. Secretary Kore added that one of the agendas of the policy is to ensure there is sustainability in how revenue is invested back in the country.

### **Plans to restart giant Bougainville mine stall as operating rights battle rages**

Jonathan Barrett, Reuters, 6 October, 2017



Local residents holding banners and placards during a protest at the former Bougainville Copper Limited's (BCL) Panguna mining operation located on the Pacific Ocean island of Bougainville, Papua New Guinea, May 3, 2017. Renzie Duncan

Plans to reopen one of the world's biggest copper mines, shut by a civil war on the Pacific Island of Bougainville in 1989, have run into trouble. The quarter of a million people of Bougainville are tentatively scheduled to vote on independence from Papua New Guinea in June 2019, and revenue from the reopening of the Panguna mine is essential [?] for the otherwise impoverished island to have any chance of flourishing if it becomes the world's newest nation. But there is now a struggle over who will run the mine between Bougainville Copper Ltd - the previous operator now backed by the Autonomous Bougainville Government and the Papua New Guinea government - and a consortium of Australian investors supported by the head of the landowners who own the mineral rights. The dispute is opening old wounds – and is almost certainly going to delay any reopening. That could help to drive copper prices higher as many forecasters expect that demand for the base metal will exceed supply in the next few years. The battle lines have been hardening on several fronts, Reuters has learned.

Papua New Guinea has told airlines that Sydney businessman Ian de Renzie Duncan, who set up the consortium, is banned from entering the country until 2024, according to a Papua New Guinea government document reviewed by Reuters. The request for the ban was made by the Bougainville government, three sources with knowledge of the document said. The consortium has also acknowledged for the first time that it is paying some landowners a monthly stipend and has pulled in some big backers that have not previously been disclosed. They include Richard Hains, part of a billionaire Australian race-horse owning family which runs hedge fund Portland House Group. In a sign of how ugly the row is getting on the ground, local opponents of BCL becoming the operator – and some who are opposed to the mine reopening altogether – blocked Bougainville government officials from entering Panguna in June.

They had hoped to get key landowners to sign a memorandum of agreement that would have endorsed BCL as preferred developer, according to a copy of the document reviewed by Reuters. The proposed agreement also stipulated the mine would be re-opened by June 2019, ahead of BCL's own timeframe of 2025-26. The Papua New Guinea government didn't respond to requests for comment for this story. Bougainville's main political leaders say getting the mine reopened is critical. "If the independence of the people is to be sustained then we need Panguna to run," Bougainville Vice President and Mining Minister Raymond Masono told Reuters in a phone interview. He said he believes BCL has first right of refusal to operate the mine under laws passed three years ago, and only if BCL declined to take up that right should an open tender take place.

## **DEEP RESENTMENT**

The abandoned copper and gold mine contains one of the world's largest copper deposits. During its 17-year life until the closure in 1989, Panguna was credited for generating almost one-half of Papua New Guinea's gross domestic product. The civil war was largely about how the profits from the mine should be shared, and about the environmental damage it had caused. There was deep resentment among the indigenous Bougainville people about the amount of the wealth that was going to Papua New Guinea and to the mine's then operator, Conzinc Riotinto of Australia Ltd, a forerunner of Rio Tinto. The mine was forced to shut after a campaign of sabotage by the rebel Bougainville Revolutionary Army.

The conflict between Bougainville's rebel guerrilla army and Papua New Guinea forces left as many as 20,000 dead over the following decade, making it the biggest in the region known as Oceania since the Second World War. Rio Tinto divested its stake in BCL in 2016, and the listed company is now just over one-third owned by the Bougainville government and one-third owned by Papua New Guinea. Papua New Guinea Prime Minister Peter O'Neill said last year his government would gift the shares received from Rio, or 17.4 percent, to the people of Bougainville, although that is yet to take place.

### **“NEVER AGAIN”**

The challenge from the Australian consortium that now includes listed gold and copper explorer RTG Mining was made public in June. Duncan and his fellow investors have joined forces with a group of Panguna landowners, the Special Mining Lease Osikaiyang Landowner Association (SMLOLA) led by Philip Miriori. Miriori was in the Bougainville Revolutionary Army as the private secretary to the late Francis Ona, the former BCL mine surveyor who became leader of the resistance. Ona had declared that BCL should “never again” be allowed to run the mine and Miriori, Ona’s brother-in-law, still supports that stance. “They have caused a lot of damage, they don’t have the money and they are not telling the truth and so I wouldn’t accept them,” Miriori said in a telephone interview from the Bougainville town of Arawa. The consortium’s challenge is based on new mining laws introduced in 2014 that downgraded BCL’s mining rights to an exploration licence and gave landowners powerful rights over the minerals on their land to acknowledge the losses suffered by those in Panguna during the conflict. Miriori told Reuters that the government did not have authority over mine negotiations.

### **PAYOUTS TO LANDOWNERS**

Duncan, a former barrister with a background in mining law, heads an entity called Central Exploration that has a half share of the consortium. Duncan’s consortium has been paying money, described as a stipend, to some of the landowners, but denies this amounts to bribery. “We are really talking about people receiving a couple of thousand kina (\$608) a month,” said Duncan, who added that the money helps the landowners to travel and find accommodation in towns where Panguna negotiations take place. “It’s not bribery, it’s business,” he said. BCL claims to have the support of eight other landowner groups in Bougainville with an interest in the project. They have land rights covering access roads and the port site, among other areas, though crucially not the mine site itself. BCL chairman Robert Burns, who formerly worked for Rio Tinto, said Bougainvilleans were the ones being impacted by Duncan’s attempt to gain control of the mine. “Everyone is being frustrated and impeded by this issue,” Burns told Reuters in a phone interview from the PNG capital, Port Moresby.

### **FINANCING DOUBTS**

The uncertainty is going to make it difficult for either group to raise the capital that will be needed to get the mine restarted. In 2012, BCL estimated the cost of re-opening at \$5 billion. With few of its own assets, the company would need to secure the mining rights before tapping capital markets. The Australian consortium may be in a stronger position, according to Hains, who is a 15 percent owner of RTG. He said the consortium has strong access to the North American capital markets and could re-develop Panguna in a “highly timely fashion”. As it stands, BCL has no mine without the support of the owners of the minerals, and Duncan’s group has no project without road and port rights as well as government support. Anthony Regan, a constitutional lawyer at the Australian National University and an adviser to the Bougainville government, said the immediate outlook for the mine is bleak. “The need of Bougainville to have a significant source of revenue if it’s to be really autonomous or independent has become hopelessly enmeshed with the future of Panguna.”

### **Nautilus: We still need to raise K1 billion to fund Solwara 1 preparations**

Nautilus Minerals Inc, October 5, 2017

*Nautilus says it needs to raise approximately US\$41 million before the end of 2017, and an additional US\$270 million in order to complete the build and deployment of the seafloor production system for Solwara 1*

#### ***Resignation of Mark P. M. Horn as a Director***

Nautilus Minerals Inc. announces that Mark P. M. Horn has resigned as a director of Nautilus. Mark P. M. Horn has advised the Company that he will lead Deep Sea Mining Finance Ltd. ("DSMF"), a

recently formed joint-venture between the two major shareholders of Nautilus, Metalloinvest Holding (Cyprus) Limited ("Metalloinvest") and MB Holding Company LLC ("MB Holding"). DSMF and Nautilus are in discussions concerning the potential engagement of DSMF as Nautilus' financial advisor to implement a financing strategy for Nautilus, by leveraging the international expertise and financial relationships of Nautilus' two major shareholders. Russell Debney, a director of Nautilus who is independent of each of DSMF, Metalloinvest and MB Holding, is negotiating or directing the negotiation of any such transaction on behalf of Nautilus. Nautilus needs to raise approximately US\$41 million before the end of 2017, and an additional approximately US\$270 million is required in order to complete the build and deployment of the seafloor production system to be utilized at the Solwara 1 Project by the Company and its joint venture partner (as to 15%), the Independent State of Papua New Guinea's nominee, in early 2019.

Mark P. M. Horn stated on behalf of DSMF: "Nautilus is a world leader in seafloor mining technology. This is a very exciting time in the mining industry, as deep-sea mining is on the verge of becoming a reality. Nautilus' two largest shareholders are very pleased to be playing an important part in the development of this new industry." The Company is currently seeking the appointment of a new independent director and is in active discussions with various candidates.

#### About Mark Horn, MB Holding and Metalloinvest

Mark P. M. Horn has represented Metalloinvest on the Board of Nautilus since September 2013. Since 1987, he has worked as an international Fund Manager, Financial Analyst and Corporate Financier. Mark started his career at the Co-operative Insurance Society, then moved to Globe Investment Trust, before joining Rockefeller and Co. He subsequently worked for Kleinwort Benson Investment Management, before becoming Head of Research at Canaccord Capital (Europe). He holds an ALM, (Harvard University, USA); BA, BA (Hons) (First Class), MA, (Rhodes University, South Africa); BSc, BSc (Hons) (Geosciences), B.Eng (Hons), (Open University, UK); LLB (Hons), LLM, MBA (Banking) (London University, UK); Dip.B.Admin (Manchester Business School, UK). He has been called to the Bar of England and Wales as a Barrister of the Honourable Society of Lincoln's Inn.

Mawarid Mining LLC of Oman ("MML") holds 29.3% of the current outstanding shares of Nautilus through MML's wholly owned subsidiary Mawarid Offshore Mining Limited ("MOML"). MML is a wholly owned mining and mineral business vertical of MB Holding and is actively engaged in exploration and development of concessions in the Sultanate of Oman, Saudi Arabia, Namibia, Tanzania and Rwanda. MB Holding is a multinational corporation with operations spread across the globe in the Middle East, Europe, Africa, Asia, Asia-Pacific. The dynamic group which started operations in 1982 has diversified businesses including integrated drilling & oilfield services, exploration & production of oil & gas, marine, manufacturing & engineering services, mineral & mining and investments. MB Holding employs more than 4,000 employees from over 54 nationalities who are committed to achieving its vision and mission.

Metalloinvest currently has a 18.5% interest in Nautilus. Metalloinvest is wholly owned by USM Holdings ("USM"), a diversified international holding company with significant interests across the metals and mining, telecoms and internet sectors. The main shareholders of USM are Alisher Usmanov, Vladimir Skoch and Farhad Moshiri. USM's assets include Metalloinvest, the largest mining company in Russia and the CIS and the leading global manufacturer of hot briquetted iron, Baikal Mining Company, which owns the largest copper reserves in Russia, MegaFon, a major telecommunications operator in Russia, and Mail.Ru Group, the Russian internet leader and owner of the country's most popular social networks VKontakte and Odnoklassniki. The group is also a prominent global investor in the digital space and is a major investor in one of the key players in the global esports market. Furthermore, it manages a number of other industry-leading businesses including UTH Russia, one of the country's largest media and entertainment groups with a unique

portfolio of popular national TV channels in Russia and Kazakhstan and one of the leading Russian property development company. (All information in this news release concerning Mark P. M. Horn, MB Holding and Metalloinvest has been provided by each of those respective parties.)

### **Autonomy, seabed mining high in Konga, Chan talk**

October 5, 2017, The National National

EAST New Britain Governor Nakikus Konga will meet his New Ireland counterpart Sir Julius Chan today to discuss autonomy and seabed mining. Discussions have been on-going between the two regarding a benefits sharing agreement on seabed mining to be done by Nautilus Minerals and how best the two provinces can push for autonomy. Speaking on the seabed mine, Konga said this may be the final meeting on benefit sharing between the provinces and if all went well, both provinces would benefit greatly from the mine. “Benefits from the mine rightfully belong to the people, so it is the prerogative of both provincial governments to ensure the benefits go down to the people,” said Konga. “This meeting is to pave the way for such to happen.” The subject of autonomy is of special interest to both provinces and discussions held during the meeting will pave the way for the direction the current regime under the two governors will take to further their cause.

“We want greater autonomy politically, administratively and economically. “It’s not about breaking away from PNG but about acquiring the necessary powers for economy building and a system of government that will enable meaningful development and progress for ENB and NI as provinces.” Konga said the push for autonomy stemmed from the fact that there has been progressive deterioration of social and economic conditions in the provinces, as well as a further decline in living standards under the present Organic Law on Provincial and Local Level Governments. A team comprising the chairman of the ENB Autonomy Committee Sir Ronald ToVue, provincial administrator Wilson Matava and others will be accompanying Governor Konga to the meeting in Kavieng, New Ireland.

### **Negotiations ongoing for Solwara One**

Post-Courier, October 5, 2017

The State hopes to recommence negotiations for a memorandum of agreement (MoA) for the Solwara One project by October or November this year. Mineral Resources Authority (MRA) managing director Philip Samar confirmed this when responding to queries by the Post-Courier on concerns raised by two community leaders from the west coast of Namatanai. The leaders queried the benefit sharing arrangement that would be applied especially given the project would be at sea, a place where the law states there are no landowners. MRA’s project coordinator for the Solwara One, Moses Mambu said these are the issues to be addressed in the project agreements. Mr Mambu said for the Solwara One discussions had begun in 2009 and are still ongoing. “There are one or two things still outstanding including royalty and equity. This has to be agreed to by the two host provincial governments – New Ireland and East New Britain,” he said.

He explained that under the agreement, parties would have commitments to deliver on. “Nautilus Minerals Inc is already delivering benefits through its community service responsibilities. Government will also provide packaged benefits to the community area of benefits which are the seven wards of the West Coast of Namatanai, Watom and Duke of York Islands in ENB,” he said. “But we cannot say at this stage what government will provide as these have not been agreed to.” However he assured that whatever the benefits are they would be linked to the LLG and provincial government plans. Nautilus vice president PNG operations, Adam Wright said the MoA would be devised on the current Mining Act and will be binding. He assured of the company’s firm commit-

ment to fulfill all its commitments. “On royalty that is money that will be paid to the government and it is for them to decide how they will distribute it, It has nothing to do with the company,” he said.

### **Cooks govt enters into ocean mining agreement**

Radio New Zealand, 4 October 2017

The Cook Islands government has entered into an agreement with a company called Ocean Minerals to reserve 23,000 square kilometres of the country's exclusive economic zone for up to 18 months. The agreement which earned the government \$US71,000 gives the company the exclusive right to apply for licensing to undertake prospecting and exploration activities for manganese nodules. If Ocean Minerals does apply for an exploratory license within the agreed timeframe, the company will be expected to go through the necessary processes required by the Cook's Seabed Minerals Act, the recently passed Marae Moana Act, and the Environment Act. This is the second agreement negotiated with the company.

### **K11 billion mining revenue for 2017**

Cedric Patjole, PNG Loop, October 4, 2017

K11 billion in mineral revenue is expected to be generated from both large and small scale mining in 2017. This is based on figures reported from January to August, according to the Mineral Resources Authority (MRA). The MRA says this revenue is the result of continued overall increases in mineral commodity prices, production and ore exports. In a statement, the MRA says the estimated K11 billion revenue represents an increase of 13.4 percent against 2016 mineral revenue, underpinning an ongoing upward trend in mineral receipts which will boost the economy. Based on figures from operating mines in the country, major projects expect to surpass results from 2016. Ok Tedi Mine forecasts indicate a 2017 end of year outturn of an additional K700 million, with revenue potentially exceeding K2.7 billion.

Lihir is also turning in another solid performance and revenue forecasts indicate an increase in 2016 of around K200 million, exceeding K3.7 billion for the full year. Ramu operations still continue to suffer from regulatory and compliance issues, however 2017 production has improved and could exceed 2016's disruptive year by K300 million. Revenue from the newly re-opened Kainantu mine is estimated at over K8 million from the first two shipments. Unfortunately the mine suffered a significant setback with illegal damage caused by landowners and this will take some months to recover from. Simberi mine continues to generate revenue despite moving towards closure next year, coincident with the expiry of their mining lease. Porgera and the alluvial sector are maintaining reasonably steady positions, while Hidden Valley mine has entered its temporary closure phase. Loss of revenue during this period will hopefully be made up by Kainantu once they return to production.

The Tolukuma mine remains problematic as they struggle with tenement and regulatory issues as well as funding, all of which is hindering a return to production under new owners, Asidokona. Crater Mountain mine is also affected by financial difficulties with the failure of a capital raising, but it is hoped that the board and management changes will finally see some positive results from this small operation shortly. The MRA says while gold still represents an ‘unhealthy’ 68.75 percent of PNG mineral revenue, this percentage has been whittled away by the increase in copper, nickel and cobalt providing that widening of the mineral base’. The gold price has again fluctuated wildly with a recent spike on the back of international tensions surrounding North Korea's nuclear ambitions, hitting over \$USD1340 early in September, only to have now dropped back below \$USD1290.

*Letter to the editor***Uncertainty surrounds Solwara 1**

Post-Courier, 5 October 2017

Watching a so-called customary landowner commending the Nautilus Solwara 1 project on TV was pathetic. This shows how multinational corporations can stoop so low to put words into the mouths of unsuspecting resource owners in order to drive forward their hidden agenda. The principle of free, prior and informed consent requires developers to disseminate adequate information to resource owners so that they can make informed decisions on issues that will affect their lives now and into the future. Nautilus, therefore, is required to provide both the pros and cons of Solwara 1 to its stakeholders, not just the pros. Under the Customary Land Act, land ends where the sea water comes in at high tide and meets the land. Therefore, land under the sea is not defined as land, but the sea. Consequently, any land and natural resources under the sea do not technically belong to so-called customary landowners who may reside along a particular coastline or on an island. Who owns land and natural resources under the sea in PNG are currently ambiguous issues that need to be properly defined in our laws. But for the moment, we have to go along with this ambiguity and accept the benefits that will be given out to so-called customary landowners, whether they are sufficient or not.

The biggest concern to NGOs and concerned citizens is the environmental impact of the project on marine ecosystems and the sustainability of human subsistence and livelihood, with respect to the sea. Deep sea mining has never been trialled anywhere in the world, therefore we have no documented information on the adverse impacts of this project on marine organisms and human lives. We need baseline data to make comparisons in the near future to determine if any adverse environmental damage had been done by Solwara 1. We need to document marine species, their abundance and quality under pristine environmental conditions before the commencement of the project. We also need to document information on the dependence of human subsistence and livelihood on the sea and marine resources before the commencement of the project.

Let us hope CEPA, MRA, respective provincial governments, fisheries, the office responsible for community development, environmental NGOs and other stakeholders in Solwara 1 have done their studies and have documented social, economic and environmental baseline data that could be used in the monitoring and evaluation of the project. Let us hope that so-called customary landowners and environmental NGOs are ready with their legal and technical ammunitions to battle it out in court with Nautilus over impending social, economic and environmental issues with Solwara 1. A clause in the Environment Act protects corporations from being sued in court for environmental damage if a project is of national interest, so be prepared for this legal monster. National interest is not defined in the Environment Act, so ambiguity is the name of the game. You have been warned.

ENVIRONMENT WATCH PNG

**Sir Julius: I have nothing to hide**

October 4, 2017, The National National

New Ireland Governor Sir Julius Chan says he has nothing to hide from the people of the province over how mining royalties were spent over the last 10 years. He said this yesterday after Namatanai MP Walter Schnaubelt called on him to tell the people how approximately K168 million had been used for Namatanai and Kavieng districts for the past ten years. Sir Julius said Schnaubelt, being a first-time MP, should familiarise himself with the New Ireland budget process rather than making unfounded allegations. Schnaubelt said that under the current Lihir Mining memorandum of agree-

ment, 50 per cent had been declared for New Ireland with a further distribution of 20 per cent to Kavieng district, 20 per cent to Namatanai and 10 per cent to the provincial government.

“But the provincial government had held on to the entire 50 per cent without releasing the 20 per cent components for the two districts,” he claimed. “Apart from the mining royalties, the Lihir Newcrest was also committed to the two districts with its tax credit scheme.” Sir Julius said Schnaubelt was “totally ignorant” of the New Ireland budget process. “He (Schnaubelt) has not been an MP for the last 10 years,” he said. “He should read the budget for the last 10 years.” Sir Julius said the 50 per cent from Lihir was split between Nimamar local level government, Lihir Landowners’ Association and the provincial government. He said there was no allocation for Kavieng and Namatanai which showed Schnaubelt’s lack of knowledge.

### **Panguna work to cost K18.8billion**

October 4, 2017, The National National

CONSTRUCTION of the Panguna mine is estimated to cost US\$4-6 billion (K12.5- K18.8 billion). Bougainville Copper Ltd (BCL) secretary Mark Hitchcock said significant tax revenue would be generated in the estimated 25-plus years’ mine life, with operations starting around 2025-26. Hitchcock spoke during the Autonomous Bougainville Government’s (ABG) three-day tax and revenue summit in Buka last week aimed at finding ways to improve the financial outlook for the region and the government’s ability to fund services for its people. Hitchcock was invited to present development of a new Panguna mining project, including its potential revenue and broader economic benefits. Once developed, the mine would generate significant tax revenue over the 25-plus years operational life of the project. The presentation was drawn from an order of magnitude study which was updated late last year. A realistic timeline for the Panguna project will see the mine operational around 2025-26, Hitchcock said, and the potential tax revenue gains had to be viewed as a longer term prospect with no short-term, direct tax generation, although the project’s development and construction period would present income generation opportunities.

Hitchcock highlighted the need for certainty in relation to the tax regime that would apply to the project and warned that excessive tax imposts would undermine its viability. “One potential pathway is for the ABG and PNG national government to work towards a joint agreement to provide assurances regarding applicable taxes that would apply over the longterm,” Hitchcock said. In addition to tax revenue, he said the Panguna project would have a wider multiplier effect in terms of economic benefit. “A project of this scale will help stimulate the economy in a multitude of ways in areas such as training and employment, new business opportunities in the supply of goods and services and the provision of new infrastructure to name a few,” he said. Hitchcock congratulated the ABG for holding the tax and revenue summit and said BCL welcomed opportunities to contribute to important policy discussions in Bougainville.

### **Tolukuma mine staff want salaries paid**

Post-Courier, October 4, 2017

Aggrieved workers from the Tolukuma gold mine in Central Province converged on the Petromin building in Port Moresby yesterday to vent their frustrations over outstanding salaries owed to them by their employer. More than 400 mine workers and their families are affected – an estimated 80 percent of them locals from Goilala and 20 percent from outside the mine area. With bills mounting including rentals and school fees, loan repayments to make with the commercial and landlords and loansharks on their case, they say this was too much to take. To add salt to the wound, the fact that they had been given the runaround by their management on the numerous trips made to their head-

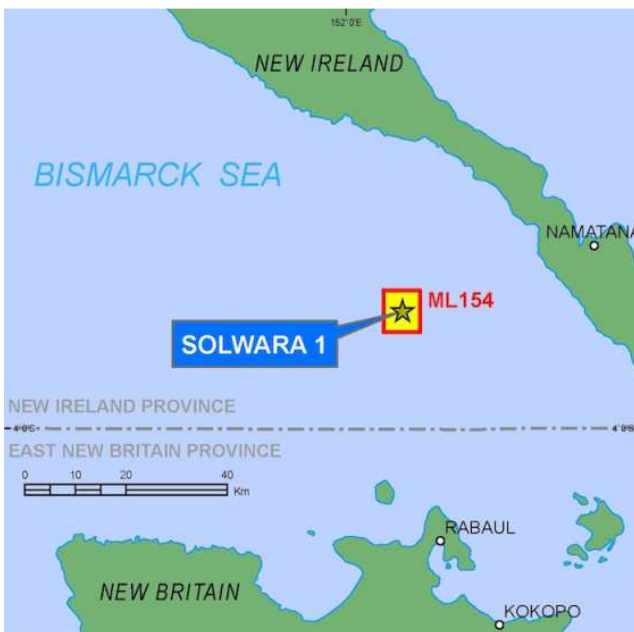


quarters, with the answer: “check next week”. Clearly irate and very aware that there could be ramifications if they went public with their grievances, they decided to bite the bullet. Spokesperson, Tera Kalak, told reporters their request to the company was simple, to be paid what is rightfully owed to them, and in cash.

“Effectively, we are owed payments for eight fortnights. It was ten, but the company gave advances, and this was recouped from two payments they made. “We have given service to the company, and all we are asking is for the company to honour their end of the bargain and pay us. “The laws of our country state we must be paid fortnightly,” Mr Kalak said. He had appealed not just to the National Government, but relevant state agencies including the Labour Department, to intervene on this matter. He said failing that, the workers would have no other choice except to seek legal advice on this matter. A management representative, in a brief email to the Post-Courier, had advised that the company is awaiting funds from its headoffice. “The target date is tomorrow, October 4, 2017,” the manager said.

### **Coastal Area Benefit for offshore mining projects**

Cedric Patjole, PNG Loop, October 3, 2017



The Department of Mineral Policy and Geohazards Management has created the concept of Coastal Area Benefit as the benefit sharing agreement instrument for offshore mining projects. Department of Mineral Policy and Geohazards Management Secretary, Harry Kore, says the concept was developed out of sentimental attachment locals have with the sea as a resource for their livelihood. The CAB concept will be first implemented across several wards adjacent to the Solwara 1 Deep Sea Mine Project in New Ireland Province. Secretary Kore said the CAB, as per its structure, is implemented with a ward that is directly opposite the offshore project. However, the CAB can be extended to three more wards on both sides of the first ward, bringing in a maximum of seven wards as allowed under the Offshore Policy.

“The seven wards is the maximum, if there is only two or if there’s only one then those are the only wards that benefit. But if there is more than that is as far as we can go.” The Coastal Area Benefit concept will be first introduced in seven wards along the West Coast of New Ireland Province. They cover 22 villages and a population of over 8,000 people. While the CAB for the New Irelanders is yet to be finalised, Secretary Kore says the concept aims to capture the locals’ attachment to the sea.

“Customarily we own the sea as well, but it’s communally owned by everybody in a particular area. And people have right of way to pass through your area for fishing or for customary activities out at sea, like shark callers.” The offshore policy is one of the new policy developments contained in the revised Mining Act, which is yet to be endorsed by the National Executive Council.

## **PNG Communities Contest Experimental Seabed Mining**

Scoop, 3 October 2017



Coastal Communities in Papua New Guinea have formally requested that the PNG Government make public key documents relating to the licensing and the environmental impacts of the Solwara 1 deep sea mining project by October 18 or face the prospect of legal proceedings. Letters were lodged with the Ministry of Mining and Ministry of Environment and Conservation on September 5, 2017, signed by representatives of four communities across the Bismarck Sea and PNG. The letters note that Section 51 of the PNG Constitution provides the right of reasonable access to official documents for every citizen of Papua New Guinea. “Very little information about the Solwara 1 project has been disclosed by PNG Government or the project developer, Nautilus Minerals”, stated Peter Bosip, Executive Director, Centre for Environmental Law and Community Rights (CELCoR).

“Papua New Guineans have the constitutional right to see this information especially as their Government has invested heavily as a shareholder in this project. In the interest of transparency and informed debate, PNG Government should release the information requested,” added Mr Bosip. Lucielle Paru, Central Province Pressure Group said, “There is a high level of community concern across PNG about experimental seabed mining. This is the world’s first venture. As a national issue, there should be an equally high level of transparency from both the PNG government and Nautilus Minerals.” According to Jonathan Mesulam from the West Coast of New Ireland Province, civil society in Papua New Guinea has been requesting this information for many years, “Why is the Government keeping secrets from its people? Communities on the west coast of New Ireland Province live only 25km from the proposed location in the Bismarck Sea. We are on the front line of Solwara 1 mine and if it goes ahead it will impact our lives and livelihoods.”

"We will exercise our legal rights to be fully informed. We have the right to know the whole truth about Solwara 1. The Government must release the documents we have requested" Pastor Matei Ibak, Karkar Island Community in Madang said, “Nautilus and PNG Government do not have the consent of local communities to go ahead with this mining experiment.” "Our people chased Nautilus away from our waters, now the people of New Ireland and East New Britain face pollution in their traditional waters if Solwara 1 goes ahead. Instead of protecting Papua New Guineans the Government is protecting the interest of the company.” “We are giving the Government of PNG until October 18 to provide the licensing and environmental impact documents, or legal proceedings will be filed against the Government,” continued Mr Mesulam.

## **TB outbreak escalating in Tabubil**

BY MELISHA YAFOI, Post-Courier, October 3, 2017

Tabubil Hospital in Western Province has reported a rise in tuberculosis – TB this year. Senior Finance and administration officer and acting hospital administrator Leonard Peruka said the hospital has seen an increase on TB alone therefore the hospital is now carrying out an aggressive awareness to combat this increase. Mr Peruka said the hospital staff has also conducted serious follow ups on suspected TB cases. “Every week our team carries out awareness and every Tuesday and Thursday we have TB clinics. “For this year we have treated more than 20 so far and the measures we have taken to combat this increase we have allocated some of our budget lines to erect a new TB ward specifically for TB patients located at the back of the hospital. It’s an eight bedroom with two isolation units that will be stations for nurses,” he said.

Mr Peruka said this additional ward will increase the number of wards for the hospital to three as currently the hospital have one ward for maternity and one for obstetric and gynaecological patients and the general ward caters for the general and surgical patients. Mr Peruka has also confirmed that the hospital at times do face shortages with drugs and other necessary supplies but are thankful for the partnerships they have created with Ok Tedi Mining Limited and Diwai Pharmaceutical who have been supporting them tirelessly with supplies. “In terms of shortages, yes resources are always scarce and at time we do face drug shortages/medical supply shortages, because we not only supply here but we extend to the entire mine villages that we also look after,” he said. Mr Peruka said apart from TB and other big cases the hospital on average serves about 10 accidental and emergency patients most are settlers from the mine.

## **Tolukuma to restart operations**

Post-Courier, October 3, 2017

The State anticipates mine restart at Tolukuma, Central province, by the year’s end, says Mineral Resources Authority (MRA) managing director Philip Samar. However, this will depend on how soon Singaporean developer Asidokona Mining Resources PTE, sorts out the regulatory requirements especially those pertaining to its preparations for it to return to mining. Mr Samar was responding to queries by the Post-Courier on a situation update at this mine. Production was planned for the month of July announced by Tolukuma Gold Mine executive director Vincent Siow in June this year during the signing of the revised memorandum of agreement (MOA) for the project.

However, its plans had to be shelved when its major partner decided to withdraw its investment. Tolukuma Gold Mine (TGM) executive director Vincent Siow in August, had advised that Asidokona managed to convince US Funds, which he said were familiar with the mining industry in PNG to join the venture. “MRA is aware that the developer is doing tests to fulfill that requirement. It is for them to meet those conditions and to come back to us. Failing that some decision will have to make as to what then happens. “There are some things that we can do to assist. We want to be proactive and in doing so work with them so that they can meet those conditions,” the managing director said. Meanwhile, Mr Samar confirmed that landowners of Tolukuma have already signed off on the revised MOA for the project.

## **K3 million for LNG landowners ready**

BY MELISHA YAFOI, Post-Courier, October 3, 2017

Upstream and downstream pipeline landowners will be paid in eight to ten weeks from now. Minister for Petroleum and Energy Dr Fabian Pok gave this assurance in Parliament last Friday when

questioned by Kairuku-Hiri Member Peter Isoaimo whether or not these landowners will receive their benefits. Mr Isoaimo said since the plant site landowners received their payments last month his office has been bombarded with pipeline landowners downstream enquiring when they will receive their share. Mr Pok when responding said the government has already allocated K3 million in its supplementary budget to complete the long and overdue clan vetting exercise for the upstream landowners therefore they will still get their share of benefits.

He acknowledged that when the PNG LNG project was commissioned, the government and department responsible did not do proper clan vetting at that time that is why it is very difficult to decide the real landowners to receive benefits. He said therefore their royalties and equities are locked away in the Central Bank and are now trying to identify who they are. “We started with the plant site landowners because they have identified who the real landowners were and they were ready so we have paid them. “Now we are working towards the pipeline so it doesn’t mean that they will not receive, the money is locked away, they will receive, and it’s just that we have to identify who is the legitimate landowner. “The guys at the Department of Petroleum and Energy are working on it and I am pretty sure pipeline landowners will receive their money,” he said.

Mr Pok made an appeal also to the upstream landowners to set aside their court cases which has prevented benefits reaching the people and has asked for their cooperation to sort out clan vetting with government and the department responsible so that the payments can be made. “I am happy that the government has allocated K3 million now so after the parliament session and sometime next week, the vice minister and I will sit with landowners at Hides and identify the landowners properly. “K3m is not enough but at least the government has put some money into conducting clan vetting so once the clan vetting is done probably we can identify the legitimate landowners who will receive the benefits. Eight to ten weeks from now pipeline landowners will get their payments,” he assured.

### **Alluvial mining sees increase in revenue**

October 2, 2017 The National Business

THE total revenue from alluvial mining this year is forecast at around K11 billion, according to the Mineral Resources Authority. The figure was based on monthly reporting up to August this year. The revenue is the result of increases in mineral commodity prices, production and ore exports. A statement from the MRA said a K11 billion mining sector revenue outcome would represent an increase of 13.4 per cent against last year’s mineral revenue. “More importantly, it would underpin an ongoing upward trend in mineral receipts, which will boost the economy,” it said. “All major mines and alluvial miners contribute to this outcome. “Gold, silver and copper production at Ok Tedi is ahead of 2016 figures (based on only 10 months of production).

“Forecasts indicate a 2017 end-of-year out-turn of an additional K700 million, with revenue potentially exceeding K2.7 billion. “Lihir is also turning in another solid performance and revenue forecasts indicate an increase of around K200 million – exceeding K3.7 billion for the full-year. “Production forecasts indicate that Lihir may produce around 950,000 ounce, closing on its one million ounce production target in the calendar year. This would be an impressive turnaround and achievement, emphasising its credentials as a world top five gold mine aspirant, by production, and consistently rated as 3rd globally for its ore reserves. “While the Ramu operations still continue to suffer from regulatory and compliance issues, this year’s production had improved and could exceed 2016’s disruptive year by K300 million.”

## **Limited benefits in Solwara One project**

Post-Courier, October 1, 2017

Given that there will be minimal spin-off benefits to landowners as a result of the world's first deep sea mine, the developer says it will heavily focus on its community service obligation. The issue of benefits has been one of the main concerns of the leaders of both New Ireland and East New Britain who were in Port Moresby last week to witness the trials being conducted on the Nautilus Minerals Inc's mining equipment. For the ENB delegation the issue had been raised by Florence Paisparea who is the forest and environmental coordinator of the ENB provincial administration. Nautilus Minerals Inc vice president for the Papua New Guinea operations, Adam Wright said unlike the traditional land-based mines, the foot print of the Solwara One project, would be quite small and likewise the benefits. Mr Wright said employment would be limited as the firm will be employing about 200 people compared to Newcrest Lihir's 3000. He said other spin-off business would also be limited as its operations would be out at sea and there would not need services including buses, security and laundry services all associated with the land-based mines.

Mr Wright said it had already begun implementing this project especially in the coastal areas along the West Coast of New Ireland in the coastal areas of benefits (CAB) ahead of production. Mr Wright told the leaders from ENB the firm would be delivering its first project—a community health post on Wotum Island by the year's end. He said apart from health, education, infrastructure development, and business development would be other focus areas. "What we want to do is help generate businesses that will still be going once we are gone. We are looking at areas of cocoa and copra and trying to help people rehabilitate plantations and get those industries running. Royalty was stated as another benefit, which Mr Wright said would be paid when the company begins production. He said from discussions held, the intention is to have that distributed down to the local level government level. Mr Wright said there is already a draft agreement, which once finalised would be signed off. He added that this is the agreement that will address all these issues.

## **Nautilus explores funding options**

Post-Courier, October 1, 2017

Nautilus Minerals Inc is still exploring financing opportunities in order to maintain the development of the Solwara One project and the company's operations. According to the firm's market report released last Tuesday, the Canadian miner stated it requires a significant and additional funding, in order to complete the build and deployment of the seafloor production system (SPT) to be utilised for the project. "Based on the its current cash position and budget, the company needs to obtain new funding of approximately K131.2 million (US\$41 million), before the end of 2017 and. And in particular, at least approximately K48 million (US\$15 million) is required before October 31, 2017 to meet the company's contractual commitments in relation to certain of the equipment forming part of the seafloor production system. "The company is in active discussions with various parties, including existing shareholders, regarding potential financing transactions and alternatives. The firm further stated that failure to secure the necessary financing may result in it engaging specialist advisors. It aims in taking various steps aimed at maximising shareholder value such as undertaking various transactions including, without limitation, asset sales, joint ventures and capital restructurings.

## **Nautilus Giant Seabed Mining Machines Will Wreak Havoc**

Pacific Scoop, September 29, 2017

Coastal communities across the Bismarck Sea under the umbrella of the Alliance of Solwara Warriors claim that Nautilus and the PNG Government do not have their consent to go ahead with exper-

imental seabed mining in the Bismarck Sea. “Who are these leaders from New Ireland province that Nautilus has hand selected?”, said Jonathan Mesulam of the Alliance of Solwara Warriors. “I am from the West Coast of New Ireland Province and I hear my people’s concerns. Landowners on the west coast of New Ireland Province live only 25km from the Solwara 1 seabed mining site.” “In June this year, more than 300 hundred people attended forums held in Namatanai and Kokopo hosted by Caritas Kavieng and the Archbishop of Rabaul. Papua New Guineans are worried about the impacts of this Canadian company’s experiment”, claimed Mr. Mesulam. ”There are too many unknowns and challenges in operating this equipment in our precious oceans. These are giant instruments of torture for our marine environment that is already stressed by pollution, over fishing and rising sea levels. Why is our Government burdening our island and coastal communities with extra problems?”



Canadian company Nautilus is busy showing off its seabed mining machinery to a small select group of people from New Ireland and East New Britain – landowners and community leaders are unimpressed.

Lucielle Paru of the Central Province Pressure Group said “My community lives near the testing site at Motukea Island. We do not support the development of this equipment. The dockyard on Motukea Island is nothing like the conditions on the sea floor where the mining tools will be used. These trials will not provide any evidence that the equipment is safe to use. Did the Government do any due diligence checks before it used the money of Papua New Guineans to purchase a 15% share in such a high-risk project?” “It is foreign to Melanesian culture to become so excited about giant machinery. Our traditions protect community and nature. This foreign company is pushing their values for their own financial gain at the expense of our people. Once they try out their destructive equipment in the Bismarck sea they plan to take it to mine all around the PNG coastline. No one living next to the sea will be safe.”

Dr. Helen Rosenbaum of the Deep Sea Mining Campaign said, “Nautilus is showing off its equipment to a small select group of people from New Ireland and East New Britain to try and buy support for Solwara 1. They know local communities strongly oppose this project. Nautilus is also desperately trying to convince investors that they are making progress. The company is struggling financially because Solwara 1 is very risky economically as well as environmentally.” “This level of risk has scared off responsible investors who refuse to gamble with people’s lives and futures.”

### **Solwara One, a game changer**

Post-Courier, September 29, 2017

With production set to commence in early 2019, the much debated Solwara One seafloor mining project is set to pave the way for what has already been described as the advent of a new era in the

global mining industry. “Solwara One will be the first deep sea mine in the world and Papua New Guinea has taken a bold step forward into what will be a new industry. Papua New Guinea has chosen to be at the forefront of this new industry and that is something that I think that everyone here can be proud of. This deep sea mining will be the future of mining,” said Nautilus Minerals Inc. vice president, Adam Wright. However, pioneering the game changing technology that hopes to revolutionise the mining industry has come with a hefty price tag. The initial capital investment made by Nautilus Minerals Inc. has been valued at roughly US\$580 million (K1.8billion).

Operating in a low, to zero visibility environment and water pressure up to 280 bars, Solwara One has come with its fair share of challenges, but after 10 years of research and experimentation, Nautilus Minerals has the utmost confidence that the project will be a success. Nautilus Minerals Inc. has already invested in three, 320 ton machines that will be responsible for the mining and collection of minerals from the seafloor which are already completed and are in country. Also completed is the pump and riser which have been fabricated in US in Houston while the Production Support Vessel which is being constructed in a dockyard in China is nearing completion.

The mine site itself, is situated 1.6km below sea level, in the middle of the St George channel between East New Britain and New Ireland provinces. According to Mr Wright, Solwara One will lead the way, for similar project not just in country but around the globe. “Before the 1960s oil was only found on land and there were only terrestrial operations mining oil, but slowly during the 1960’s oil was starting to be found offshore and people began mining offshore in the Gulf of Mexico. After about 10-20 years, a third of all the oil in the world was being mined offshore,” Mr Wright said. “We think the same thing will now happen with mining. This will be the first mine that’s offshore and in years to come, perhaps 20 years from now, there will be many mines offshore.

### **Nautilus: East New Britain receptive**

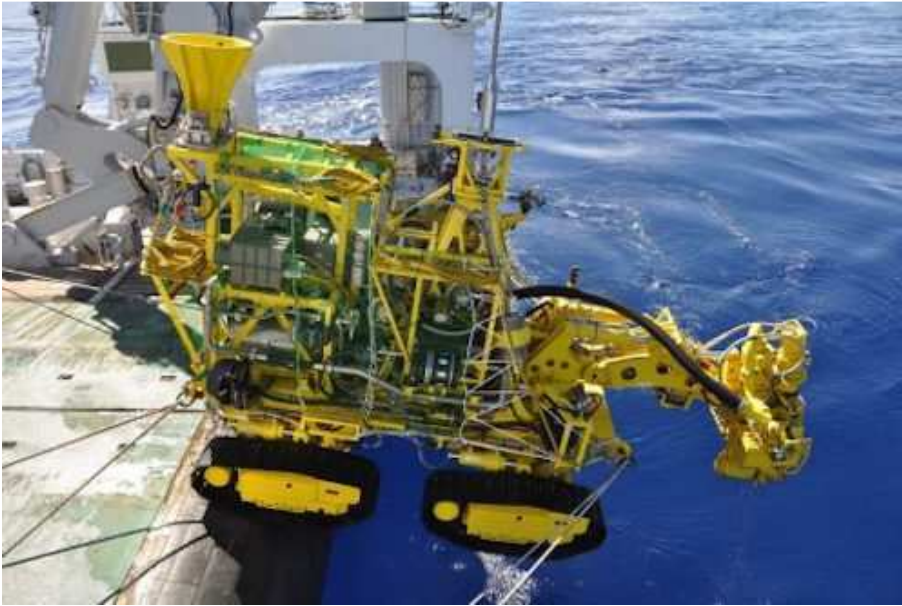
Post-Courier, September 29, 2017

Nautilus Minerals yesterday concluded the second of two visits planned for stakeholders to see the trials it is conducting on the equipment that will be used in the world’s first ever deep sea mine. Thursday’s program was specifically for the provincial and community leaders from East New Britain province which it had flown into Port Moresby for the occasion. They were joined by state representatives from the Mineral Resources Authority (MRA). On hand to receive them at the Motukea Dockyard where the equipment are being trailed was Nautilus PNG vice president PNG operations, Adam Wright, PNG country manager, Mel Togolo and senior managers. Mr Wright said the visit by this delegation was very important especially as the firm nears production. From the outset he had commended the provincial government of East New Britain for the long term view it had formed of the risks and opportunities and the effort that they had also put in trying to understand the project.

He said the intent of bringing the delegation to Port Moresby was to see the mining equipment which is being trialed, and which the company would be trialing in this industry. They were also to meet the Papua New Guineans that would be operating them, and also to ask any lingering questions so that they could then form their views on the facts and go back and relay to their people back in their communities. Mr Wright said he believed it would be a more effective way and would bear more weight than if the company was to do this. The team was satisfied and expressed a general sense of pride by the fact that two nationals would be at the helm of this operation. ENB deputy provincial administrator-socio-economic sector, Levi Mano on behalf of the delegation, thanked the Canadian miner for making the trip possible and had assured of continued support towards the project.

## Japan Starts Mining Hydrothermal Deposits

Subsea News, 28 September, 2017



Japan has carried out the world's first mining and lift test of hydrothermal deposits at about 1,600 meters depth in the ocean near Okinawa, the country's Ministry of Economy, Trade and Industry and the Japan Oil, Gas and Metals National Corporation (JOGMEC) confirmed earlier this week. The success of this test, which reportedly extracted zinc and other metals, should be a major step toward establishing the technologies required for ocean mineral resource development. In addition to the results of this test, Japan plans to carry out economic evaluation such as resource amount assessment and environmental survey. According to the Ministry, the first test confirmed that there is no serious influence on the surrounding environment. "We are planning to comprehensively promote efforts towards commercialization of submarine hydrothermal deposits by promoting economic evaluation and environmental investigation," the Ministry said in a statement.

## Solwara One seabed mining set for 2018

BY MICHAEL ARNOLD, Post-Courier, September 28, 2017

After almost a decade of preparations, awareness, experimentation and a capital investment of about K800.7 million, the experimental seabed mining project, Solwara One is now only 18 months from fruition. "It's been over ten years that we've been working on this project, and over that time we've engaged with the community. We've gone out to the communities and explained what we are trying to do. We have been faced with a lot of concern and a lot of questions over that time," said Nautilus vice president Adam Wright. Initially, the project received much resistance and criticism with many questions being raised over the years of the subsequent damage that an undersea mining project might cause to the surrounding marine environment. However, Mr Wright revealed during a visit by New Ireland community leaders to Motukea yesterday that after four independent reviews, Nautilus has assured that Solwara One will have very minimal impact on the marine environment and the ecosystem it supports.

"If you look at deep sea mining and you compare it to terrestrial mining, there is in fact an environmental advantage to going off shore. I think that this is going to be one of the main reasons that we see this new part of the industry develop. Cost of deep sea mining is very small compared to the cost of land-based mining. "This is why I think that we will see a migration away from land based mines to deep sea mines and Papua New Guinea will be at the forefront of that transition," he said.



Production for the Solwara One project is expected to kick off during the first quarter of 2019 and extraction at the project site will continue for the next three years. A further 20 prospects are being explored in the Bismarck Sea for potential mine expansion and this will be at a significantly reduced cost for the company according to Mr Wright.

### **PNGeans to pioneer new mining technology**

BY MICHAEL ARNOLD, Post-Courier, September 28, 2017

With 18 months to go till the commencement of the production phase of the Solwara One project, two Papua New Guineans now find themselves at the helm of pioneering some of the world's first experimental seabed mining technology. Sharing over 40 years of terrestrial mining experience between them, Herman Sumun from Madang and Leslie Kewa from Jiwaka are not only the first Papua New Guineans qualified to operate the experimental seabed mining technology, but are also essentially the first in the world. Although there were similarities with what they had experienced in terrestrial mining, both operators highlighted some of the many challenges faced with operating 320 tons of machinery at a depth of 1,600 meters and in excess of 280 bars of water pressure. "We're pretty much sinking a machine in water. We don't do that. Machines don't like being sunk in the water, especially machines that are running with a high voltage and hydraulics.

Getting a perfectly good machine and sinking it in the water is very new for me. The other thing is pressure. There's a lot of pressure down there that we have to cater for. There's also technology here that I've never seen before, which we are using now to cater for the pressure that we will be working at. So it's very different," said Mr Kewa. "There are a few similarities. Let's put it this way, it's mining. So there's a lot of new thing we're looking at and a lot of new skills we have to learn. The similarities are only in the equipment. How we're gonna mine is totally different." Nautilus Minerals vice president Adam Wright, said that the experimental project was not only a step forward for the two Papua New Guineans, but also represented a bold move by Papua New Guinea as a whole in pioneering what he described to be the future of mining. "Leslie and Herman are the first operators of this mining equipment anywhere in the world.

### **Solwara: Stakeholders tour Motukea**

Post-Courier, September 28, 2017

NAUTILUS Minerals Inc. yesterday conducted the first of two visits to the Motukea dockyard for its stakeholders to see first-hand the trials being done on the Seafloor Production Tools (SPTs). Yesterday's visit was specifically for the delegation from the New Ireland province, who will host this mine, which the company had flown into Port Moresby. The group had comprised of representatives from the New Ireland Provincial administration while also the ward counselors of the seven coastal area of benefit (CAB) from West Coast Namatanai and Sentral New Ireland. A second similar visit will be conducted today (Thursday), for a delegation of the project's East New Britain stakeholders.

Nautilus vice president Adam Wright in welcoming the team to Motukea said the project was ten years in the making. The purpose of bringing the group here was to allow them to see first hand the progress the firm had made but more so to see the mining equipment which they had only just heard of. "Seeing is believing and so we have brought community members from New Ireland to see first hand the mining equipment and to witness in operation. "This is to they can go back to the community and say yes I have seen the equipment and yes its operating in the way we were told it would. So it's a vitally important day," Mr Wright added. The visit included a tour of one of the three control consoles.

## **PNG gets first offshore project**

September 28, 2017, The National Business

*THE Twinza Oil Ltd will be the first company to conduct offshore petroleum development in Papua New Guinea. Business Editor SHIRLEY MAULUDU discusses with Twinza managing director HUW EVANS the Pasca A field in Gulf which the company will be developing.*

**MAULUDU:** Tell us about Twinza Oil Limited

**EVANS:** We founded the company in 2006 with the backing of the Clough Family from Perth. The Clough family founded Clough Engineering and have been active in Papua New Guinea infrastructure development since the Kutubu development. While the Clough family have since sold their interest in Clough Engineering, they have of course a great depth of experience in working in PNG and have remained strong supporters of investment in the country. We were pleased to introduce Kerogen Capital, a specialist oil and gas private equity fund manager, as a shareholder in Twinza in March 2014. Kerogen manages more than US\$2 billion (K6 billion) which is invested in global upstream oil and gas development. It has brought a wealth of in-house industry and financial expertise as well as operating and technical experience. I came to PNG in 1984 and worked on the first commercial oil discovery at Iagifu-2X in 1985 before spending five years in the highlands on helicopter-supported geological fieldwork for Gulf /Chevron. Since our establishment we have been active as an Operator in Myanmar, Thailand, Australia and of course PNG. During this time we have conducted offshore and onshore drilling and seismic operations and are applying this experience to PNG. We have very capable teams in Port Moresby and Singapore who have a wealth of planning, implementation and operating experience. Our PNG development team is experienced in the development of offshore oil and gas fields and we have the additional advantage of having access to the deep pool of construction, marine and logistical expertise in Singapore. All this experience and expertise is being directly focused on the development of Pasca A.

**MAULUDU:** Tell us about the Pasca A field.

**EVANS:** The Pasca A rich gas-condensate field is located about 90 km offshore in the Gulf of Papua in 93 metres of water depth. The field was first discovered in 1968 by a consortium of five companies (Philips, Arco, Sunray, Canadian Superior and Australian Superior). The field name comprises the first letter of each company name. Three historical wells were drilled in Pasca A in 1968, 1969 and the most recent one being in 1983. However, no commercial development solution could be found at that time. Size-wise, Pasca A is modest in comparison to some of the onshore fields that have recently been developed but it has a substantial volume of LPG that can easily be supplied into the PNG domestic market. Twinza identified the potential of Pasca A in 2008 and were awarded PPL 328 over the field in 2011.

Since then a complete re-evaluation of the field has been undertaken through the application of modern data and methods, including 3D seismic technology through to digital core analysis.

Most of the techniques applied did not exist when the field was first discovered, and through their use Twinza has been able to propose a commercial development solution to the government.

We are excited about the road ahead for the Pasca A field and with the support from the PNG government we look forward to developing PNG's first offshore production infrastructure.

**MAULUDU:** How will the company extract the gas resource at the Pasca A field?

**EVANS:** The Pasca A wet gas condensate field development requires wells to be drilled into a reefal limestone reservoir. Offshore processing facilities will be installed at the field location. We are currently drilling the Pasca A4 well which the fourth and final appraisal well and the first since the last drilling campaign 34 years ago. This well will be completed for use in the development. The facilities design comprises two offshore platforms and two floating storage and off-take vessels or FSOs. The smaller wellhead platform will support the wells, from which production flows across to the adjacent processing platform. The larger processing facility will contain gas processing units to extract LPG and condensate products which will be stored in the FSOs for export. The dry gas stream will be reinjected into the reservoir for future extraction in a second phase of development. The offshore facilities will be pre-fabricated and brought to PNG for installation in the Gulf of Pa-

pua. The main processing platform will be self-installing, using a similar design to the jack-up drilling rig that was recently brought into PNG and unloaded just near Port Moresby.

We expect the offshore facilities will take two years to design and fabricate, hence Twinza could be producing LPG and condensate from Pasca A in 2020.

**MAULUDU:** Given the nature of the project, would there be any implication on the environment when Twinza starts on the development of the project?

**EVANS:** There are always environmental concerns for any new development and our project is no different. It is important to note that offshore projects and operations in the upstream oil and gas industry are very well established globally since the 1950s. There is already a large body of knowledge to draw from for a project like ours. We will be installing the first offshore production facility in PNG, nevertheless the technology and operational approach we are adopting are proven and well established in the industry. Since 2015, we conducted environmental baseline surveys and site-specific sampling and tests, as part of our Environment Impact Statement (EIS) for the project. The EIS was a collaborative approach in accordance with the Environment Act (2000) and involves working closely with the Conservation and Environment Protection Authority and other key institutional stakeholders such as National Fisheries Authority (NFA), National Maritime Safety Authority (NMSA), PNG Ports Corporation, the Gulf Provincial Government. They all have made valuable contributions to the Pasca A EIS which I am pleased to say was produced to the World Bank standard. Through endorsement of the Environment Council, the Pasca A Project's Environment Permit was granted to Twinza in April this year. Our operations from here on adheres to prescribed conditions of our Environment Permit. As part of the EIS process we conducted hazards assessments to identify potential accidental events. These hazard assessments are being progressively refined with mitigation measures built into the project's design to reduce risk of these events. Our project's location at 90 km from the nearest landfall is distant from any sensitive marine fauna and flora or resource use and conservation value. The great distances from sensitive nearshore marine resources provide extensive time for effective implementation if we must respond to a condensate spill from our facility. We have an Environment Management Plan that guides our operations and adheres to conditions of our environment permit. Through our site selection, modern drilling techniques, and design of our wells and production facilities, we managed to avoid many potential impacts to the environment. For example, our use of a self-installing processing platform design allows for us to leave behind minimal environmental footprint at the end of the field life as the platform can simply be jacked down and towed away from the location.

**MAULUDU:** There have been recent comments on laws governing the sector to be reviewed to suit offshore projects like Pasca A which Twinza is working on. What is the company's comments on that?

**EVANS:** PNG has historically seen mostly terrestrial projects in the upstream oil and gas sector and there are ongoing discussions amongst stakeholders on the application of regulations and standards for off-shore projects. PNG already has key legislations in place such as the Oil and Gas Act (1998), the Oil and Gas Regulations (2002), and the Environment Act (2000).

These are the principal legislations for all upstream oil and gas exploration and production activities in the country. Twinza takes compliance with established laws and regulations seriously. We recognise that there will be some unprecedented challenges for our project located far from shore as we set out to install the first off-shore hydrocarbon production and export facility in the Gulf of Papua. Twinza has taken all prescribed steps under the Oil and Gas Act. This includes undertaking a Social Mapping and Landowner Identification (SMLI) study by an independent third party who engaged with all key stakeholders in the SMLI process. All key stakeholders recognize that our project location 90 km from shore is within the National Government's 200 nm exclusive economic zone with the 3 nm – 12 nm being the territorial water belonging to the Provincial Government.

There are technical and operational considerations which will require contributions from relevant regulators such as CEPA, DPE, NFA and NMSA. They have all been engaged on the project, especially with the process leading to our Environment Permit award. The future of the project will re-

quire constant dialogue to ensure we are kept abreast of any regulatory changes or updates these key agencies institute.

### **Mine production to increase**

BY FRANKIY KAPIN, Post-Courier, September 27, 2017

The K92 mine in Eastern highlands is looking to produce in the order of 50, 000 ounces (oz) of gold together with a few thousand tons of copper annually once into full operations starting next year. Chief executive officer and director of K92 Mining Incorporation, John Lewins made this known yesterday. When asked about the annual revenue generation of the mine and local landowners beneficiaries once operations of the mine is underway, Mr Lewins said 60 per cent of the mine employees come from the local landowner groups. “We employ 500 people and 60 per cent of those are local landowners,” said Mr Lewins. He said wages going into the local community is in the order of K7-8 million.

“Business opportunities, we still working through with the local communities,” he said. Mr Lewins said as the mine progresses, business opportunities will gain in access of up to K2 million profit going into the community, which is still not the total value of the contract will be higher. He said the developer is looking at doubling production by the end of 2018, and doubles opportunities. Mr Lewins said the approach is something the developer has to work through with the community and as well is part of the MOA. MRA K92 mine project coordinator, James Norum said with the country’s Mining Act review, a concern by stakeholders is pending completion conducted by Department of Mineral Policy and Geohazards.

### **Western Province leadership challenged to deliver**

*Prime Minister Peter O’Neill has challenged leaders of Western province to get their act together in the delivery of funds given to the province via the Ok Tedi mine and various benefit sharing agreements the province has been given so far.*

BY MATTHEW VARI, Post-Courier, September 27, 2017

Prime Minister Peter O’Neill has challenged leaders of Western province to get their act together in the delivery of funds given to the province via the Ok Tedi mine and various benefit sharing agreements the province has been given so far. The prime minister made his response when asked by Western Province Governor, Taboi Awi Yoto, on what real contribution the Government has given to the province. Mr Yoto pointed out that no real tangible benefits have been seen by his people, brushing aside recent benefit arrangements from the direct part-ownership of the mine and the community mine continuation agreement (CMCA).

### **More Shootings Near Papua's Freeport Mine**

*Despite the road to the lucrative mine being closely guarded by police and security forces, numerous shootings and ambushes have occurred along the route in the last fifteen years*

WELLINGTON, New Zealand (Radio New Zealand International, September 25, 2017) – There's been another spate of shootings near the giant Freeport mine in Indonesia's Papua province. Two vehicles belonging to the gold and copper mining operations were shot at yesterday on the main road servicing the mine from Timika. Police are also investigating another shooting incident on a vehicle in the same section of the road last month. Despite the road to the lucrative mine being closely guarded by police and security forces, numerous shootings and ambushes have occurred

along the route in the last fifteen years. One such ambush in 2009 left three people dead, and an earlier burst of shootings in 2002 left two American teachers dead.

### **Tuke optimistic about Mining Act review**

Post-Courier, September 21, 2017

Mining Minister Johnson Tuke says he is optimistic about the outcome of the Mining Act review. Mr Tuke told the Papua New Guinea Chamber of Mines and Petroleum this during his ministerial meeting yesterday. He told the Chamber officials that despite his proposal to review the Mining Act which has created a lot of anxiety within the industry, he is optimistic of an outcome that would be accepted by affected parties. He said as per the review of the Mining Act, his ministry and the National Government were working in line with government priorities to address it. He said Prime Minister Peter O'Neill will meet with the Secretary for Department of Mining Harry Kore for a briefing on the review of the Mining Act this week and that the Mineral Resources Authority (MRA) and the Department of Mining will also conduct a power-point presentation next week for all industry stakeholders.

His meeting with the chamber was to enhance the ministry's relationship with the industry at which the minister said he is more than happy to hear what the chamber has to say regarding the mining industry in Papua New Guinea. "All economic ministries have been given a 100-day ultimatum to perform by the National Government and therefore I would like to work closely with you, the Department of Mining, Mineral Resources Authority and all extractive industry companies in order to realise the government's agenda. "My plan is to visit all mining projects in Papua New Guinea as minister responsible and I would like to meet with company officials and discuss matters of importance," said the Minister. He also announced that during his term in the ministry he will take on board the Wafi-Golpu and Frieda River mining projects and ensure that these important mines are operational.

### **Ongoing unrest affecting Porgera mine operations**

September 20, 2017 The National Business



The burnt truck belonging to the IPI group along the Porgera-Wabag road yesterday.

PORGERA mine operations have been disrupted by the ongoing unrest and roadblocks, according to mine operator Barrick Niugini Limited. Executive managing director Richmond Fenn said it had

significantly impacted communities and businesses in the district. “The unrest and violence we have seen in recent weeks, combined with frequent road closures on the Highlands Highway, not only impact operations at the Porgera mine, but also prevent the movement of people and goods to and from the region,” Fenn said. “We hope that the situation improves soon, and we are working to assist the government and community leaders in bringing about lasting peace in the area.” The two-week closure of the Wabag-Porgera road was lifted yesterday but a truck belonging to iPi Transport was torched soon after.

iPi Transport general manager Maso Mangape told The National that the roadblock was set up by relatives of a boy alleged to have been killed by the security forces last month. “As two of our trucks were returning empty from Porgera, one was held up or hijacked at the Liop-Ipai section of the road just before Laiagam, and torched. Nothing is recoverable,” Mangape said. “We are yet to establish the reasons and motives behind this action. It was at around the same location that a local was held up in his bus and shot dead about two weeks ago.” Roadblocks at Surunki, Jiwaka and Chuave in the past two months “have cost this company so much”. Mangape said it was frustrating for road-users such as iPi servicing the giant Porgera gold mine and helping contribute to the economy of this country, pay taxes and create employment. “It is disappointing to see the Government not acting promptly to address these issues on the road,” he said.

### **Tribal fights, roadblocks hurting businesses**

September 20, 2017 The National Business

THE Porgera Chamber of Commerce is concerned about the tribal fights and road closures which are affecting businesses including the operation of the Porgera gold mine. Chamber president Nickson Pakea told The National that the weeks of tribal fights had forced the closure of roads and in turn cut off supplies to businesses and Porgera mine. “The situation has been tough for business-houses that have shut down. The price of goods has increased drastically, as well as for fuel because of the roadblocks in Surunki,” he said. He said all the goods destined for Porgera were held up. “The price of fuel has increased and it will run out soon,” Pakea said. “Most of the businesses here are contracted to and depend on the mine. They have also been affected badly by supplies not coming in. “The situation is tense and business community and the people are suffering because of this. “We are hoping that the government will intervene or it will get worse”. Pakea said the few transport operators had increase fees from K20 to K40 for passengers due to the risk, the fuel shortage and the payments required at roadblocks. “Fuel price has gone up from K15 per gallon (3.7 litres) to K30 for a gallon, or in some places even more. “The supplies that come in from Mt Hagen like kaukau (sweet potato) have also stopped coming in and that’s also affecting us here.”

### **Coal plant proposal for PNG city a poor option – NGO**

Radio New Zealand, 19 September, 2017

A proposal for a coal-fired power plant in Lae is a poor economic and environmental option, according to an anti-coal group in Papua New Guinea. The proposal by Mayur Resources to build a plant on the Lae Tidal Basin has lingered for a couple of years, but failed to get a purchase agreement from PNG Power. However Mayur had approval from PNG Ports through its re-development of Lae's important port area. But Chris Lahberger from Nogat Coal PNG said the government knew that a coal plant was not an efficient way to generate energy. "But it just looks awful as well, as PNG is a signatory to the Paris (Climate) Agreement to go one hundred percent renewable, and a coal mine with a forty year life span," Mr Lahberger said. "Mayur are now suggesting that the life span of this coal plant to be fifteen years. But the economics of that just doesn't stack up. Like you

would not make your money back from your investment if you ran it for just fifteen years." Mr Lahberger said renewable energy was a better alternative.

### **PNG's First Off-Shore Gas Field To Cost Around \$287M, Expected To Begin Production In 2020**

*Twinza Oil (PNG) Limited Gas: regarding landownership, Pasca gas field 'will set a precedent to other future development offshore, on how the ownership aspect should be handled'*

By Shirley Mauludu

PORT MORESBY, Papua New Guinea (The National, September 18, 2017) – The country's first off-shore gas field to cost around K938 million [US\$287M] is expected to begin production in 2020, it has been revealed. Twinza Oil (PNG) Limited Gas project development manager Eric Kowa said they hoped to begin production at the Pasca gas field, about 90 kilometres from Orokola Bay in Gulf then. The Pasca gas field is Petroleum Prospecting License 328. "We are progressing towards a development licence. The development will come in two phases," he said. "The first one will be the production of condensate and LPG (liquefied petroleum gas). Phase Two will have other Pandora, which is the other discovered gas. We'll look at monetising that as well. That will take time. If that goes to plan and we get all the support that we need, we are looking at gas production in the first half of 2020.

"It's about 90 kilometres from Orokola Bay into the Gulf of Papua in about 93 metres of water. It's not deep compared to other developments around the world but it's certainly the first for our country." Kowa said the project would cost about US\$300 million (K938.61 million). "We are looking at (at least) US\$20 million (K62.57 million) to drill the well. But by the time we are finished with the facilities, into first production, we'll be looking at spending at least US\$250 million (K782.17) – US\$300 million (K938.61m), foreign direct investment," Kowa said. "The licence at Pasca field right now is 100 per cent owned by Twinza, until such time when government takes its State interest as per the Oil and Gas Act (1998)."

On landownership, Kowa said under the Oil and Gas Act, "you have to conduct a study and commission a study called social mapping and landowner identification study". "At the conclusion of the study, at 90 to 95km out into the ocean, there is no guarantee of landownership," he said. "So that means the prerogative is on either the provincial government or state government. It's something for the two governments to decide how they handle this. "However they handle that will set a precedent to other future development offshore, on how the ownership aspect should be handled. That means the government by law, in oil and gas projects, takes up 20.5 per cent equity stake in a new project that are going to development phase. "There's a two per cent that the government also carry, and by law that freely is for the landowners. "In a case like ours, it is going to be an interesting discussion as to how the government does that."

### **We are being softened up for the re-opening of Panguna mine**

Leonard Fong Roka, PNG Attitude, 15 September 2017

#### **PANGUNA - There is a lot happening in central Bougainville around the now derelict**

**Panguna mine.** Two local groups, with external financial backing, are engaged in awareness programs - campaigning if you like - for re-opening the mine that operated for about 20 years until hostilities closed it in 1989. Thence followed the loss of some 10-15,000 Bougainvillean lives and millions and millions of kina worth of damage to assets and property. Both of these groups on the make are yet to explain to us who suffered directly in the 10 year civil war how this 'awareness' or 'campaigning' for the re-opening of the mine will affect us and what our role may be. The English word

‘awareness’ (Concise Oxford 11th Edition) is defined as ‘having knowledge or perception of a situation or fact’ while campaign has two meanings: the military definition which I’ll ignore and the other – ‘an organised course of action to achieve a goal’. Last Monday I sent a text message to Bougainville Copper Ltd manager Justin Rogers, who was about to board a plane from Buka to Port Moresby. The missive was about mine-related activities in Central Bougainville, especially about the mine re-opening which is being pushed aggressively by the leaders of both the Autonomous Bougainville Government and the Panguna New Generation Leaders (PNGL).



Panguna mine - now back in play

Mr Rogers’ reply said: “The issue at the moment is interests in mineral rights. Our interest is to start a project to see if mining is viable. There is no mine until someone proves it is commercially and technically [viable].” This communication shed some light that the current campaign to re-open the mine is a home-grown strategy devised by economically and financially uncreative leaders; a leadership that is not oriented to nation-building but blinded by a characteristic Third World dependency syndrome. That is why the current themes being pushed down the throats of our poor people are, ‘no mining, no referendum’ and ‘no mining, no independence’. It is clear to me that both the ABG and PNGL are campaigning for the re-opening of the mine. I enquired of Mr Rogers why themes as ‘no mining, no referendum’ and ‘no mining, no independence’ were being promoted with BCL funding. His response was simply:

“BCL hopes to come soon to Panguna and start delivering our own messages. Just letting mediation and MOU [memorandum of understanding] processes run their course first.” So anxiety is being generated in the hearts and minds of the Bougainville people that the Bougainville referendum needs the Panguna mine and, if people vote ‘yes’ to independence that ‘yes’ will come to fruition only with the re-opening of Panguna mine. This is the clear strategy of the Autonomous Bougainville Government and Panguna New Generation Leaders. For us who live in and around Panguna, the ‘no mining, no referendum’ theme is unfounded. The referendum scheduled for 2019 will happen with or without mining in Panguna. It has been legislated for in the laws of PNG and Bougainville. The fear triggered by ‘no mining, no independence’ is politically shortsighted.

If we vote for independence without a mine at Panguna and the result is upheld by PNG, our ‘yes’ will nullify all existing PNG laws that exploit the revenue we should be earning from our cocoa, copra, seaweed, sea cucumbers, alluvial gold and many other revenue sources. These represent millions of dollars’ worth of income we never receive under the PNG state apparatus and their value measured against our population is more than the mine could generate after BCL and the PNG government get their shares. Thus the callous activity of promoting the re-opening of the mine is a campaign and not an awareness program to educate the ordinary people of the Panguna, Bana and Kieta who have lost our land, jungle, rivers and more; and are considered by state and corporate in-



terests as nobodies. Let ABG, PNGL and BCL also tell us what they are doing to respect our Bougainvillean customs and traditional practices and what they will do to honour our lost relatives and property.

### **PNG Positioning Itself As Cobalt And Nickel Prices On The Rise**

*Ramu Nickle project in Madang Province considered a PNG success story now that it is producing at capacity*

By Yombi Kep

PORT MORESBY, Papua New Guinea (PNG Post-Courier, September 11, 2017) – As countries pledged to ban the sale of petrol and diesel cars in an attempt to cut toxic vehicle emissions, it paves way for battery powered vehicles which in turn places a demand on battery makers to secure supplies of cobalt and nickel. “Battery market is causing huge demand for Nickle and cobalt,” said Craig Lennon the Managing Director and Chief Executive Officer of Highlands Pacific Limited at the Papua New Guinea Investment Conference. As the demand for cobalt and nickel is growing, there is a supply shortage which means cobalt and nickel prices are rising, the price for cobalt has doubled. “Cobalt prices are rocketing, copper and nickel also rising,” Mr Lennon revealed that Ramu Nickle in the Madang province produces preferred MHP products for some battery manufactures, producing 32 600 tones of nickels for just this year alone, making it a success story. “Ramu Nickle project in PNG is a PNG success story and it is now producing at capacity.” The hopes of both battery and vehicle manufacturers hang on the mining sector finding more deposits of these precious minerals.

### **K18.7 billion gold, copper mine to begin work soon**

By Malum Nalu, September 8, 2017, The National National

The US\$6 billion (about K18.7 billion) Wafi gold and copper mine in Morobe will begin work this year, says Deputy Prime Minister and Treasurer Charles Abel. Wafi is one of the major resource projects that the ministerial economic committee, through the new national energy authority, will drive in the 25-point 100-day plan, others being the PNG LNG Project, Papua LNG Project and Western LNG. “Early works (are set to begin) on the Wafi-Golpu US\$6 billion gold and copper project over in Morobe,” Abel told NBC Talkback Radio yesterday. “All they want is some assurance around fiscal stability that there’s to be no sudden changes to the fiscal regime. “They are not asking for any concession. “They just want to know that this is the regime and it will not be changing dramatically. “They will begin early works this year.

“That early works includes digging down so that they can drive in under that ore body because it’s a block-cut mine where you cut from underneath. “That’s going to involve spending of significant amounts of money. “They’re just looking for some assurance. “That money will be spent to create jobs and economic activity; going forward, a lot of revenue for the country also.” Abel said the 100-day plan included bringing Wafi and other major resource projects online. “There are a number of projects that we’ve been talking about for some time now,” he said. “I’m just trying to focus down on them to get them across the line, stimulate investment, bring in jobs and create foreign exchange. “They are private sector-driven projects, but they are also concessional financing and aid-type projects. “We’ll run through and see which are the easy-win projects that we can bring across the line.”

## **Ok Tedi Mine sets example to promote local catering services**

September 8, 2017, The National Business

OK Tedi Mining Limited will use the Fubilan Catering Services as a benchmark for local companies providing services to the firm. OTML deputy chief executive and general manager external relations Musje Werror, pictured, made the comments during a ceremony to recognise FCS for achieving five years without any lost time injury. He said OTML would like to see landowner companies adding value to its business and the community. He said OTML could not continue to do business with landowner companies or regional suppliers which failed to meet OTML standards and statutory requirements. "We are pleased with FCS because they are a model local company and we are going to use them as an example for other local companies to follow," Werror said. He said 37 local contractor companies engaged by OTML were being reviewed. Werror warned that companies not performing to the expected standard and not complying with the statutory compliance requirements would not be considered for contract work with OTML.

## **Ok Tedi announces K160 million dividend**

Post-Courier, September 7, 2017

Chairman of Ok Tedi Mining Limited Sir Moi Avei yesterday announced an interim dividend of USD50 million/PGK 160 million which will be paid in September 2017. Sir Moi said the dividend is at the back of the strong first half year performance of the mine. "The mine has exceeded forecast metal production year to date and in recent months we have seen a higher than forecast copper price further strengthening profitability. "Mining on the West Wall continues to be challenging with complex geotechnical and hydro-geological conditions and heavy rainfall in July and August. These factors are being carefully managed. Our focus continues on safety, reliability, productivity and costs control" added Sir Moi. "As a further sign of confidence in the business, the Board also recently approved an investment of USD200 million to replace and relocate the mine in-pit crusher which will allow access to higher grade ore." Following the transfer of additional equity from the State to Western Province entities, the dividend will be split approximately PGK107 million to the State and PGK53 million to the Fly River Provincial Government, CMCA and Mine communities.

## **K15m for plant site landowners delayed again**

*Highlands landowners from the LNG resource site yesterday stopped the K15 million payment for their coastal counterparts.*

BY MELISSA YAFOI, Post-Courier, September 7, 2017

Highlands landowners from the LNG resource site yesterday stopped the K15 million payment for their coastal counterparts. And their actions are likely to cause a shutdown at the plant site in Port Moresby as a result. They insisted no payments be made until their own houses were put in order including the clan vetting process and other outstanding payment commitments made by the O'Neill government over the years were honoured. They said failure to pay them will result in their shutting down of the project from the upstream end. Their action is likely to result in the same threat from the coastal provinces who have resolved their outstanding clan ownership issues and only awaiting the first K15 million payment. The Central landowners were about to be paid the amount having fulfilled all the legal requirements until yesterday when a demand for stop payment was made to the government through the Department of Petroleum and Energy.

The LNG site landowners insistence were despite court actions and disputes and the outstanding clan vetting process on ownership of the land which the project is located delaying their payments.

All monies owed to them are banked in trust accounts including those from Central Province. In the ransom-like situation newly appointed Petroleum and Energy Minister Fabian Pok was caught off guard lamely saying he was new to the job and needed more time to understand the outstanding issues. This is despite the Government's previous hard line stance in paying landowners that resolve their landownership issues ahead of those pending in courts, the mediation process and other resolution arbitration. Departmental Deputy Secretary Kepsey Puiye and Mineral Resources Development Company Limited external affairs general manager Imbi Tangune also succumbed to the demands saying it was sensitive and payment would not be made to the Central landowners. Mr Puiye said the K15 million will be paid to the plant site land owners once the minister gives his approval.

He said of the amount 60 per cent will be kept by MRDC as per the Oil and Gas Act under section 176 and only 40 per cent will be paid for immediate investment. "This is one of the very important projects that will have a profound effect on the economy of the country that is why it is important that the minister needs to appreciate all the issues for the upstream. "Because the upstream holds the pipeline and that is important so the minister is also very cautious of the implications it will have on the upstream landowners because projects such as this is fundamentally important so he is saying let me look at the issues first. "The plant site landowners need to appreciate that once the upstream is not alright then we are going to destroy the project," he said. Mr Tangune added: "I'm actually very sensitive to the minister's need to ensure that he understands the issues surrounding payments for the plant site, licence areas and the pipelines so when he is actually comfortable he will give us the timeline for us to make that payment. "We've done everything and the money is with us and we have done everything to pay the money to the land owners. We ask our landowners to be patient because money is coming, it's not an issue of its not, it's an issue of when and I think we have done everything possible to give money to landowners whatever they are entitled to."

### **Concerns on copper tailings to be looked at**

September 7, 2017, The National Business

COPPER tailings from the Frieda mine is a major concern which East Sepik Governor Alan Bird plans to look into. He said tailings from the extraction of copper was more damaging to the environment than other minerals if not managed properly. "Any mining operation particularly for copper generates a lot of tailing. Not so much like gold. And because of that, I want to make sure that the environment concerns of the river people are fully catered for," Bird said. "The other thing is we have to make sure that any benefit from such operation goes to the people. Normally you will find that with mining operations, the maximum benefits go to the Government and very little to the people. So we need to be careful that this does not happen here. "The mine is important for both West and East Sepik and we as elected representative need to ensure that our people get the best from deals." Bird said that he would be meeting with the Frieda Mine operators (PanAust and Highlands Pacific).

### **Caritas joins fight against sea bed mining**

Post-Courier, September 6, 2017

The Caritas Kavieng office is taking the lead in seeking a ban on sea bed mining in New Ireland Province. It has already engaged churches, schools and communities in its campaign. According to Caritas coordinator Patrick Kitaun, the diocese is taking the lead in enforcing the Church's stand towards the Solwara 1 project. Mr Kitaun said the Caritas- Kavieng Diocese is working in partnership with West Coast Development Foundation, Alliance of Solwara Warriors, Sea Bed Mining Campaign Group, Bismarck Ramu Group and other concerned organisations and institutions to speak on behalf of the communities who will be potentially impacted by the project. He said the

campaign started early this year with a one day workshop on sea bed mining followed by a three day program of workshop and awareness in the selected areas of the two main parishes of St Mary's- Karu and St Martin de Tours- Namatanai.

“This program was mainly to help the local people with all the facts and information of this Solwara 1 project, the stand of the Church and also to get their views on this project,” Mr Kitaun said. “As a result of the two previous programs, we came up with a resolution of hosting an open forum for the public all over New Ireland province to express their views on this sea bed mining. “The resolution after the forum was “no sea bed mining in our waters” and a form was compiled for all signatures to be put on in leading us to any further doings,” he said. He said a similar forum was held at other parishes under the Kavieng diocese and will continue. Meanwhile Nautilus when contacted stated: “The Company would like to re-iterate that the Solwara 1 Project will have no discernible impact on fisheries and coastal communities. “Statements about destruction and a need for the ocean to heal itself are misleading.”

### **Developer urged to begin production at Tolukuma mine**

Post-Courier, September 6, 2017

The state has urged on the developer of the Tolukuma mine in Central Province to ensure that it begins production. The appeal follows reports of a set-back faced by the Singaporean developer, Asidokona Mining Resources Pte Limited, impacting on its plans for the mine including gold production, which was scheduled for July. Executive director of the firm's subsidiary Tolukuma Gold Mine, Vincent Siow, told the Post-Courier that the harsh operating environment, and the fact that the mine to date did not have a road link, is an ongoing challenge for the developer. However, what had thrown the company's plans off was the sudden decision by one of its major partners to withdraw its investment. Mineral Resources Authority (MRA) managing director Philip Samar said as the regulatory arm of the sector, it was not aware of the company issues and had yet to be advised. “It seems the issues highlighted are internal and something we cannot comment on.

However, the mining license entails production and so this is expected. If the issues sit within the Mining Act then we will deal with them accordingly. “All mining leases are issued with conditions that must be adhered to,” Mr Samar said. On the issue of the road link and if the state in any way ought to feel responsible, Mr Samar said the government was aware of the challenges of the operating environment but stated that the miner had assumed ownership fully aware of them. He said the lease was granted on this premise and not on any promises or commitments by government on the road link. “Discussions on the Baikoidu-Tolukuma access road were done recently and penned into the revised agreement which was signed off on by parties in June. “The government has committed to this and has put its money where its mouth is but it won't happen overnight. “It will take at least five years to get a good road in place but we are starting something,” he said.

### **Landowners to sign agreement**

By ROSALYN ALBANI, Post-Courier, September 6, 2017

The landowners of the Tolukuma gold mine in Central Province will sign the revised project agreement in Goilala next week. This was confirmed by the managing director of the Mineral Resources Authority (MRA) Philip Samar yesterday. Mr Samar said he was advised of the change in heart by the landowners by the president of the Yulai Landowners Association George Gusi. He said the move was commendable and thanked Mr Gusi for his foresight as it would now enable them to receive direct benefits owed to them including royalty payments. The revised MOA for Tolukuma was signed by all parties except for the landowners in June, 2017 at a ceremony which

was held at the Gateway Hotel in Port Moresby. Mr Gusi had refused, saying he and fellow landowners were aggrieved that many commitments made in past agreements including the MOA in 2013 had not been implemented and had insisted on time frame's being set. Last Friday, Mr Gusi announced that the landowners did not want to drag the matter and they were ready to sign.

Mr Samar said: "In not signing, the landowners were holding off on direct benefits due to them. As a leader he had a duty to his people and we respect that. Now it's business as usual. "In not signing this had posed a risk for them as indirectly they were saying they did not agree to receive the benefits, particularly royalties, which can only be paid on the agreed terms. But we would have held the funds until they were ready to sign," Mr Samar said. The MD said he and Mr Gusi would be travelling to Goilala by the week's end to prepare. Meanwhile, Mr Samar said MRA is on track to deliver the first of its commitments under the revised agreement. That being a double classroom valued at K15,000. "We will be landing the material this month (September). Despite the landowners not signing we have gone out to implement our commitment," he said. He had also urged on the other parties to ensure they also do the same.

### **Landowners plan to block mine road**

BY BRADLEY MARIORI, Post-Courier, September 5, 2017

Landowners of Hidden Valley in Bulolo District, Morobe Province are planning to block off roads leading to the mine site today. This is in response to what they termed as the unfavourable response to their demands which they presented in a petition last Thursday. The landowners walked out of the meeting with the mining company and decided to take action to get the attention of the government. The petition by the landowners lapsed on 26th August. Their demand was for the mining company to review all contracts and give landowner companies greater opportunities to participate in contracts and other spin off benefits to come off from the mine development. The contracts include labor hire, transport hire, bus services, fuel cartage, general cargo, waste management, environment monitoring and rehabilitation, travel agency, boiler shop contract, crusher contract, camp services and maintenance, heavy equipment (assembling and dismantling), security, catering services, and all contracts given to non landowners including foreign companies be given direct to landowner companies

Landowner spokesman, Andrew Kupa of Seproku Limited said they walked out of the meeting with Harmony Mine because their demands were not met. "We have given them 14 days to respond to our demands and they have not responded in our favor or responded according to the memorandum of agreement we signed," Mr Kupa said. "It will be a peaceful demonstration by blocking the road and we will get those people in higher authorities to come down and address these issues. "In the last seven years, we have not been benefiting from NKW which Harmony Gold said is a landowner company. "Contracts coming to the little landowner companies are the way to go about and not NKW as an umbrella company which does not benefit us. "It's a matter of giving us contracts and everything will go back to normal," said Mr Kupa.

### **More groups join appeal against seabed mining in New Zealand**

Laurel Stowell, Wanganui Chronicle, September 4, 2017

After much discussion the Taranaki/Whanganui Conservation Board has taken the unusual step of appealing against consent for seabed mining offshore from Patea, chairman Brendon Te Tiwha Puketapu says. This despite the Conservation Department it works with having made no submission on Trans-Tasman Resources' application to mine iron-sand across 66 square kilometres in the South Taranaki Bight. Having made no submission on the application, the department cannot appeal it.

But the board did make a submission, opposing the consent, and can appeal. It has been advised that there are points of law on which the consent can be appealed, and that they fall within the board's conservation management functions. The board will ask whether the consenting body, the Environmental Protection Authority (EPA), had the best available information to work from, whether it used the precautionary principle and whether the consent given falls within the scope of an adaptive management approach.



On August 20 more than 100 people went to Patea's Mana Beach to protest against seabed mining.

"It has also sought to clarify how the EPA should have taken into account the Resource Management Act and in particular the strong directives of the New Zealand Coastal Policy Statement," Mr Puketapu said. Te Ohu Kaimoana (the Maori Fisheries Trust) has also appealed the consent. Chief executive Dion Tuuta said that it did so in support iwi of the area, and that seabed mining was an unproven industry and a risk to fisheries. Taranaki iwi Ngāruahine borders Patea and Hawera iwi Ngāti Ruanui but is not appealing the consent. Its pou whakarae Will Edwards said it was completely opposed to the mining venture and would support other iwi in their fight against it. "We will utilise different strategies at different points at different times. Not all of these are played out on Facebook, in court, or in front of cameras." Another five groups have filed appeals against the mining consent. They are Te Rūnanga o Ngāti Ruanui, Kiwis Against Seabed Mining with Greenpeace in support, a fisheries group, Te Kāhui o Rauru and Forest & Bird. The appeal period closed on Thursday and the appeals will be heard in the High Court.

### **Mine setback with withdrawal of major partner**

By ROSALYN ALBANIEL, Post-Courier, September 3, 2017

One of the country's mining projects suffered a major blow with the withdrawal of one of its major partners. While the operator has since found another investor to partner in the mine, the unfortunate turn of events has affected operations including production which was scheduled to begin in July. The issue was brought to the fore by Tolukuma Gold Mine (TGM) management when responding to queries by the Post-Courier after an aggrieved worker revealed that workers at the mine had not been paid for six fortnights. TGM executive director, Vincent Siow said the investor had pulled out its investment without any warning, and the disruption had affected the company's cash-flow. As a result, the miner was forced to delay settling all its obligation, including salaries. However, Mr Siow said fortunately the company managed to persuade a US Funds, whom he said are familiar with the mining industry to join in its business venture. "We do have the perennial problem of high cost arising from operating in a harsh environment like Tolukuma.

Reliance on helicopter as the only mode of transport ferrying goods and supplies remains a great challenge. "From past records this item alone comprises about 40 per cent of the operating expense.

Even when the gold price was at its peak of US\$1,900 in September 2011, the operator recorded an operating loss for that year. “From the peak to December 2015 low of US\$1, 050 adding more red ink and consequently the company was put up for sale,” Mr Siow said. He said the company was in a dilemma, in that it cannot provide authorities with a resource statement, as competent bodies are reluctant to issue one based on the JORC standards. “If the mine operates at a loss it cannot have a resource statement because it makes no economic sense to incur losses extracting gold. “If we cannot get a competent authority to issue a resource statement we are in breach of the mining lease,” Mr Siow said.

### **Landowners to sign mine deal**

By ROSALYN ALBANI, Post-Courier, September 3, 2017

The landowners of the Tolukuma Gold Mine in Central province have had a change in heart announcing last Friday they are now ready to sign-off on the revised project agreement. The revised Memorandum of Agreement (MoA) for the project was signed on June 8, 2017 by all the relevant parties except the landowners. They were represented at the signing which was held at the Gateway Hotel by president of the Yulai Landowners Association-George Gusi. Key participants at this event were former Mining Minister Byron Chan, Mineral Resources Authority managing director, Philip Samar and then Central governor, Kila Haoda. Mr Gusi had insisted on fixed dates on all commitments made by all parties saying that the government and provincial government had failed to implement undertakings in the previous MoA.

Among them the establishment of an infrastructure development committee, environmental damage report on the waterway and tailings dam, spin-off benefits and mine development plan clearly showing the life span and economic value of the mine. All which have yet to be delivered. Issues raised against the developer had included its failure to outline how they would address the current slow and delayed maintenance program. Mr Gusi and his executives, Camillo Esef and Takeso Uson told Post-Courier, the landowners had resolved they were now ready to sign the deal. “The MoA has a life of three years. Our people have suffered for the last 25 years. If we continue to hold off on the signing it will delay the process of implementation of the agreement. “This is why we have agreed to sign the MoA and the undertakings can be implemented” Mr Gusi said.

### **Five parties appeal New Zealand seabed mining decision**

Laurel Stowell, Wanganui Chronicle, September 1, 2017



Trans-Tasman Resources proposes to use an undersea crawler to suck up iron-sand from the seabed. Graphic/ supplied

A "suck it and see" approach to the uncertainties of seabed mining is not good enough and is illegal - and that's the essence of an appeal to the High Court. Kiwis Against Seabed Mining (KASM) is appealing the Environmental Protection Authority (EPA) decision to allow Trans Tasman Resources to mine ironsand from the South Taranaki seabed. KASM's appeal to the High Court is on 15 points of law, new chairwoman Cindy Baxter said. One of them is that the EPA's many conditions amount to an adaptive management approach. Adaptive management is about changing the way an activity is managed in response to as-yet-unknown effects. KASM's lawyers say such an approach is prohibited under government's exclusive economic zone (EEZ) legislation. Another point KASM wishes to appeal on is the EPA's failure to impose a bond on the mining company. And it says the decision makers failed to apply caution and environmental protection or to take cumulative effects into account. KASM is asking the court to overturn the decision. Yesterday, the final day for appeals, Forest & Bird and Ngā Rauru joined KASM, Ngāti Ruanui and a collective of fisheries interests in making appeals. Ngāti Ruanui has employed distinguished lawyer Francis Cooke QC. For South Taranaki iwi Ngā Rauru the decision to appeal was easy on cultural, environmental and ethical grounds, chairman Marty Davis said. But the legal challenge will be costly for the small tribe.

Forest & Bird chief executive Kevin Hague said the EPA has decided to allow mining based on uncertain and inadequate information - especially about its effect on the 30 marine mammal species in the bight. The society was also concerned mining would affect the rich marine life in the Patea Shoals. The decision making process was unfairly weighted toward the mining company, Ngā Rauru kaiwhakahaere Anne-Marie Broughton said. "There is no legal assistance fund available to community, hapū and iwi groups to appeal the decision, unlike under the Resource Management Act." That put a cost on iwi and others, and was a deliberate strategy to disempower communities and support extractive industries, she said. Ngā Rauru would be lobbying the Attorney-General and Minister for the Environment to change those conditions. The iwi is urging others to get involved. Seabed mining will spread quickly across the country unless it is stopped, Mr Davis said. Other groups may appeal the EPA decision. Te Ohu Kaimoana (The Maori Fisheries Trust), the Taranaki/Whanganui Conservation Board and Whanganui and Ngāruahine iwi all have interests in it.

## **Geopacific to advance Woodlark gold project following Kula takeover**

Australian Mining, September 1, 2017



Geopacific Resources has raised \$10.5 million through a share placement to help it advance development of the Woodlark gold project in Papua New Guinea. The capital raising follows Geopacific's takeover of Kula Gold, the owner of the project on Woodlark Island. Geopacific's stake in Kula has increased to 75.05 per cent over the past month and it has appointed directors to the takeover target's board. Managing director Ron Heeks said Geopacific achieved an oversubscribed capital



raising, offered without a discount to the closing price on the day prior to the placement. “We are now in a position to deliver our strategy, to continue to unlock the value and also test the true scale of the Woodlark gold project through exploration,” Heeks said. Geopacific is also planning to offer a share purchase plan to raise an additional \$1 million at 3 cents per share. Heeks said Geopacific was planning to advance the Woodlark project towards production in the most effective manner. “The exploration potential of the region is historically and recently known to be significant and drilling results and metallurgical testwork have been consistently positive. We are looking forward to moving to the project forward,” Heeks said. Woodlark’s development approvals include a 1.8 million tonne per annum conventional carbon-in-leach processing plant. The company has launched a 16-week metallurgical testwork program at the site and will use the results in a definitive feasibility study for the project.

### **Geopacific raises A\$10.5m for Woodlark**

Esmarie Swanepoel, Mining Weekly, 1 September 2017

ASX-listed Geopacific Resources has raised A\$10.5-million through a share placement to advance its Woodlark gold project, in Papua New Guinea, towards production. The company on Friday announced that it would place 250-million shares, at 3c each, to a wide range of high-calibre investors, the majority of which were already shareholders. The shares would be placed under the company’s existing capacity, and would not require shareholder approval. “We are delighted with the level of support we have seen in this placement. We have achieved an oversubscribed capital raise, offered without a discount to the closing price on the day prior to the placement,” said Geopacific MD Ron Heeks. “The strength of support from specialist resource sector investors and generalist Australian institutional investors demonstrates that Geopacific presents a value proposition,” he added. The company is now planning a share purchase plan to raise an additional A\$1-million, with shares to be priced at 3c each. Geopacific is currently advancing work at its Woodlark project, where a previous definitive feasibility study estimated that a 1.8-million-tonne-a-year gravity and carbon-in-leach operation could produce around 100 000 oz/y of gold. Geopacific had initially entered into an earn-in agreement with fellow-listed Kula Gold to acquire an 80% share in the project area, but in April this year launched a full takeover offer for Kula.

### **Wafi-Golpu project worth K12.7 billion**

Post-Courier, September 1, 2017

The Wafi-Golpu project being developed by Newcrest Mining Limited in the Morobe Province is an investment collectively worth US\$4 billion (K12.7b). It has the potential to contribute substantially to the economic growth not just in the region it is located in but the country as a whole. Newcrest’s chief executive officer (CEO) Sandeep Biswas said this yesterday during the signing of a Memorandum of Understanding between the miner and the Australian High Commission to formalise their collaboration in support of development projects in PNG. Mr Biswas said he was pleased to be back in the country, adding this was his first visit since the formation of the new government. He said he was particularly pleased to hear from government and more particularly from the Prime Minister Peter O’Neill and his deputy and Minister for Treasury Charles Abel on the plans on how they intend on getting the economy back on track.

He said the company was a long term partner not just of government but the country and his visit was to reinforce that fact. “The 100 plan that has come out recently, it was really good to see a number of items in there that seek to maintain the fiscal and regulatory certainty in the country,” he said. He said the Lihir Gold project, which the company currently operates in PNG was already making significant contributions not just to the local economy but nationally as well and that the

Wafi/Golpu project had the potential to add to that. In that regard he said the company was pleased it is part of the 100 day plan and that the continued to looked forward to working with the local and national government to try and move the project forward.

### **Compromise Over Papua's Grasberg Mine An 'Essential Step' To Resumption**

*Indonesian ownership of the mining subsidiary would be increased over time from 9% to 51%, Grasberg is the world's largest gold mine and third largest copper mine*



**Photo: Alfindra Primaldhi**

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WELLINGTON, New Zealand (Radio New Zealand International, September 01, 2017) – The American mining company Freeport McMoran says its compromise with the Indonesian government over Papua's Grasberg mine was an essential step towards extracting underground resources. Grasberg is the world's largest gold mine and third largest copper mine. The *Jakarta Post* reported the company's subsidiary, PT Freeport Indonesia, had agreed to divest 51 percent of its shares and to build a smelter within five years. In exchange its contract has been converted into a special mining license valid until 2041. Freeport McMoRan chief executive Richard Adkerson said the subsidiary planned to invest US\$20 billion over the next two decades, with \$17 billion to be invested by 2031. Mr Adkerson said Indonesian ownership of the subsidiary would be increased over time from nine percent to 51 percent in a way that compensates the miner at a fair market value. He said while Grasberg's open mine reserves were depleting, his company saw potential in its underground mine.