

**Press review:
Mining in the South Pacific**

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Abbreviations in common use:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PIR: Pacific Islands Report

PNG: Papua New Guinea

Websites:

Pacific Islands Report: <http://pidp.eastwestcenter.org/pireport/graphics.shtml>

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

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

PNG Mine Watch: <http://ramumine.wordpress.com/>

SPC defends criticisms against regional framework on deep sea mining

By Makereta Komai, PACNEWS Editor in Rarotonga, 31.8.2012

The Director General of the Secretariat of the Pacific Community (SPC), Dr Jimmie Rogers has defended criticisms leveled at the regional legislative and regulatory framework for Deep Sea Mining (DSM) launched in Rarotonga at the margins of the Pacific Forum Leaders meeting Tuesday. A coalition of regional civil society groups had earlier in the week called for a moratorium on deep sea mining activities in the Pacific until all risks and uncertainties are properly analysed. The civil society groups sought legal opinion from the U.S Office of the Environmental Law Alliance Worldwide to provide clarity on the appropriate level of action that must be undertaken by Pacific governments to meet their national obligations on the ‘precautionary’ principle in seabed mining.

Dr Jimmie Rodgers does not agree with the interpretation of the civil society groups. “The regional framework provides our countries and territories of the Pacific a set of tools that will allow them to

assess, firstly do we want to engage in deep sea mineral mining, if the answer is yes, what are the steps we go through. “For any legislation to work, it must have a regulatory framework, similar to what we are recommending. We are saying, if you do this, these are benefits and you have to make sure there are safeguard mechanisms to protect your resources. Dr Rogers said the DSM framework is a tool that enables countries to engage in the development process of the legislative framework. “Most of them don’t have that. This is our concern, if commercial companies come into the region and push the agenda for mining, our resource owners might see and love the dollar sign and agree to allow companies to come in without any legislative base.

The SPC head argued the new regional framework will allow Pacific countries and territories to think through their options before developing a legislative and regulatory framework for deep sea mining activity. “Our agenda is to enable countries to be knowledgeable and have the tools they require to think through the process. And if they want to engage, they should know who they want to be engaged with at the national level, with NGOs, civil societies, churches, governments and industries. Dr Rogers assured the DSM framework launched by Pacific Forum Leaders was developed with stakeholders. “I understand these NGOs are here. I’d like to talk to them because I think we are operating at two different levels. I don’t think we necessarily disagree with the principles they are saying that should be safeguarded, they are in the framework.

“Their concerns are real. I am not belittling their concerns but I think they can be too closed shop and not opened to looking at what the framework is trying to achieve – to enable the countries to develop. “Let me pose these questions – would these NGOs prefer that Pacific Island Countries don’t have any legislation and commercial companies walk in, offer money and buy off the minerals? “I don’t think so, and if what I think is what they want, then the framework provides a protection, said Dr Rogers. The framework was launched by Dr Rogers and Cook Islands Deputy Prime Minister, Tom Masters in the presence of a number of Pacific Islands Forum Leaders.

Cook Islands lead the push for deep sea mining

By Makereta Komai, PACNEWS Editor in Rarotonga, 31.8.2012

Cook Islands is one of the first countries in the world to enact the Seabed Minerals Act 2009, which will commence in March 2013. Launching the regional legislative and regulatory framework for deep sea mining in Rarotonga this week, Deputy Prime Minister, Tom Marsters said the Act was designed to regulate any future sea bed mining activities within Cook Islands exclusive economic zone (EEZ), in particular the island’s huge manganese nodules resource. “I believe now, as ever before, it is very exciting time to be a Pacific Islander. We are sitting in a region that is looking to grow, develop and be part of an emerging deep sea minerals industry, both in national and international jurisdiction. “Indeed, the opportunity these previously untapped resources may present, for improving economic well being of our Pacific people was once just a dream our past leaders and that dream I believe is fast becoming a reality.

However, with all the excitement, DPM Marsters called for caution. “We would not want to do anything today that will ruin the lives of our children and grandchildren, in cultural, social, environmental and economic terms. He called on all Pacific Island Countries and Territories to ‘enter this new seabed mineral frontier with common standards and best advice available.’ The proposed regional framework for deep sea mining seeks to provide Pacific Islands with tools necessary to make a decision about whether or not to engage with the emerging deep sea mining industry. In 2009 Pacific Leaders at their meeting in Cairns called for the development of a regional framework on sea bed mining to allow countries to realize the economic benefits from their marine mineral resources, while supporting the environmental monitoring that preserves fragile marine ecosystems and biodiversity.

Nautilus Minerals-PNG set to begin operations

Post-Courier 31.8.2012

By Gorethy Kenneth

NAUTILUS Minerals-PNG has spent more than \$US400 million (K820m) so far on their operation since inception in Papua New Guinea and is likely to spend another \$US400 million to bring the project into production. And the company has agreed to form an unincorporated mining joint venture with the State of PNG through its nominee Petromin PNG Holdings Limited. The State of PNG has exercised its option to take a 30 percent stake in the Solwara 1 Project and other assets within the Mining Lease (ML154) area. Nautilus Minerals-PNG boss Mel Togolo said this yesterday, adding that the company would kickstart its three-year operation hopefully by the end of 2013. Reporters in Port Moresby were taken on a conference presentation by Mr Togolo and Chief Operating officer Anthony O'Sullivan, specifically on the awareness of the project and its impact. They were given an outline of the whole operation in PNG and abroad – Vanuatu, Tonga, New Zealand and Solomon Islands.

Both executives stressed that Nautilus Minerals has met world-class standards and that its sea floor production was safe and environmentally friendly. They said this project was different from the rest, adding that it would help generate money for the people of PNG. “Any money we make, any dividend to be declared, 30 per cent of that dividend will go to Papua new Guineans. And this is very important, because then our Government will use that money to build schools, hospitals, aid posts, teacher’s houses, roads and bridges,” Mr Togolo said. “We are probably the biggest country in the South Pacific but we have lots of demand on our leaders to deliver goods and services and our leaders depend on businesses also helping in terms of taxes to the Government to implement the demands of our people. “...in our discussion, our awareness with the communities, we’ve listened to their concerns. The main concerns were from the fisheries, they want their fish to be protected. They also want their reefs to be safe...we’ve designed the delivery system to make sure that...probably no impact on fish stock or low impact on marine fish...we are out in the big ocean....

“This project, when in operation, will not impact on the reefs at all. We are operating 1600 metres deep, there are no fish down there...fish only live on the top warm water where there’s oxygen, so fish will not be affected. “We will deliver this project at the end of next year, but there may be some delays and we are still looking at the end of next year or early 2014. “This project is a bit different from the rest and the life span of the project is about three years, but we are looking at others close by, that’s why we can move the ship from this one to the other. “We are going there to make sure it is profitable and the shareholders are rewarded because they are putting money. “Nautilus Minerals will commence its seabed mining operations hopefully at the end of 2013. It has spent \$US400 million and expects to spend another \$US400 million to get the project to production stage,” he said. Mr Togolo said that there are positive issues also surrounding the company and they included:

The exploration of territorial waters of PNG since 1997, when the first offshore mineral exploration license was granted; Nautilus and PNG are leading the world in the exploration of seafloor massive sulphide (SMS) deposits;

- Different risk profile to oil and gas;
- Compared to land-based counterparts: Smaller physical footprint;
- Training in state-of-the-art techniques under the supervision of world renowned deep sea ecologists;
- No direct impact to (human) communities;
- Supporting Education and so far, four PNG Nationals have been awarded a chance to study at Duke University (USA);
- About 15 per cent of Nautilus full time employees are PNG Nationals (as of April 2012); and

- Nautilus' ultimate goal is for project workforce to be PNG Nationals.

“Nautilus Minerals has been committed to creating a voluntary Community Development Fund in PNG, additional to taxes and royalty payments, once production begins,” Mr Togolo said. “Its aim is to contribute to community projects, focusing on health and education. The fund will see two Kina for every tonne of mineralized material produced put towards community projects and activities and an independent board will advise Nautilus on the management of the fund, working with relevant Provincial Governments to identify community priorities. “

Nautilus: Prof: Beware of breach
By JASON GIMA WURI

Post-Courier 31.8.2012

UNIVERSITY of Papua New Guinea's Professor Chalapan Kaluwin confirmed in a discussion that issuing the license for Solwara 1, without implementing the steps described in the precautionary approach, the PNG Government may be in breach of its obligations under a number of important treaties.

- 1982 United Nations Convention on the Law of the Sea;
- 1986 Convention for the Protection of Natural Resources and the Environment of the South Pacific Region (Noumea Convention)
- UNFCCC and Kyoto Protocol
- UN Biodiversity Conventions
- Waigani Agreement

He said the issues and details raised in the draft were equally important and as we start this process we will ensure we address these concerns for the country. “There is a draft document from the SOPAC team's legal advisors and is prepared in collaboration with Secretary of the Pacific Regional Environment Program (SPREP) and other regional organisations and provides guidelines for the application of the precautionary principle. “If we applied this document on precautionary principles it holds some promise and value that PNG government could be made not to proceed with deep sea mining projects, given the serious lack of appropriate policies and Laws in mining sectors in the Oceans, coupled with fisheries and environmental Act (2000) in the country . Most importantly the lack of full scientific understanding of the issue.

“States pursuing DSM activities have a responsibility to ensure the DSM operators under their sponsorship or operating in their waters comply with international law obligations to protect the marine environment. If a State does not undertake its best efforts to do this – including the application of the precautionary principle - liability for any damage incurred as a result will fall to the State,” he said. “I will write to the University of PNG (Law School) and CLRC for their comments as well on this important draft paper if the Pacific countries and PNG are to pursue this matter and its implications to other sectors,” Professor Chalapan said.

Nautilus: MP appeals: Do not grant licence
By GRACE TIDEN

Post-Courier 31.8.2012

PRIME Minister Peter O'Neil and Deputy Prime Minister Leo Dion must see common sense and rescind their decision on a license for Nautilus says Gazelle MP Malakai Tabar. Mr Tabar said the government must listen to common appeal to stop this project. “The people pushing this whole project, from within government and also outside of this country have no understanding of our living systems and would not give a hoot of how much we all lose,” he said. The Gazelle MP said he attended a few presentations and had difficulty trying to understand how this sea bed “grading and

digging” would not affect marine life. “As the member for this electorate, mandated by my people, I believe my people and the other coastal communities throughout the eastern shoreline of Papua New Guinea would be worst affected,” he said. “Apart from the Environment Impact Study report that was obviously done by somebody from Nautilus office in Canada, the question of how much we will gain and benefit from stands tall against Papua New Guineans. There is nothing in this project for Papua New Guineans. There is no proper or long term employment, there is no royalty and there is no business influence, especially for and by nationals,” Mr Tabar said.

Police presence helps restore operations at Porgera mine

The National, 31st August 2012

By ELIAS LARI

OPERATIONS at the Porgera gold mine in Enga have returned to normal with the help of heavy police presence in the area. Provincial police commander Supt Martin Lakari confirmed yesterday that usual routine was seen at the mine, with no further interruption or destruction caused. “I want thank my policemen for their tireless effort to bring this situation under control because such problems would usually take more time and effort to calm down,” he said. “With your efforts you have restored peace and did your best to maintain law and order, protect lives and public properties which could have been affected,” was Lakari’s message to the policemen. Trouble started last Sunday when a Porgera mine worker was bashed to death while he was waiting for transport early in the morning. A bus driver was also shot when he refused to transport the killers.

As a result, Porgera local employees went on a rampage at the mine site, demanding accommodation within the company premises to prevent further deaths in similar circumstances. Reports said there was trouble between the workers and mine security guards. As a result, mine operations were suspended. Lakari said the situation was peaceful now between the mine developer Barrick and its employees and warned against any more retaliation or illegal activities around Porgera. “I want to make it clear that my men are on alert to deal with those culprits and opportunist who tried to instigate problems that would affect the mine again. “We are doing all we can to bring normalcy to the mine site and the Porgera station as well, so people must appreciate what we are doing and help police to restore peace,” Lakari said.

He said the bodies of the two people killed in the violence and protests were at the Paiam Hospital awaiting post-mortem. Lakari said relatives with information relating to the killings and the suspects should inform police. “You have a role to play as citizens of this country and I am asking you to come forward and release any information about the killings, which will be treated as confidential.” He said that could lead to arrest and prevent further trouble. He said retaliation and revenge was a custom and mentality of the past when people were uncivilised. He said the issue was with the developer of the mine, Barrick and its staff, adding that there will be no good reason for outsiders to interfere with it and make the situation go out of hand.

Police help needed to quell fighting in Tari

Post-Courier 31.8.2012

By ANDREW ALPHONSE

THE National Government has been called upon to deploy more police to quell a prolonged tribal fight along the multi-billion kina PNG LNG pipeline route in the Beneria area of the Komo Margarima District. Re-elected Komo Margarima MP Francis Potape made the call yesterday from Tari after receiving reports that more people were killed and others are seeking refuge as two tribes clashed near the Moran and North West Moran oil fields. Mr Potape, who is the shadow minister for Petroleum and Energy, said the fight that started in 2006 has gone out of control with more than

30 lives lost, thousands of families homeless and displaced while millions of kina worth of property destroyed. Mr Potape said the Beneria tribal fight is serious and it was imperative that the Government and the police department liaise with the local Hela provincial police commander stop it. He said the fight started between the Toma Peli and Toma Kondo clans following land disputes over the North West Moran oil project.

He said while some of the NW Moran landowner leaders are playing politics and living extravagantly in Port Moresby, he was saddened to learn the plight of the Beneria and Homa Pawa people who are devastated by the fight. Mr Potape called on these landowner leaders in Port Moresby to return home and settle the problems, including paying compensation to the relatives of people killed so that peace and normality can return. "I don't know why these landowners in Port Moresby who are the cause of the problem are enjoying their lives in the city by playing pokies, partying, drinking beer and womanising while the people are dying out their like animals. "These landowners must take responsibility and go back and try to solve the fight," Mr Potape said.

He said last year, his joint district budget planning and priority (JDBP&P) allocated funding and sent in peace and good order committee (P&GOC) members from Hulia local level government (LLG) area into Beneria to stop the fight and talk peace. He said these P&GOC members gathered the fight leaders from both tribes and they agreed for peace and compensation. However, he said these few landowner leaders did not do their part in meeting the compensation demands and thus the fight flared up again. Mr Potape called on the Beneria people to stop fighting and killing as the people responsible are in Port Moresby. Mr Potape said before more innocent lives are lost, the Government needs to step in as security of the LNG project pipeline would also be affected if the fight continues. He also called on LNG project developer ExxonMobil and Oil Search Limited (OSL) to support with logistics for the police to put an end to this bloodshed.

Wafi-Golpu land dispute ongoing

Post-Courier 31.8.2012

By HAIVETA KIVIA

A LOCAL Land Court Decision in 1981 awarded ownership of Mangense Land to the Babuaf (Babwaf) clan which covers Wafe (Wafi) Explorations License (EL) 440 and EL 1105. The Babuafs are Lower Watut River people and they speak the Wampar (Markham) language. Wafe (Wafi) in their language means crab, in particular little black and red crabs that live along the banks of rivers in their area and that is where Wafi derived its name. The Babuaf are split into two sub-clans Babuaf Saab and Babuaf Wale. The 1981 Local Land Court decision that awarded ownership of Wafi and in particular EL 440 and EL 1103 still stands. It has never been set aside and appealed successfully by any disputing parties in the fight for ownership of the land at the Wafi-Golpu Mining Project on the borders of Bulolo and Huon Districts in Morobe province.

Wafi-Golpu according to latest exploration statistics is said to become the third largest mine in the World but some experts are predicting that it will be the largest. However, landownership of EL 440, 1105 and 1103 is still being disputed and the fight lingers on in the court rooms of Bulolo, Mumeng, Lae and Port Moresby. The dispute centres more on EL 440 and 1105 which is Wafi while EL 1103 is Golpu. Court Documents dating as far as 1981 obtained by Post-Courier from a Bill Itamar, the Chairman of Sa'ab Babuaf Resources Limited, is contrary to what other claimants have stated in the newspapers and have reported to reporters and media outlets. A Local Land Court sat in Mumeng in 1981 and 1982 after hearing all evidence, awarded the ownership to Babuaf, based on ancestral evidence.

That decision was appealed by Engabu (Hengabu- the same) tribe of Mumeng in 1983 to the District Land Court but the decision of the Local Land Court was upheld and the case was thrown out.

Mr Itamar said another appeal was launched through the District Land Court and was thrown out because the rules of the courts were not followed. He said their ownership was also recognised by the National Court through Originating Summons 19 of 1987 before Justice Woods. “All these decisions have not been challenged for the last 31 years and other claimants are misleading everyone,” he said. According to the documents Babuaf then sought to evict the Engabus and an Eviction Order was granted in 1983 for the Engabus to be evicted from the vicinity of the Wafi-Golpu project area. That order was reinforced again through Originating Summons 736 in the National Court in Lae before Acting Judge Justice Nema Yalo in 2008.

Mr Itamar said Justice Yalo had ordered for the Engabus to be evicted and that they are unlawfully occupying the land but they have defied the Court Orders to date, and are in Contempt of Court. He also clarified that the Hengabu and Yanta clans only have 50/50 Compensation Rights at Wafi-Golpu for destruction of gardens, cash crops and sacred, ceremonial trees and grounds. He said they want the Special Land Titles Commission discontinued by the Somare-Abal Government to be reconvened by O’Neill/Dion Government and for the matter to be heard and be put to rest once and for all. The matter is afoot in the Supreme Court in Port Moresby and is sought by Thomas Nen on behalf of Babuaf clan and others.

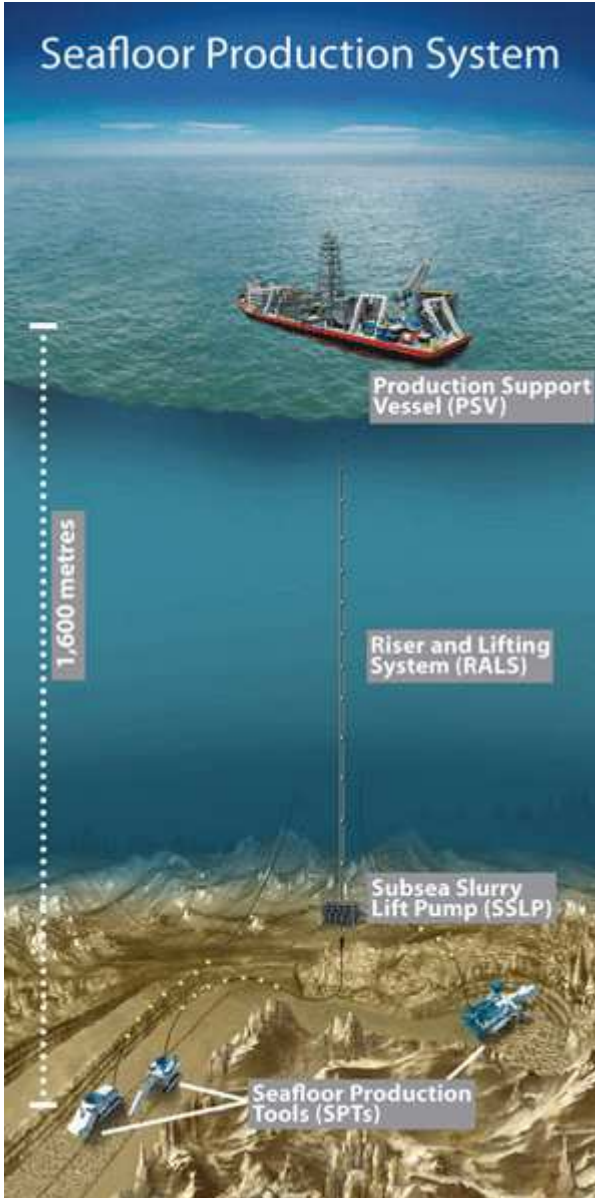
Nautilus: Modern technology machines can go underwater Post-Courier 30.8.2012

Nautilus Minerals chief executive officer Stephen Rogers says there are misconceptions and misinformation about their plans. In email and to the Post-Courier Editor in Chief and the Editor he said: “In an effort to clear up misconceptions and misinformation about our plans to retrieve minerals from the the Solwara 1 project in the Bismarck Sea, here are some key facts. “Seafloor resource production is not new. Oil and gas turned to the oceans after World War II and today, a third of the world’s oil and a quarter of the world’s natural gas are produced from offshore. “Diamonds are recovered off the coast of West Africa. Much of the world’s heavy mineral sands containing zirconium and titanium come from under the sea, as do large quantities of aggregate for Europe and the USA. While what we are doing is not new, Nautilus Minerals uses the world’s best technologies and safest processes to meet and surpass international risk management standards.”

Mr Rogers said advanced robotics and remotely operated vehicles monitor seafloor activities. He said Nautilus Minerals also invites and supports independent scientific and research observation. “One question many ask however, is ‘Why go under the ocean when these minerals can be found on land?’” There are several good reasons he said. “ The grade of sea deposits can be more than 10 times better than on land. This offers commercial advantages. There are environmental benefits too. At the Solwara 1 project for example, no mountains need to be stripped or moved. No trees need to be cleared and the physical footprint will be very small — about a tenth of a square kilometre. “There is little or no inconvenience to communities. No-one needs to move home. The Solwara 1 site is 30 kilometres away from its nearest coastal community and 1600m below the waves. Site activity poses minimal risk to fish stocks and people’s livelihoods. This has been confirmed by extensive data gathering, modeling and scientific testing,” he said.

Mr Rogers said Solwara 1 will not use any blasting and will not discharge toxic chemicals into the water. “In contrast to what some have claimed, the system is ‘closed’, and only filtered seawater is returned to the deep sea, where it came from. No tailings will be discharged into the ocean. Everyone familiar with the project knows we are open and transparent. We have (so far) consulted with over 20,000 people, from remote villages to provincial capitals. “In this spirit, our invitation remains open: if after reviewing our materials, anyone has concerns, we welcome the chance to meet them, to answer questions and address concerns — and if necessary, to do more work,” Mr Rogers said. He said the economic, community and environmental benefits of seafloor resource production

are compelling. “As land based grades continue to decline and the cost of recovery continues to rise, seafloor production provides an economically attractive, environmentally safe and socially responsible alternative to serve worldwide mineral needs,” he said. Mr Rogers said This is also an opportunity for Papua New Guinea to be at the forefront of evolutionary developments in the resource industry, sharing in the profits, gaining new skills and commanding worldwide recognition.



Newcrest faces \$10bn PNG bill

Brisbane Times, 30.8.2012

A NEWCREST Mining rally was cut short yesterday after pre-feasibility studies into one of its big growth opportunities, the Wafi-Golpu project in Papua New Guinea, indicated lower than expected production figures and a blowout in forecast capital expenditure to \$US9.8 billion. The pre-feasibility study disappointed investors buoyed by the resumption of mining at Newcrest's flagship Lihir mine in PNG, also announced yesterday. Newcrest shares rose to \$27.26, before falling back to close flat on \$26.70. Newcrest revealed base case and enhanced production estimates for the Golpu deposit, of between 400,000-580,000 ounces of gold a year, and 250,000 to 300,000 tonnes of cop-

per a year. This fell short of Deutsche Bank estimates of 600,000 to 800,000 ounces of gold a year, and 300,000 to 500,000 tonnes of copper a year, based on previous Newcrest forecasts.

In addition, Deutsche had forecast \$3 billion to \$5 billion in capital expenditure, but Newcrest estimated \$US4.8 billion in initial capital costs before first production in 2019, while total capital expenditure over the 32-year life of the project would total \$US9.8 billion. Golpu, a 50-50 partnership between Newcrest and Africa's Harmony Gold Mining, is part of the Wafi-Golpu project in the Morobe Province of PNG. Golpu would move into full feasibility in the first half of next year, Newcrest said. Golpu was a "world-class deposit with an expected mine life in excess of 25 years and project unit cash costs at the bottom of the industry cost curve", the company said. Newcrest lifted its ore reserve estimate for the Golpu deposit to 12.4 million ounces of gold (up from 1.3 million ounces) and 5.4 million tonnes of copper (up from 0.8 million tonnes).

Newcrest said a concept study was under way to assess Wafi development options, leveraging infrastructure planned for the nearby Golpu deposit. For Wafi, Golpu and the nearby Nambonga copper and gold deposit combined, indicated mineral resources totalled 22.9 million ounces of gold, 7.46 million tonnes of copper and 42.4 million ounces of silver. A further 5.7 million ounces of contained gold, 1.6 million tonnes of copper and 8.1 million ounces of silver were defined as inferred mineral resources. Meanwhile, mining resumed yesterday at Newcrest's Lihir operations after two days of industrial action following a dispute over a benefits package review. "The parties have defined a pathway to resolve the causes of the dispute and agreed to work in a renewed spirit of cooperation to conclude the review of the Integrated Benefits Package," Newcrest told the market yesterday.

Golpu Site In PNG May Yield Huge Gold, Copper Prospects

Recent estimates claim 12.4 million ounces of gold present

WELLINGTON, New Zealand (Radio New Zealand International, Aug. 30, 2012) – A new estimate of the ore reserve at the Golpu deposit in Papua New Guinea's Morobe Province has mining industry figures enthusing that it could become one of the world's biggest gold mines. The Wafi-Golpu Joint Venture participants, Harmony and Newcrest, have announced a significant upgrade to the estimate for the Golpu copper gold deposit following a technical pre-feasibility study. The study proposes that the Golpu deposit be developed via an underground mine two kilometers deep, using the block caving method. The method, where a deposit is essentially mined from the bottom upwards, has never been used in PNG but Newcrest has vast experience with it in Australia.

The joint venture's General Manager of Sustainability & External Relations, David Wissink, says the study's conclusions show that Golpu is even more of a world class deposit than previously estimated. "Harmony did a pre-feasibility study in 2007 and what it showed was 1.3 million ounces of gold and just below a million tons of copper. So what this has done now is increase that almost ten-fold to almost to 12.4 million ounces of gold and 5.4 million tons of copper. So it's quite a significant increase. It's a better grade of gold and copper than you'd find at Ok Tedi or Porgera." The Executive Director of Papua New Guinea's Chamber of Mines Greg Anderson says Golpu is an impressive deposit. "We're very bullish about its future but it's going to take a lot of money to develop it and a long lead time and a lot of work in front of us because it's a huge operation. That's the problem with block-caves, it gives you low operational costs but a long lead time and high cost to develop."

Greg Anderson says a benefit of the block caving method is that there is less waste rock involved. This is unlikely to reduce grassroots opposition to mining in Morobe province where Harmony and Newcrest's Hidden Valley gold-silver mine has been blamed for poisoning waterways and other

environmental devastation. The joint venture can also expect problems with landowners, according to local journalist Haiveta Kivia, who says a dispute over ownership rights to the Golpu deposit area has been locked up in court for years. "The main players in the court battle for the ownership of land are the Yanta, Engabu and the Babuaf people. Wafi-Golpu project is now in construction phase.

The exploration phase is slowly being phased away and they're now beginning the construction phase. However the ownership of the land has not been established as yet. The government of Papua New Guinea and the developer are not waiting for the landowners to sort themselves out. The government of Papua New Guinea has given the green light for the developer to go ahead." The joint venture says it's determined to learn lessons from its previous PNG endeavours and to introduce world's best practice to develop the Golpu resource. It's deploying a large community affairs group to consult through the province as it seeks community approval, moving into the feasibility phase. The cost of the mine is estimated at over US\$4 billion with first commercial production slated for around 2019.

Lihir resumes operations

Post-Courier 30.8.2012

NEWCREST operations in Lihir Gold Mine resumed after 48 hours following the mines shut down by Lihir Mining Area Landowners Association (LMALA) on Monday night. Independent Chairman of the Lihir Agreement Review Sir Brown Bai said that he was pleased the representatives of Lihir Gold Limited (LGL) and LMALA to be able to work through the issues and had arrived at a pathway forward. According to a statement by Newcrest the parties involved have agreed to address and improve the arrangements that support the delivery of benefits flows to the mine areas landowners. The statement states that the parties have recommitted themselves to the Lihir Agreement process and further agreed that this was the most appropriate forum for the parties to negotiate and arrive at a life of mine agreement that would underpin the achievement of the Lihir destiny.

Meanwhile LMALA chairman Peter Suar said the association view the reappointment of Namatanai Open MP, Byron Chan to Ministry of Mining as "adding value to the current review of Integrated Benefits Package (IBP) and memorandum of agreements (MoA)". Mr Suar said that the significance of the Lihir Gold project to the country, the people of New Ireland including Lihir and called on them to stand together to get maximum benefits. He exclaimed that LMALA has been advocating for this and fully supports minister's views on benefits and agreement review that would focus on the solutions that are suitable to meeting modern needs. "We believe that this is the right spirit we must move with as we progress review of the IBP Agreements and if something is not working we must change it so that people are happy," Mr Suar said. Mr Suar said they were dealing with landowners who have been affected by the developments and that people generally wanted a good life and wanted to make most out of their natural wealth that is leaving the shores in volumes. "The landowners are reaching out for a permanent replacement of this Gold Economy and the Permanent Replacement is the Lihir Destiny as stipulated under the Lihir Sustainable Development Plan and wanted to strive for Self Reliance and Financial Independence so that our people can stand on their own feet one day and live on after mine closure," Mr Suar said.

However, he said for Lihirians to walk the path of Self Reliance and Financial Independence, they would need an enabling political environment to do so. He says LMALA believes that Mr Chan's appointment was timely and is also an opportunity to leverage the political environment to make a change. He stressed that Lihir Destiny captures the New Ireland Provincial Government (NIPG) Malagan Declaration, PNG Vision 2050 and the Directive Principles of PNG and echoing the same message of self-reliance and financial independence for the people. The chairman emphasised that stakeholders must take the IBP Review Process very seriously and that the signing must seen to

happen in October 31. “We must approach the review with a sense of urgency, if we delay, someone is gaining and we are losing therefore it is necessary that we must act quickly,” concludes chairman.

Regional Seabed Mining Framework Launched At Pacific Forum

Framework provides 'guidance' to enact mineral legislation

By Henry Yamo

AUCKLAND, New Zealand (Pacific Scoop, Aug. 29, 2012) – With looming exploitation of the Pacific Ocean’s mineral riches on the horizon, a regional protocol was launched today to ensure deep seabed mining was controlled in a “conserved manner”. This is the first regional legislative and regulatory framework for deep seabed mineral exploration and exploitation, introduced at the Pacific Island Leaders Forum in the Cook Islands. Cook Islands Deputy Prime Minister Tom Marsters launched the regional framework put together by the Secretariat of the Pacific Community (SPC) in response to the leaders’ call in the 2009 Forum. “The completion of this important framework and its release by the Secretariat of the Pacific Community (SPC) provides a key message from us gathered for the Forum, themed ‘large Ocean island states: The Pacific challenge’,” he said. The framework was called for by Pacific leaders as one of the key priorities of the Pacific Plan for the 2009-2012 period. The framework seeks to provide Pacific Island nations with the tools necessary to make a decision about whether or not to engage with the emerging deep seabed mining industry. SPC Director-General Dr Jimmie Rodgers said the legal framework was targeted at providing tools and guidelines for Pacific Island countries to develop their own national legislation in for seabed minerals.

Framework needed

“The framework is needed here in the region due to the fact that many Pacific Island countries have substantial deep sea minerals within their exclusive economic zones but lack the capacity to develop their own legislation,” he said. “This new framework will now enable respective countries to comply with relevant standards for the deep-sea mining industry within the region.” Marsters said that because of growing commercial interest in deep sea minerals in the Pacific, nations needed to develop national policies and regulations for “sensible management”. He pointed out that the Cook Islands was the first country in the world to have enacted legislation, the Seabed Minerals Act which was designed to regulate future seabed mining in its exclusive economic zone. Papua New Guinea had issued a seabed mining licence to the Canadian company Nautilus Minerals Niugini to commercially develop the seafloor for high grade massive sulphide deposits – a major source of the world’s copper, gold, zinc and silver – in its exclusive economic zone in the first such operation in the world. The government faces mounting opposition over this project. Other Pacific island nations – including Fiji, Federated States of Micronesia, Solomon Islands, Tonga and Vanuatu – also have or intend to issue exploration licences within their exclusive economic zones.

Sponsored companies

Nauru and Kiribati had each sponsored companies that had been granted approved programmes to work by the International Seabed Authority “within the area” (being the seabed areas outside the national jurisdiction), the first developing states to do so and the programmes were expected to take place over the next 15 years. He said that with “exciting times” the region had shared responsibility to protect and preserve the health of the Pacific Ocean and this objective needed to continue to be at the forefront of national, regional and global agendas. The framework was completed by the SPC Applied Geoscience and Technology Division (SOPAC) for the Pacific (ACP) African, Caribbean and Pacific states.

Rio Tinto axed from Australian government pension fund

Post-Courier 29.8.2012

INTERNATIONAL Mining Company Rio-Tinto has been excluded from the Australian Government Pension Fund by the Australian Finance Minister due to the company's direct involvement in contributing to severe environmental damages despite its monetary contribution to economy of countries that the company operates. Minister Kristin Halvorsen said that the funds cannot hold ownership interest in such a company that are unwilling to carry out mining operations that are grossly unethical like Rio-Tinto participation in the Grasberg mine in Indonesia where tailings are discharged into the river. Minister Halvorsen said that the recommendation from the Council on Ethics is in large part based on the Council's earlier recommendation in relation to Freeport operation of the Grasberg mine in Indonesia. Ms Halvorsen said that the assessments made by the Council as to the environmental impact of the mining activities where Rio-Tinto discharged approximately 230,000 tonnes per day into the natural river system and this is expected to rise in future in line with expansion of the mine. Meanwhile there is a high risk that acid rock drainage from the company's waste rock and tailings dumps will cause lasting ground and water contamination.

Harmony taking 'tiger by the tail' in PNG, analysts warn

By: Martin Creamer, Mining Weekly, 29th August 2012

JOHANNESBURG (miningweekly.com) – South African analysts cautioned South Africa's Harmony Gold on going ahead with its nigh-\$5-billion Papua New Guinea (PNG) project, for which it was failing to get credit in its share price. In an interactive Harmony Gold investor day session on Wednesday, Afrifocus mining analyst John Kransdorff, speaking spontaneously from the floor, said that in the Golpu project in PNG, Harmony had a "tiger by the tail", which was of investor concern. Harmony had earlier calculated that the cost of the initial stage of the Golpu project, in which it was in a 50:50 joint venture with Newcrest, of Australia, would be close to \$5-billion. Kransdorff also urged Harmony CEO Graham Briggs to review the company's big-project strategy and look to smaller quick-cash projects to lift its share price, adding that Golpu was big in relation to the size of Harmony's \$4-billion market capitalisation.

He said that shareholders, who were looking for yield, would have to wait another seven years before the exploration project became a producing copper/gold mine that would yield cash. Until then, it would consume cash generated in South Africa, another analyst remarked, while urging Harmony to devote more presentation time to producing South African mines and refrain from continuing to give its PNG assets, which were really 'tomorrow's gold', disproportionate exposure. In his response, Briggs said that the value that Harmony had added to its PNG assets by taking them up the value curve had not been reflected in the company's share price. In response to a query from Deutsche Bank mining analyst Anna Mulholland, Harmony South East Asia CEO Johannes van Heerden said that there were no specific terms in the agreement between Harmony and Newcrest that included the right to buy out one another's interests.

Elaborating on Kransdorff's comments, JP Morgan analyst Steve Shepherd said Harmony was too "tiny" a company to start developing massive orebodies and that it was clear from Harmony's stock trading at way under half of its net present value that the market did not believe it was big enough to develop the PNG orebodies. Shepherd asked whether the time had come for Harmony to house its PNG assets in a separate exploration company, in which Harmony could be a significant shareholder. Briggs responded that while Harmony might be a relatively small company from a market capitalisation point of view, it was the world's eighth- or ninth-largest gold producer and was turning out gold at a good margin of profit. With gold at \$1 600/oz, the company would be able to fund the development of Golpu from its own financial resources.

In its 2012 financial year, Harmony cash funded all of its capital expenditure, additional exploration and a dividend for the third year in a row. Its operational profit was up 80% in the 12 months to June 30, on a gold price increase of 36%, and its cash flow rose by R2-billion to R4.7-billion. "We're a big company when it comes to gold production," Briggs pointed out, adding that the company continued to engage with shareholders, ten of which owned 65% of the company and twenty 75%. "Obviously, if our shareholders want to make 19 phone calls, they can actually instruct us what to do, but they haven't," he said. Because gold would be produced as a by-product of copper at Golpu, the gold would be more than fully paid for by the copper alone, assuming a gold price of \$1 650/oz and a copper price of \$3.50/lb. Golpu would be a mine that was on the lowest cost quartile of both the copper producers and the gold producers, with an expected copper cash cost of \$0.54/lb.

SOUTH AFRICAN MINING

Kransdorff said that the South African mining industry, as a whole, had done a poor management job, which had resulted in the problems being experienced in the platinum sector. He said that many of the far higher price-earnings ratios of the shares of other Johannesburg Stock Exchange companies were indirectly dependent on the success of South African mining companies. If local mining companies failed, those price-earnings ratios would no longer be sustainable, but that message had failed to get across, for which he criticised the management of South African mining companies. He said everything came back to management as far as the current platinum-sector impasse was concerned.

Harmony Gold says PNG must pay for stake in mine

By Sherilee Lakmidas, Reuters, Aug 29 2012

JOHANNESBURG (Reuters) - Harmony Gold Mining, South Africa's third-largest gold producer, said Papua New Guinea would have to pay if it wanted a stake in the company's promising Golpu project in the Asian country. Harmony is staking its future on the \$4.8 billion project it is developing with Australian group Newcrest Mining. Papua New Guinea has the right to a 30 percent stake in mining operations. Harmony chief executive Graham Briggs said on Wednesday if the government exercised this option it would include development costs already forked out.

"This is not a free carry, it will be full participation if the government gets involved. Assuming they would take 30 percent, they would have to pay 30 percent of the historical costs," Briggs told analysts on a conference call. The gold and copper project's prefeasibility study estimates an initial mine life of 26 years with annual production of 490,000 ounces of gold and 290,000 tonnes of copper. The aim is to start production in 2019. Briggs said it was difficult to say whether the government was in a position to pay for the stake but he said discussions with ministers suggest they see the project as generating significant growth for the region. "This is certainly a game changer in Papua New Guinea, it could add considerable amounts to the GDP and there are lots of opportunities for the government to leverage off this," he said.

NO FUNDING SEEN REQUIRED BEFORE 2017

Results of the prefeasibility study peg the cost of establishing a copper-gold development at around \$4.8 billion, which will be shared evenly by Harmony and Newcrest. Chief Financial Officer Frank Abbott said the firm would consider debt or bonds to top up its capital expenditure needs as the production of its Papua New Guinea operations gets nearer. "We don't see the need for additional funding until 2017 and then it will depend on the gold price," Abbott said. He indicated that if the gold price remained in the \$1,600 an ounce range, the company would need to raise 4 billion rand (\$475 million) but if it dipped to \$1,400 an ounce it would require almost double or 7 billion rand

(\$832 million). Spot gold is currently fetching about \$1,665.00. The project is a game changer for Harmony as it diversifies production away from high-cost and politically-risky South Africa, where labor violence in the platinum belt has killed 44 people this month. The company currently gets 90 percent of its output from South Africa and aims to lift production to 1.7 million ounces by 2016 from a target 1.3 million ounces in 2013.

The Promise and Perils of Seafloor Mining

Can minerals be extracted from the seafloor without environmental impacts?

Lisa W. Drew, *Oceanus*, 29.8.2012

A year ago, the Canadian mining company Nautilus Minerals was poised to launch a new industry: mining the deep ocean floor. All Nautilus had to do was finish building special equipment and arranging permits to work at a site it had leased off the shores of Papua New Guinea (PNG). Then it would commence grinding copper-rich rock on the seafloor into a slurry, vacuuming it up, and pumping it to a ship on the surface. The company would also recover precious metals such as gold and silver, as well as zinc and other commercially traded metals. Nautilus' plans alarmed many scientists. The mining was targeted at hydrothermal vents, where chemical-rich fluids spewing from the seafloor spur the accumulation of not only metals, but also lush communities of exotic life. Ever since deep-sea vents were first discovered in 1977, they have yielded a treasure trove of scientific clues about how our planet's surface formed, how the oceans' chemistry works, even how life may have started on Earth.

What if a gold rush into these unique ecosystems were to produce a subsea version of the environmental damage that mining has caused on land? "It seemed like Nautilus was in a real fast race to get the first mine on the seafloor," said geophysicist Maurice Tivey of Woods Hole Oceanographic Institution (WHOI). "A lot of people thought it was too early." But then copper prices plummeted with the global economic slowdown, and Nautilus put many of its plans on hold. "I think a lot of us on the science side were actually relieved," Tivey said. But will the pause in the action make a difference? In April 2009, a wide range of stakeholders from 20 countries pondered that and other issues at a conference on seabed mining convened by scientists at WHOI. Environmentalists, representatives from Nautilus and other major mining companies, international policymakers, and 98 scientists in a diverse range of fields gathered to share knowledge, seek common ground, and discuss seabed mining guidelines. With scientists just beginning to understand the geological, chemical, and biological forces that conspire to create vents, mineral deposits, and vent life communities, the conference explored how the scientific community can best bring its knowledge to bear. How can scientists help locate and evaluate mineral-rich sites? How can they help protect the unique oases of deep-sea life at vents?

Where the minerals are

The metals lie in what are called seafloor massive sulfide deposits. They form as the result of a series of chemical reactions that start when seawater filters down through permeable ocean crust into rocks heated by magma below. The heat catalyzes reactions that leach metals from the rocks into the fluids. The hot fluids—which can reach up to 750°F (400°C) under the pressure in the deep—rise buoyantly back to the seafloor. As they emerge from the crust, they encounter cold water, which causes metal sulfides to precipitate out of the fluids and form solid deposits near and on the seafloor. The ocean's known sulfide deposits may be only a fraction of what's actually there. "There's a lot of real estate out there where no data have been collected," said WHOI geochemist Chris German. Scientists think most are either in or near the 40,000-mile (60,000-kilometer) long mid-ocean ridge system. There, the Earth's tectonic plates are forming and actively spreading apart, creating volcanically active mountains that blister across the oceans' floors in patterns roughly resembling the stitched seams on a baseball.

Minerals precipitating from fluids coming out of hydrothermal vents can create chimney-like structures jutting out of the seafloor. The fluids billow out of the growing chimneys in smoky-looking, dark or white plumes. These were first discovered on fast-spreading ridges where volcanic activity occurs relatively frequently. But it turns out that venting can take many forms and also occurs on slow- and even ultra-slow spreading ridges. Scientists now think that slower spreading ridges produce larger massive sulfide deposits. That's because in these places, huge ramp-like faults penetrate deep into the crust and act as conduits. They bring a long-lasting supply of heated fluid from deep inside the Earth and deliver the minerals over tens of thousands of years to the same spot near the seafloor. Many massive sulfide deposits mined on land may have formed in the deep sea and then were raised or thrust above the water during the formation of islands and continents. The island of Cyprus, for example, holds 30 massive sulfide deposits, which were a main source of copper for ancient Rome.

Estimating the potential

So far, about 200 active vent fields have been found. Most would probably not be of much interest to the mining industry. "The vast majority of deposits are really small," said German. Some, however, are fairly large. One at a site called "TAG" on the slow-spreading mid-Atlantic ridge is the size of a baseball stadium. Hydrothermal vents also can occur in areas called back arc basins. They often form behind islands in subduction zones, where two tectonic plates are colliding, forcing one plate to slide deep into the Earth and form a deep-sea trench. For the mining industry, the western Pacific Ocean's many back arc basins are particularly attractive. These potential seafloor mining sites are near land and often fall within the 200-mile exclusive economic zones of island nations, putting them under local, rather than international, jurisdiction (see "[Who regulates seafloor mining?](#)," below).

No one knows how many hydrothermal vent sites are in the oceans, but there is a best guess. Amazingly, when scientists who have studied different parts of the ridge system compared notes at the April WHOI conference, they realized they were all coming up with the same distance between known, large active vent sites: 100 kilometers. If those numbers hold true, about 600 districts spewing metal-rich fluids and potentially holding sulfide deposits may decorate the mid-ocean ridge. Nautilus Minerals estimates in a September 2009 corporate presentation that "thousands of underwater sulphide systems exist," and "if only half of underwater systems are geographically viable, seafloor production would represent several billion tons of copper per annum." Meg Tivey, a geochemist at WHOI, said scientists are examining fluids coming out of the seafloor—the end-products of subsea chemical reactions—as clues to understand where and why different types of mineral deposits form. But many more deposits may have formed at vent sites that are no longer active. These sites, lacking billowing plumes, are much harder to find and haven't been studied much.

Exotic life at risk

Just as each vent site is different, so are the ecosystems they foster. What each has in common are conditions that would be incredibly hostile to most other life—utter darkness, intense ocean pressure, hot acidic fluids. Yet most host rich communities of life, including microbes that harness energy from chemicals, instead of from sunlight as plants do. Scientists have observed that after undersea volcanic eruptions kill off animals around a vent, life can be quick to recolonize the habitats. "One argument that can be made—but we need to be careful about it—is that hydrothermal systems naturally are violent environments anyway, and therefore we can do what we like because the biological communities will always recover," said German. Biologists who study the life around hydrothermal vents are still finding remarkable numbers of new species, and many are exquisitely adapted to different terrains and mixes of fluids. "There are many rare species that are difficult to count with statistical accuracy," said Duke University biologist Cindy Van Dover. If vent sites are mined, "we don't yet understand what will be lost," she said. Any strategies to mitigate damage at

various vent sites or to restore them, she added, must take into account that animal life differs at each site.

Larvae of vent animals, moved by ocean currents, play an important role in establishing new colonies of life, and it seems the larvae of some vent species can travel very long distances. But “we’re just starting to get a handle on dispersal distances of vent larvae, so we can’t yet design ways to ensure protection of species,” said WHOI biologist Lauren Mullineaux. If larvae from snails arrive first at a site formerly inhabited by mussels, for example, they might create a thriving—but alternative—community, she said. Maybe disturbed vent sites are rapidly recolonized by “weed species adapted to handle great rates of disturbance,” suggested ecologist Kim Juniper of the University of Victoria. The result could be the subsea equivalent of replacing an old-growth forest with a field of dandelions. On the other hand, animals similar to those that originally inhabited the vent site could eventually return. Too little research has been conducted to know for sure. The argument for protecting species is the same as that on land—diversity is at the heart of functioning ecosystems; it helps life adapt to changing conditions; and it offers the potential for as-yet unknown insights into biochemistry and potential commercial biotech products.

An interest in inactive sites

The concern over the fate of life at hydrothermal vents led many scientists at the April conference to a frequent refrain: Perhaps only inactive sites, where volcanism has “turned off,” should be mined. “We need to properly develop these deposits,” said marine geologist Peter Rona of Rutgers University. “By properly, I mean in an environmentally conservative manner, respectful of the life that exists at these sites. I think there’s general recognition we should go for the relict rather than the active sites.” “Personally, I don’t think there should be a hard and fast rule about whether active or inactive sites should be mined,” said Samantha Smith, environmental manager at Nautilus. “Each site needs to be assessed, ensuring that the benefits outweigh the impacts.” Just because a site is inactive doesn’t mean it is lifeless. Indeed, inactive systems host animals, too, but they are different from those at active sites and perhaps still vulnerable to damage. But to date few inactive sites have been studied.

“Maybe there will be a drive to finally find and examine inactive massive sulfide deposits,” said Meg Tivey, who is interested in understanding the entire evolution of vent sites. “From a purely scientific view, we want to see what a vent site looks like once it’s turned off,” she said. “The other thing you want to see is how valuable it is. In the back of our minds is the question: ‘Is this a potential source of minerals?’ With no plumes of hot fluids emanating from inactive sites, they are the most difficult to find and the least studied. “How do we find the inactive ones? That’s the big question,” said Maurice Tivey. He and other scientists are investigating ways to use magnetometers on underwater vehicles to detect the magnetic effects of minerals; gravity-measuring devices to detect dense sulfide mineralization; and other devices to locate massive sulfide deposits—especially at hard-to-find sites that are inactive, or buried by lava or sediments, or in places where hot fluids ooze slowly up through a latticework of the crust, cooling enough on the way to drop their metals well below the seabed. “What we’re seeing coming up from black smoker vents appears to be only a fraction of the metals that are below or on the seafloor,” said geologist Mark Hannington of the University of Ottawa. In the future, experimental methods like those proposed by Maurice Tivey could also help mining companies and others efficiently estimate deposits without drilling, which is routinely done on land but has been prohibitively expensive at sea, he said.

Input from the scientific community

In 2006, Maurice Tivey led a 32-day research cruise, funded by the National Science Foundation, to explore the geology and chemistry of several active hydrothermal vent sites in the Manus Basin in the Bismarck Sea, which encompasses Nautilus’s Solwara 1 site. Interested in learning as much as possible about the region, Nautilus funded an additional 10 days of research at sea and the costs of

using WHOI's deep-sea robot, the Autonomous Benthic Explorer, for mapping. Scientists may prefer that mining be done at inactive sites, but Nautilus Minerals and other mining companies are investigating deposits that have already been found (largely *because* they are active). Nautilus Minerals' first target site, called Solwara 1, is a 0.43-square-mile (0.112-square-kilometer) area that is hydrothermally active in some parts and quiescent in others. The good news is that the company seems to want to do the right thing, say scientists who were invited by Nautilus to review the environmental impact statement for its first mine. "We were impressed," said marine ecologist Kim Juniper. "They looked at just about everything that could possibly be considered."

He cited Nautilus' plans, adapted in consultation with marine scientists, to not mine areas with similar organisms as the Solwara 1 site and to establish temporary refuge areas within the proposed mining area where animals can progressively return. The company has conducted small-scale experiments installing appropriate artificial substrates to encourage animals to land and recolonize sites, as well as relocating animals out of the path of mining. "It's certainly a model for the way things should be done," Juniper said. These strategies, however, remain untested for the most part. Van Dover said scientists probably would not be able to assess and prevent damage, "unless we monitor and can say, 'Stop, that's enough.'" "The problem is cumulative impacts," she said. "Mining one site probably won't make much of a difference, but intensive and exhaustive mining of a region over a very short period of years could be disastrous to the ecosystem."

Weighing the pros and cons

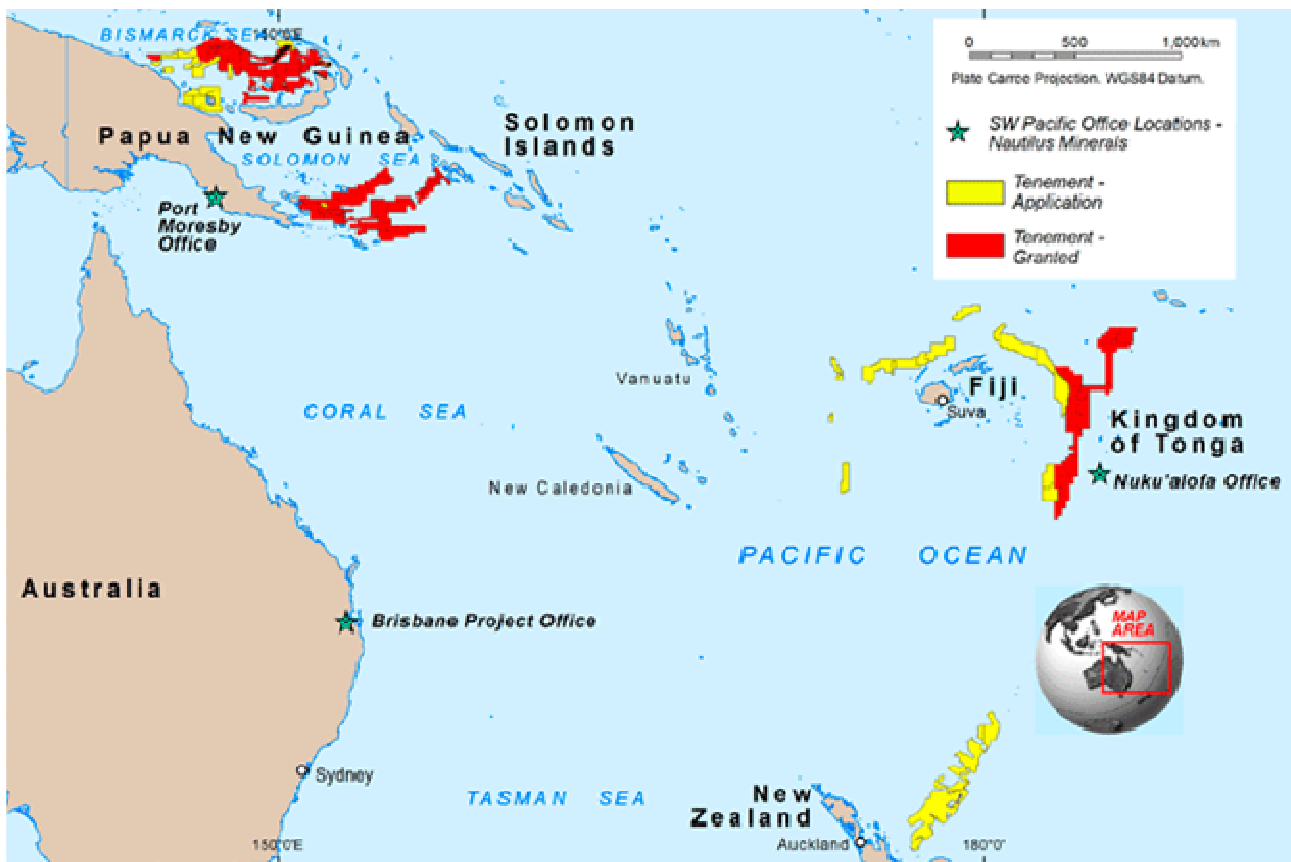
Some argue that seabed mining offers an alternative that could be *less* environmentally destructive than land-based mining. The Solwara 1 deposit boasts copper deposits that are about 10 times more concentrated than a typical land-based copper mine, so less material needs to be extracted to achieve a similar production rate, Smith said. In addition, the Solwara deposits are at the surface, so large amounts of material don't need to be removed to get to the ore, she said. Unlike land-based mining, seabed mining occurs where people do not live and requires little production infrastructure, all of which can be moved after mining is complete. And it offers "increased worker safety with the operations being conducted remotely and no one at the cutting face," Smith said. Those arguments don't convince Sabine Christiansen of the World Wildlife Fund. "In [seafloor] mining, you take away the substrate; you add filtered water, and you never know how good that will be; you may raise clouds [of sediments]," she said. "There are a lot of open questions on acidification of the water, questions on bringing nutrients up with the water and disturbing the water column processes."

Nautilus shares these concerns, Smith said, and has engineered systems to prevent disturbances through the water column up the surface. "Some sediment plumes [from mining activities] are expected to occur at the seafloor, but detailed modeling indicates these will not rise in the water column above 1,300 meters water depth," she said. "At the surface, the only impacts envisaged are the production support vessel and barges, which will only be present while the mining is taking place." Nevertheless, after Nautilus representatives described its plans to people on Bagabag Island in Papua New Guinea two years ago, local villagers told marine biologist Rick Steiner of the University of Alaska Anchorage that they were not happy. Through an interpreter, the villagers asked Steiner if he would come help them attack the Nautilus ship. "I said, 'I was thinking I'll help you review the Nautilus EIS [environmental impact statement],'" he recalled.

Bagabag Island is 300 miles (500 kilometers) away from the Solawara 1 site, but Nautilus has exploration leases and lease applications for vast areas elsewhere in the Bismarck Sea, including near Bagabag Island and the main island of Papua New Guinea. In 2008, the newly formed Bismarck-Solomon Seas Indigenous Peoples Council met in the village of Karkum for a seabed mining forum and issued a statement that concluded, ". . . we do not consent to the sea bed mining activities in our waters and seas," and asked for all mining activities to cease until the council's concerns are satisfactorily addressed. In a 26-page review Steiner prepared on behalf of the council, he wrote, "Clear-

ly, the project is not sustainable, as it exploits a relatively finite mineral deposit, lasts only 30 months, contributes a relatively small amount of money to [Papua New Guinea], severely damages the benthic habitat for a rare deep-sea sulfide mound ecosystem, and poses risk to other marine resources in the region.”

Among his concerns is that boats, barges, and heavy equipment could accidentally pollute the local waters and shorelines. That includes several shuttle barges a day, each holding thousands of tons of wet sulfide slurry, fuel, and other hazardous materials. Sulfides can rapidly oxidize once they're out of the low-oxygen deep sea. If they're wet, they can turn into sulfuric acid. “We learned that the hard way,” said Meg Tivey, who once put some wet sulfide rock samples from a hydrothermal vent in a refrigerator in sealed plastic bags. “We came back and there was a jumbled mass of oxidized junk in the bag,” she said. “We completely neglected how much oxygen there was in the air, even wrapped in the plastic.”



Nautilus Minerals' first targeted mining site, Solwara 1, is in the eastern Bismarck Sea. The company also has exploration licenses (red areas) and applications (yellow areas) to search for potential minable sites in more than 525,000 square kilometers of seafloor off the shores of Papua New Guinea, the Solomon Islands, Tonga, Fiji, and New Zealand. Exploration licenses give the company the right to look for potential mineral deposits within designated areas. If it finds any, it must still receive a license to mine the sites, which are considerably smaller than the exploration areas. Solwara 1, for example, is about 10,000 times smaller than the size of the exploration license area in which it was found. (Map courtesy of Nautilus Minerals)

Next steps

Meanwhile, a working group from InterRidge, an international consortium of scientists working on mid-ocean ridge studies, used what it learned at the WHOI colloquium to suggest areas for future research. It presented its questions and recommendations to the International Seabed Authority, the independent treaty agency charged with managing seabed mining in international waters. Many of the InterRidge questions are fundamental, reflecting just how young this scientific field is—from how long seafloor massive sulfides take to develop to how vent biological communities change over time. The recommendations include developing criteria for determining just how active or inactive a

vent site is, working on ways to locate inactive deposits, and encouraging studies of organisms living at inactive sites.

In April, it looked as if the slowdown in Nautilus Minerals' plans might give scientists "a bit of breathing space for us to get our acts together," said benthic ecologist Ashley Rowden of New Zealand's National Institute of Water & Atmospheric Research. "So we can see what we should know before we mine a hydrothermal vent." Just how much breathing space is not clear. Copper prices are recovering, and in September, the PNG minister for environment approved Nautilus' environmental impact statement for Solwara 1. PNG still must approve environmental permit applications before it grants the company a mining lease to commence mining operations. Nautilus also has exploration licenses and applications ([see map](#)) to search for potential minable sites in more than 525,000 square kilometers of seafloor off the shores of Papua New Guinea, the Solomon Islands, Tonga, Fiji, and New Zealand.

Who regulates seafloor mining?

The rules that govern mining on most of the world's seabed are no ordinary rules. They got their start back in the 1970s and 1980s, when it looked as if there were untold riches in manganese nodules scattered across the ocean floor.

Although that didn't pan out, mining companies and nations around the world are eyeing anew the riches of the deep. The more recent discovery of metals at hydrothermal vents rekindled interest in the seabed, said Porter Hoagland of the Marine Policy Center at Woods Hole Oceanographic Institution (WHOI). "Technology makes it more possible, and the economics make it more likely."

To regulate seafloor mining, in 1994 the United Nations Convention on the Law of the Sea spawned the International Seabed Authority, or ISA, an independent treaty organization. It has jurisdiction over the seabed outside the exclusive economic zones that surround nations' shorelines—an area it efficiently calls The Area. The term refers only to the seafloor, not to the waters above it (they're called the "high seas" in legal parlance). The rules dictate that the ISA make licensing decisions and, remarkably, that a portion of all profits from mining in The Area be used to benefit the world's developing countries.

An ISA working group—which includes academic, government, and industry experts for advice on environmental and economic issues—is developing specific regulations, said ISA Secretary-General Nii A. Odunton. "But we could use the international science community to get more information," he told a gathering of almost 100 scientists from 20 countries and other seabed mining stakeholders at a conference in April at WHOI. "The more we can get scientists to help us get the information we need, the better we think our regulations will be."

The ISA has 159 member nations. The United States is not one of them, because it has not ratified the Law of the Sea treaty, though it has "observer" status. Political conservatives have successfully blocked the move so far, even though President George W. Bush in 2007 urged the Senate to approve the agreement. Current U.S. Secretary of State Hillary Clinton has made clear that U.S. ratification of the treaty is a priority for the Obama administration. The new ISA regulations are expected to open up The Area to commercial prospecting for seafloor minerals.

Meanwhile, the industry-sponsored International Marine Minerals Society is in the process of finalizing an environmental code of conduct for seabed mining. "The code is voluntary, but it will likely be the only international instrument (to regulate seafloor mining) for a while and will likely be the

framework for an eventual international legal framework,” Philomene Verlaan, an attorney and oceanographer at the University of Hawaii and the society’s environmental code coordinator, said at the April conference.

Beyond the seabed, all sorts of international, governmental, environmental and scientific organizations have been working on how best to conserve the oceans’ resources. “The deep and high seas are now on everyone’s agenda,” Jeff Ardron, director of the Marine Conservation Biology Institute’s High Seas Program, said at the April WHOI conference. “But talking to one another, with all due respect, has barely begun.”

One example of the fractured nature of ocean management is the lack of governance of bioprospecting—the hunt for life that can be exploited commercially. It seems that under current rules, which were written to cover mining and fishing, even if one company must have a license from the International Seabed Authority for mining a particular site (and must share the profits), another company can remove some of the site’s microbes, discover it has reaped the cure to cancer, and keep all the money it makes.

And that’s not as far-fetched as it may seem. Biochemical properties of organisms that can tolerate extremes of hot and cold and find nourishment in toxic fluids are of great interest to the biotech industry. Wonder enzymes from organisms at hydrothermal vents are already being used commercially in a variety of ways, from ethanol production to a French skin lotion that protects against damaging free radicals.

—[Lisa W. Drew](#)

Source: <http://www.whoi.edu/oceanus/viewArticle.do?id=62986§ionid=1000>

Deep sea mining is risky business!

By Nalau Bingeding, NRI/PACNEWS 29.8.2012

This is a reality of life. Every development comes at a cost to any organism (including man) that occupies an area of land, air or sea. The cost of that development can be environmental, social or economical, and the impact of that development can be spread over time and space. Therefore, the proposed deep sea mining by Nautilus cannot merely be assumed to have no impact on the environment and organisms that occupy the Bismarck Sea and beyond, in both space and time. Papua New Guinea (PNG) is a land blessed with abundant mineral resources, and much of the land and sea have been mapped out for exploration and mining. Currently more than 10 large scale mines are in operation on land, and there is possibility for more mines on land to be opened up in the near future. However, the socio-economic impacts of these 10 or more so large scale mines have had little rub-off effect on the country’s population at large. So what is the point of opening up more mines when 80% of the country’s population sees little or no benefit of mining activities?

It is a fact of life that minerals are non-renewable resources because they cannot be re-grown like trees if they are depleted. It is possible for mineral resources to be renewed through the activities of nature, but that will simply not happen in the lifetime of our current generation. Therefore, the sustainability of mineral resources is paramount to the well-being of every organism that will occupy time and space in this nation right now and into the unforeseeable future. We do not need to look far to understand the need for sustainability of mineral resources to the economy of our nation. Our neighboring Pacific Island nation of Nauru is a good example of what can go wrong with poor management of mineral resources. In 1906 the Germans began mining phosphate on Nauru. Later on the

British, the Australians and New Zealanders joined in the mining of phosphate on Nauru. With a very small population, the phosphate mining made Nauruans some of the richest people on Earth on a per capita basis. However, it was not until the 2000s that phosphate reserves on Nauru ran out.

Today Nauru is bankrupt because the Trust Fund set up from phosphate money had been tampered with by politicians. The shipping company and a bank set up from phosphate money are not doing well right now, and Nauru cannot resuscitate its economy. What are left of Nauru right now are a degraded landscape and about 10 thousand people, most of whom are diabetics who continuously need dialysis because their kidneys are not functioning normally. The country could not depend on ecotourism or other sectors to resuscitate its economy since nothing was done to rehabilitate the environment or fund other sectors of the economy since the 1900s. The case of Nauru is a lesson to PNG. Although we are blessed with abundant mineral reserves, the sustainability of these resources is not guaranteed if we cannot manage them properly. What needs to be done is for us to develop our minerals and other natural resources in concert with the basic needs of our increasing population – this is known as “Need Based Development”. We do not have to play to the tune of multinational corporations who are here today and gone tomorrow and will not face the consequences of unsustainable mining that our present and future generations will face. Gold dredging in the Bulolo valley in the 1930s and the recent civil war on Bougainville are some historical lessons on mineral sustainability to our economy we should learn from and not repeat the same mistakes. Moreover, we do not need to rush the development of our mineral resources based on the whims of a few politicians and bureaucrats who see mining as a bridge to becoming filthy rich overnight.

Furthermore, the Environment Act 2000 is a technically flawed document. This Act has compromised the value of the terrestrial environment and deprived customary landowners of their rights to adequate equity and compensation for the loss of their pristine environments in regard to large scale developments in this country. Forest die-back along the banks of the Fly River and the recent spate of dead fish in the Watut and Markham rivers are some of the testimonies that demonstrate how pathetic this document is. Therefore, what benefit is the Environment Act 2000 to the marine environment and the coastal people who sustain their livelihood and subsistence from the sea? The magnitude and scope of deep sea mining on the marine environment is an unknown quantity, so what guarantee of protection does the Environment Act give to the marine environment and peoples whose lives depends on the sea? Our record with monitoring land based mining activities is pathetic. DEC does not have the capability to monitor mine discharges from land based mines into rivers and the seas. DEC depends on mining companies to provide it with data on a weekly basis, but there is no guarantee that the data provided has not been tampered with or if it has any scientific integrity. If DEC cannot handle discharge from land based mines into the rivers and seas, what could it do with mining that takes place at 1600m below the sea surface?

Environmental Impact Statements produced by developers and submitted to DEC have become the ridicule of some academics and NGOs in recent years. The quality of many of these Environmental Impact Statements do not meet scientific scrutiny but are entertained by DEC, and in many cases, Environmental Permits have been issued without due diligence. One Environmental Impact Statement for an SABL in one area had pictures of birds from Siberia (Russia) incorporated as proof of wildlife from that particular area, but this document was accepted by DEC. This is hilarious, and shows how low DEC can stoop to compromise the value of the natural environment and the lives of the people of this country. Therefore, what guarantee is there that an Environmental Permit will not be issued even if the Environmental Impact Statement submitted by Nautilus for the deep sea mining does not meet rigorous scientific scrutiny?

The process to which large scale developments are scrutinized and Environmental Permits are granted in this country is technically flawed. The process gives ultimate authority for issuing an Environmental Permit for any level 3 or 2 projects to the Director of DEC. The Minister for Environ-

ment and Conservation only approves the Environmental Impact Statement in principal, but the issuance of the Environmental Permit is the prerogative of the DEC Director. The process does not even allow for Environmental Impact Statements or other documents of projects to be taken to the NEC for perusal and endorsement – after the Minister for Environment and Conservation approves the document in principal, the DEC Director handles everything thereafter. So what guarantee is there that this technically flawed process is not going to be used for the deep sea mining project? There is no process available for stakeholders to sit around a table and rigorously scrutinize an Environmental Impact Statement for a large scale development before it is taken to the NEC for endorsement. Despite DEC making the Environmental Impact Statement available to the public for viewing, the roundtable discussion is the most important step where civil societies, government agencies, the developer and other interested parties sit around the table and grill each other over the quality and benefit of the project to all parties concern.

Currently, DEC implements most of the formalities in relation to Environmental Impact Statements, and Environmental Permits while other government agencies are used as rubber-stamps for large scale projects, and civil societies and customary landowners are mere spectators. Therefore, unless something drastic is done otherwise the same procedure will be applied to the deep sea mine project. As a regulator of the environment, DEC is required to carry out a Baseline Study in a proposed project area before any actual work begins. The data collected by DEC is to be analyzed, compiled, and used as reference data to monitor the operations of the project throughout its lifespan. If DEC finds through its regular monitoring that the operations of a project has caused an environmental parameter to be abnormally different from the compiled baseline data, the department can then advise the developer to make adjustments to rectify the situation or shut down the operations until corrective measures are put in place. Nevertheless, Baseline Studies have rarely been carried out by DEC, and developers easily get away with environmental issues at the expense of the natural environment and customary landowners because there is no Baseline Data to prove that something abnormal has happened. The recent case of dead fishes in the Watut and Markham rivers is an example of what can happen with compensation claims when there is no Baseline Data to prove that something unusual has happened. So, the question is, do we already have a Baseline Data for the deep sea mine?

Newcrest-Harmony project in PNG is ‘world-class opportunity’

Barry Fitzgerald, The Australian, 29.8.2012

Newcrest Mining and South African partner Harmony have confirmed their Wafi-Golpu project in Papua New Guinea’s Morobe province as a world class gold-copper development opportunity. But it will also come with a world-class development bill – the pre-feasibility study for the project pegs it at \$US4.8 billion (\$4.62bn).

The development cost is nevertheless below market expectations for a \$US5bn bill and confirms that, on a copper-equivalent basis, Wafi-Golpu will be one of the lowest-cost copper developments in the world on a pound-for-pound basis. Today’s release of the study came with a new resource estimate for the Golpu deposit which, along with Wafi, are draped over a hillside in the Morobe province, 65km west off Lae. A new resource estimate for Wafi is being worked on. The all-up resource estimate for Wafi-Golpu and the Nambonga deposit now stands at 22.9 million ounces of gold, 7.46m tonnes of copper and 42.4m oz of silver. The new indicated resource estimate for Golpu is 12.4m oz of gold and 5.4mt of copper. That is an increase of 11m oz of gold and 4.7mt of copper. A further 5.7m oz of contained gold, 1.6mt of copper and 8.1m oz of silver sit in the inferred mineral resources category. Wafi-Golpu is currently owned 50:50 by Newcrest and Harmony. The PNG government can take up to a 30 per cent interest in the project at a price equal to the sunk cost.

Newcrest has also indicated a willingness to buy Harmony out of the project, but Wafi-Golpu is central to that group's strategic plan. First production would be possible by 2019 if development proceeds. In the project's favour is the fact that gold and copper remain the last of the commodities to hold on to their historically high levels, in the face of the European debt crisis, the slowdown in China and patchy economic growth in the US. The pre-feasibility study estimated an initial mine life of 26 years with annual production of up to 550,000oz of gold and 330,000t of copper. Cash costs of production were said to be in the "first quartile" when applying either the gold or the copper as by-product revenue. The release of the study comes as work resumes at Newcrest's wholly-owned Lihir gold mine on the PNG island of the same. The mine – which is being expanded to annual production of more than 1m oz of gold at a cost of \$US1.3bn – was closed on Sunday due to a dispute with local landowners on a compensation-and-benefits package.

Nautilus seeks partner

The National, 29th August, 2012

NAUTILUS Minerals Inc, seeking to be the first large-scale miner of copper and gold from the ocean floor, is in talks with potential partners to sell a stake in the project off the coast of Papua New Guinea. Nautilus may sell shares to help raise US\$100 million if it cannot find a partner for the project 1,600m deep in the Bismarck Sea, where the Toronto-based company plans to start production in 2014, chief executive officer Stephen Rogers said. "We've had discussions and continue discussions with a number of parties," Rogers said. "There are a lot of people interested in what we are doing, interested in this potential new frontier for the metals sector." Nautilus is exploring underwater for metals as rising demand in the past 10 years pushed up prices, while conventional miners battle increasing costs.

The average industry cost to produce a pound of copper climbed 30% to US\$1.30 last year, according to data compiled by Bloomberg. "Land-based grades are getting thinner, costs are obviously going up as a result of that, and of course, we have to push into more pristine wilderness areas to find these metals," Rogers said. "There are some benefits offered up by looking at the oceans as a potential source of minerals in the future." Nautilus's biggest shareholders are Moscow-based Metalloinvest Holding Ltd, which owned 21% of the company's shares as of May 1, London-based Anglo American Plc (AAL) and MB Holding Company LLC, according to data compiled by Bloomberg. The US\$100 million figure does not include the funds that Nautilus still needs to pay for the vessel that will be used at the project, Solwara 1. The company said on June 1 that there may be a delay in finalising the financing amid tighter banking rules in Europe and a "depressed" shipping market.

Germany's Harren and Partner is building the vessel and will own 50.01% after it's delivered. "We still have to get our vessel programme back on track, but we have a way of doing that, we're not uncomfortable with that situation," Rogers said in a recent interview," Rogers said. The company may arrange a type of ship mortgage, he said. Nautilus also is seeking an "amicable" solution before full arbitration begins in a dispute with the PNG government, which owns 30% of the project, Rogers said. The government agreed in March last year to exercise an option to buy a 30% stake in Solwara 1. The pact included a deal that PNG pay 30% of the funds Nautilus had already spent, as well as its share of development costs going forward. Nautilus said on June 1 the government asserted the company had not met certain obligations required for the March 2011 deal and an arbitrator in the dispute was named last month.

Oro Governor to take on Nautilus Minerals

Post-Courier 29.8.2012

By *SIMON ERORO*

ORO Governor Gary Juffa has confirmed that he will initiate court proceedings to challenge the Government's decision on the Nautilus Solwara seabed mining project in the interest of his people. Mr Juffa said he is not afraid to tackle the issues confronting the country and has encouraged his fellow members of Parliament to do likewise. He said leaders must not allow themselves to be bullied, coerced or induced into agreeing to anything that does not benefit Papua New Guinea, Papua New Guineans or threatens our interests and the future. "I intend to stand up and be vocal. I have put my hand up for the various parliamentary committees to bring about meaningful change in PNG and act as a check and balance," he said. He said the ninth Parliament must not follow the past by engaging in rhetoric and shy away from major issues but instead confront, protect, develop and fight for the people's interests. Meanwhile, he has called on the Government to remove Indonesian fugitive Djoko Tjandra, shelve the Naime Rice Project and revoke the mining license given to Nautilus Minerals. "Mr Tjandra is a fugitive. I do not care how much he has brought into PNG or claims to be investing in the country, he said. "Those responsible have betrayed Papua New Guinea and should pay for their crimes," Mr Juffa said.

Government erred in seabed mine: Prof

Post-Courier 29.8.2012

By *JASON GIMA WURI*

UNIVERSITY of Papua New Guinea academic professor Chalapan Kaluwin has said that the Government has breached a number of international conventions when it issued a mining license to Nautilus Minerals for its Solwara 1 seabed mining project. These conventions include the 1982 United Nations Convention on the Law of the Sea; 1986 Convention for the Protection of Natural Resources and the Environment of the South Pacific Region (Noumea Convention); UNFCCC and Kyoto Protocol; UN Biodiversity Conventions and the Waigani Agreement. Prof Chalapan said the issues and details raised in the draft were equally important "as we start the process and work with our friends to ensure we address these concerns for the country".

"There is a draft document from the SOPAC team's legal advisors that has been prepared in collaboration with Secretary of the Pacific Regional Environment Program (SPREP) and other regional organisations which provides guidelines for the application of the precautionary principle," he said. "If we applied this document on precautionary principles it holds some promise and value that PNG Government could have made not to proceed with deep sea mining projects, given the serious lack of appropriate policies and laws in mining sectors in the oceans, coupled with the Fisheries and Environment Acts (2000) in the country." Prof Kaluwin said most importantly, there appeared to be lack of full scientific understanding of the issues involved. He said states pursuing such activities had a responsibility to ensure that they followed international laws to protect the marine environment.

Landowners claim rightful ownership of Ok Tedi mine

Post-Courier 29.8.2012

By *ANCILLA WRAKUALE*

REPRESENTATIVES from four Special Mine Lease villages in Western Province said they are the rightful landowners of the Ok Tedi mine and no other villages or groups should claim to be the landowners. The landowners expressed this yesterday at a press conference at the MRA Haus in Port Moresby. Principal landowner from Finalbin Village, Mr Biel Kirokim said there are only four villages; Atemkit, Kavourabip, Finalbin and Bultem that are legitimate landowners and villages where Ok Tedi Mine is located. Mr Kirokim said a landowner group called Kimka Sepiyan Tribe

Land Group Incorporated (KSSLGI) who claimed to be the landowners are not genuine landowners of Ok Tedi and should not be entertained by the state or any other authorities in the industry.

This followed a recent statement in the media where KSSLGI expressed disappointment in being left out in the revised Memorandum of Agreement (MOA). “The four SML villages are the legitimate landowner villages the state and the developer recognised,” he said. He said the revised MOA is between the developer, Ok Tedi Ltd, the four villages in the Special Mining Lease, the Provincial Government and the National Government. He said OTML has to operate in peace and those claiming to be landowners must stop. He said such actions could have impact on the operations of the mine and it was important for all of them to work together to ensure benefits from the mine helps everyone. “This development is for everyone’s good,” he said.

Lihir operations suspended

Post-Courier 29.8.2012

Production at Newcrest Mining in Lihir, New Ireland Province is still suspended since Sunday following landowner’s grievances. In a statement from the Newcrest Mining, the company secretary Scott Langford said the processing plant remains on stand-by and all facilities have been secured. The production is currently being impacted due to Lihir Mining Area Association (LMALA), requirements that mine production be suspended until a dispute has been resolved. All stakeholders, including LMALA and representatives of the National, Provincial and Local level Government met yesterday at Lihir to resolve the dispute. Concurrently stakeholders are undertaking a five yearly review of the Lihir Integrated Benefits Package (“IBP”). The IBP agreements provide amongst other things for direct compensation arrangements and a range of programs for community, social and infrastructure development. Newcrest is striving for the prompt resolution of the matter and resumption of production.

A statement from LMALA chairman Mr Peter Suar said their issues on the suspension of productions at Lihir Gold Mine included the following:

- * LMALA IBP of K2.5 million plus paid within the period of 48 hours
- * LMALA interim admin budget of K24 million is agreed to until the IBP review is concluded
- * Address all specific issues committee outstanding obligations
- * Newcrest chief executive Greg Robinson must meet with Lihirians leaders in Lihir.

He said the challenge of the State was to ensure the interest of the landowners is protected.

Disputes Lead To Deaths Near Porgera Mine In PNG

‘Disgruntled’ relatives reportedly ‘went on a rampage’

By Jeffrey Elapa and Elias Lari

PORT MORESBY, Papua New Guinea (The National, Aug. 29, 2012) – Employees of Barrick, the developer of the giant Porgera gold mine in Enga, went on a rampage and stopped working after the killing of two people near the mine. The killings, unrelated to mine operations, ignited a long-running dispute over accommodation of local employees on site. The disturbance is likely to affect mine operations, after another major mine – Lihir, operated by Newcrest – was forced to shut down by landowners over outstanding grievances. Porgera police station commander Snr Sgt Itapu Poko confirmed the killing of two people and wounding of another person believed to be the driver of a public motor vehicle. Poko said an employee of the mine from Apalaka was killed by traditional enemies while waiting for the pick-up bus (company hire bus) to go to work at 4am yesterday. He said after the killing, the murderers tried to commandeer the bus and when the driver refused, they shot him.

Relatives of the employees demanded the company to medevac the driver but they refused to assist him as he was only a hired bus driver and not a fulltime employee. He said disgruntled relatives of the deceased and other local employees mobilised and went on rampage, destroying the national employee camp on site and demanding the company accommodate them on site to avoid such killings as their lives were at risk. Local member of parliament and chief landowner Nixon Mangape, when contacted, also confirmed the incident and said that the employees had decided to go on strike. He said the employees were demanding the company to accommodate them at the mine to avoid such killings as more than four employees had been killed so far near the mine.

Enga provincial police commander Supt Martin Lakari confirmed the deaths, saying there was a “war” between workers and security guards inside the mine area. Lakari said more police units had been deployed at the mine site. The fight started after an underground miner was killed by locals on Sunday. The employees were frustrated as they had presented a petition to the developer, PJV and Barrick gold, calling for proper and safe accommodation for staff. That petition came about after a mine worker was killed by locals at Piam recently. Shortly after the death last Sunday, frustrated workers attacked and damaged property at the project site. Akaili Tange Association (ATA) spokesman Karath Mal confirmed mine operations stopped at 6am on Sunday. Mal said many local staff had lost their lives while waiting at the pick-up and drop-off points.

PNG interests acquire Fiji’s Pearl Resort

The National, 29th August, 2012

THE Mineral Resources Development Company (MRDC) this month made a significant investment in Fiji through the purchase of an iconic resort together with an 18-hole golf course. The purchase of the Pearl South Pacific Resort for K34 million was made together with landowner company, Petroleum Resources Kutubu. The Pearl South Pacific Resort includes the hotel business, a golf course and apartments from Pacific Harbour Enterprises Ltd. It boasts nearly 200 acres and offers guests the majesty of a tropical island environment with uniquely-designed suites and exceptional service standards. Located on the beachfront on what is Fiji’s longest white sandy beach, the resort is just 40 minutes drive from Suva and two hours drive from Nadi International Airport. Speaking at the acquisition ceremony a fortnight back, Finance Minister James Marape said the investment was done to cement the existing business relations PNG had with Fiji.

“Investing in each other’s countries is perhaps one of the most encouraging signs for inter-regional trade in the Pacific Islands,” he said. “As in PNG with the approaching liquefied natural gas project, the mineral resources boom has the potential to transform the investment climate in the Pacific Islands – from a traditional model of foreign direct investment driven from outside the region to one that is generated from within the region. “This investment is a continuation of this development and one that PNG and Fiji can mutually benefit from.” MRDC chairman Simon Tosali said it was MRDC’s job to advise landowners to invest so they put the wealth from their resources to good use so that the benefits keep coming even when the oil and gas have gone. PRK chairman John Kapi Natto said: “PRK owns the third largest share in Bank South Pacific, it acquired 50% of Hevilift and is now in a joint venture with MRDC through which it owns 50% of the Pearl South Pacific Resort. “I am so proud and happy for what MRDC has done. It was not a mistake coming to Fiji.”

Association calls on Prime Minister to address ownership rights

The National, 29th August, 2012

By STARZA PAUL

A LANDOWNER company from Tekem Alluvial Mining in Enga wants the government to pass re-

source ownership rights to the landowners of the country. Johnson Mapyha, of Tekem Landowners Association, said yesterday in Port Moresby that he supported the call made by the chairman of Federation of Resource Owners of PNG Jonathan Paraia recently asking the government to give land ownership back to the customary owners. “The ownership issue is far from over in PNG. “And our issue of concern is that we all are raising similar issues to that celebrated case –Australian of Mabo,” he said. Mapyha said Prime Minister Peter O’Neill could call parliament or direct the national executive council under section 19 of the Constitution for special references to be made to the Supreme Court when situations warrant.

“We believe that the government should seriously address our grievances,” he said. “We are urging Peter O’Neill not to brush aside our concerns like his predecessors, but to listen to our concern.” He said that even foreign observers such as Robert Pritchard, who is managing director of Resource Law International in Sydney, Australia, recently mentioned that resource ownership issues in Papua New Guinea was still alive and far from over. Mapyha said the economy was now based almost entirely on mining and petroleum resources. “So we are calling on the O’Neill-led government to address our grievance on the ownership issue,” he said.

LNG pairs up with Govt to provide health services

Post-Courier 29.8.2012

THE PNG LNG Project is partnering with the Papua New Guinean Government and key non-government organisations to provide new medical equipment and hygiene programs. These community health initiatives, featured in the latest PNG LNG Environmental and Social Report, reinforce the Project’s commitment to building sustainable health capacity and infrastructure within the Project impact areas. To date the Project has contributed K2.6 million to support tuberculosis control through various programs and activities which will increase the knowledge and skills of health personnel and strengthen infrastructure. This includes assisting the Papua New Guinea Institute of Medical Research to secure three state-of-the art GeneXpert© diagnostic machines for the fast and accurate diagnosis of tuberculosis.

The machines will be provided to medical facilities in Kikori, Madang and Port Moresby. PNG LNG Project Executive Decie Autin said faster and more accurate technology will allow for early intervention in tuberculosis cases to enable higher quality treatment. “We recognise that the incidence of tuberculosis is high in Papua New Guinean communities. As a result, we are committed to improving diagnostic practices and treatment to minimise this debilitating disease,” Ms Autin said. “Traditionally, people have had to wait six to eight weeks for a result. The GeneXpert© machines can provide a same day response with 98 percent accuracy, so the correct course of treatment can be prescribed immediately,” she said. The Project has also partnered with Population Services International (PSI).

Their successful Water, Sanitation and Hygiene (WASH) Program includes a Community Led Total Sanitation initiative, the distribution of WASH kits and awareness education about personal hygiene behaviours that affect their communities. To date, 1000 kits have been distributed in Papa and Porebada in Central Province as well as several villages in the Hides-Komo area. A WASH Kit contains safe water and diarrheal treatment items to prevent and manage illness. “Protecting the health and safety of Project workers and local communities, as well as the environment in which Project-related activities occur is a core value for the Project,” said Ms Autin. As well as supporting local health institutions, the Project has also sent 10 trainees to Dallas, Texas to take part in biomedical equipment repair training for six months with MediSend International.

Groups Rally Against Seabed Mining At Pacific Forum Meeting

Moratorium on mining proposed until effects are better understood

By Rachel Reeves

AUCKLAND, New Zealand (Pacific Scoop, Aug. 28, 2012) – A petition bearing more than 8,000 signatures is being circulated among Forum participants this week as part of a regional effort to arrest seabed mining projects in the Pacific. A coalition of non-government organizations, which includes the Pacific Network on Globalisation (PANG) and Act Now! PNG, is here on Rarotonga to raise awareness about deep seabed mining in the Pacific, taking advantage of the opportunity to reach leaders from around the region who are gathering for the Pacific Islands Leaders Forum. Their petition is based on a legal opinion from U.S.-based Environmental Law Alliance Worldwide (eLAW) that the "precautionary principle" – the theory that if an action or policy is suspected of being harmful to the public or environment and there is no scientific consensus, those people or groups taking the action have a responsibility to prove it is not – applies to seabed mining in the Pacific.

The opinion concludes: "There is great uncertainty whether undersea ecosystems, especially vent features that have been created over thousands of years, can withstand the damage and destruction caused by deep seabed mining. "In accordance with the precautionary principle, Pacific Island nations should follow the example set by Australia's northern territory and institute a moratorium on deep seabed mining. The risks and uncertainties of seabed mining are too great to allow mining activities to proceed with the expectation that the damage can be reversed." PANG coordinator Maureen Penjuli convened a press conference with Pacific media today to talk about the petition and publicly launch the eLAW legal opinion. She is alarmed at the pace of a Secretariat of the Pacific Community (SPC) deep sea minerals project – which is providing technical assistance to the 15 Pacific-African, Caribbean Pacific states, of which the Cook Islands is one – as she says it is proceeding too quickly for her coalition to be able to raise ample regional awareness of its petition in time.

Presence paramount

That's why she considers it paramount to be present at this week's Forum. Penjuli today launched eLAW's 10-page legal opinion, which does not condemn mining activity, but supports a moratorium until gaps in the research and science around deep seabed mining have been filled. At present Tonga, Nauru and the Cook Islands are pursuing exploratory mining programs, and a Korean company is reportedly in the process of procuring a license to mine in Fiji's seabed. Canadian company Nautilus Minerals plans to mining 50 kilometers off the coast New Britain island in Papua New Guinea, where communities are rallying to protest against the political processes that led to the licensing of the project and mining in general. The area being marked off for exploration of mining potential in the region is twice the size of the combined land mass of all Pacific nations.

LNG project queried by Landowners

Post-Courier 28.8.2012

HELA Youth Development Foundation (HYDF), a recognised Landowner group of Komo Airfield is upset with the K50 billion Exxon Mobil-led PNG LNG project operator Esso Highlands Limited (EHL) for the fast pace of environmental damage to their land in the space of three years. A concerned intellectual from the Project Impact area Dr Michael Mai said that Komo Airport is a facility, "but unlike our Portion 152 landowners they have missed out big time at the Kokopo Umbrella Benefit Sharing Agreement (UBSA) and will miss out from their own equity and royalty payments except for a mere portion given to them by Angore". "EHL in its wisdom saw it fit to create a block in Petroleum Development License (PDL) 8 (Angore Block 1787) instead of giving us a Portion like our seaport facility owners Portion 152, who will benefit from their own equity and royalty.

“EHL trespassed into our traditional land (we had no agreement), claimed our land, uprooted our burial grounds (sacred site) and bulldozed our forests without addressing our outstanding issues,” Dr Mai said.

Meanwhile, EHL when recently contacted for their side of the story, responded that there was consultation and an agreement in place with the impact landowner for the land in which the Komo Airport facility is situated. This covered issues relating to the environmental impact. Interim Chairman for the Hela Youth Development Foundation and spokesperson for the Komo Airfield landowners Wan Hewa Pajepa said that the EHL in the past three years “caused extensive damage to our hunting grounds, our food garden, our land, our water sources, our pristine flora and fauna, to meet the world’s energy demand”. Mr Pajepa said that the land is “our mother nature; the land is our supermarket, the land is our pharmacy and our hardware house and we have lived on our land from time immortal since creation because it’s our traditional birth right and our source of strength and our life”.

He said that without land there could be no life. Dr Mai asked at what cost is the loss of the environment that “will have lasting impact on our existence because it appears that our existence is denounced for the sake of money”. Dr Mai said, “the value for money seems to supersede our coexistence and where do we stand as people who come from a land in which our existence is customarily pronounced and integral upon tribally allotted land. “It’s sad to stand by and watch from day to day while huge modern machines destroying our very food garden, our water sources, our hunting grounds, and everything that we depend. “We only stand by watching with folded arms and just wishing if we are supper gods and goddess to reverse the entire processes,” Dr Mai said.

Lihir operations stalled

Post-Courier 28.8.2012

Operations at Lihir remain suspended since Sunday after disgruntled landowners planted the sacred gorgor (plant) at three sites on the island. The sites are:

- * Plant Site;
- * Mine site; and
- * Stockpile (Kapit North).

Newcrest Officials (from PNG and Australia) are now on their way to the island, and are due to hold talks with representatives from the Lihir Mining Area Landowner Association, Nimamar Rural Local Level Government, Lihir Agreements Review Independent Committee, and State representatives (including MRA). Talks were held yesterday and will continue today. The grounds for the landowners taking this action are, failure to:

- * honour outstanding commitments to landowners
- * release the Integrated Benefit Package Budget, and
- * release the LMALA’s administration budget

Landowner representatives say if the current concerns of the landowners are not addressed positively, the immediate future of the current negotiations being undertaken into the Integrated Benefits Package will be under threat. Mine activities are still on hold.

Bougainville mine talk goes well

Post-Courier 28.8.2012

By *ANCILLA WRAKUALE*

PROGRESS talks on reopening the Paguna Mine in Bougainville are going well and steady. Country Manager for Rio Tinto PNG Ltd Mr Paul Coleman said this yesterday in Port Moresby. He said they the company does not want to repeat mistakes from the past so they are very cautious about what they are doing. “We want everyone to be involved,” Coleman said. He said those to be

involved in this process included all concerned stakeholders, the ex-combatants, Mekamui, the landowners and the Autonomous Bougainville Government. He said that after all consultations with all stakeholders they would proceed with pre-feasibility studies on reopening the Paguna Mine. He said the progress on reopening the mine has moved forward and steady and is heading in the right direction.

Mr Coleman said from the feedback they are getting off their consultations, most Bougainvilleans including the Autonomous Bougainville Government are keen on reopening the mine. He said they had a meeting with stakeholders in Bougainville recently and will have another soon. He said majority of them saw that reopening the mine would help with economic development in Bougainville. He said much has been said but there is still much work to do. Mr Coleman said they are very cautious with they are doing and they would like to bring all parties into the process. He said it would cost the company around US\$4-6 billion if they were to reopen the mine. "There's a lot of work to be done and we have made a lot of progress in the past months," Mr Coleman said. "We want to get it right for the first time, so we don't get anything from the past."

Gold Ridge Mine Threatened With Legal Action Over River Damage

Solomons Downstream Association seeks \$2 million compensation

By Carlos Aruafu and Denver Newter

HONIARA, Solomon Islands (Solomon Star, Aug. 27, 2012) – The Metapona Downstream Association (MDA) in North Guadalcanal has threatened to seek legal action against the Gold Ridge Mining Limited (GRML) if their demand is not met within fourteen days. The association is demanding \$15million [US\$2.03 million] dollar for damages to the river they allegedly claimed to have been caused by mining operation done by Gold Ridge Mining Limited (GRML). To prove their demand the association organized a field visit for the media to the site over the weekend. Some of the effects they raised were blockage to the downstream, damages to cocoa plants, food crops, damage to the natural habitat, water turned muddy and diversion of the water flow. Head of the association and former Guadalcanal Premier Stephen Panga said they have issued the first 14 days notice which has already lapsed to the company to respond but there was no respond.

Because of that the former Premier said they will seek legal action against the company if their second notice of 14 days lapses. He said if things do not go according to plan they will hire a law firm from Australia to represent them. "At the moment we extend our 14 days notice to allow the company and the Ministry of Mines and Energy to discuss our issues. "All documents to file a case against the company is at hand and if Gold Ridge Mining Company agrees to negotiate there must be a signed agreement which will also subject to the views of the people," he said. Mr Panga said the association is also looking at engaging a team from the Ministry of Environment to test soil samples to back their case should the company failed to comply with their claims. He said the association has taken these actions because their surrounding communities have been affected for many years by the impacts of the mining operations done upstream. Attempts to get comments from the company management over the weekend were not successful.

However comments are being sought. Meanwhile former minister of lands, survey and housing and Member of Parliament (MP) for North Guadalcanal Martin Sopaghe appealed to the GRML management to recognise the plight of the association and landowners. He also supported the claim by Mr Panga that most of the agricultural crops close to the river have been affected. "Most of the families now depended on water tanks and underground wells far from the river to fetch water," he said. He said because of the mining activities the communities living downstream are unable to use the river to wash and fish because of alleged contamination to the river. Because of the increasing problem, Mr Sopaghe had earlier said the constituency will engage an environmental lawyer to help

them fight for their rights. He said his constituency will work hard in order to ensure their demands are met. "We want our rights to be recognised and respected," he said.

Opposition to seabed mining massively outnumbers supporters in PNG

PNG Mine Watch 27.8.2012

Public opposition to experimental seabed mining in Papua New Guinea massively outnumbers its supporters and is continuing to grow. MPs, newspapers, churches, local and provincial government, civil society organisations, academics and ordinary men and women are all speaking out against plans by Canadian company Nautilus to mine the seabed.

Opposing	In favor
<ul style="list-style-type: none"> ▪ Parliamentary Opposition Parties ▪ The National newspaper (Editorial 24/8) ▪ Ken Fairweather (MP) ▪ Gary Juffa (MP, Governor Oro Province) ▪ Theo Zuranuoc (MP, Speaker of Parliament) ▪ Titus Philemon (MP, Governor Milne Bay Province) ▪ Anton Yagama (MP) ▪ Charles Abel (MP, National Planning Minister) ▪ Belden Namah (MP, Leader of the Opposition) ▪ Gordon Wesley (MP) ▪ Catholic Bishops Conference ▪ Pacific Council of Churches ▪ National Fisheries Authority ▪ New Ireland Provincial Government ▪ The Drum, Post Courier newspaper ▪ Trobriand leaders ▪ Anir islanders ▪ Naka Blood (Musicians) ▪ ACT NOW! ▪ Pacific Network on Globalization ▪ Bismark Ramu Group ▪ Mas Kagin ▪ Alotau Environment ▪ Christians for Environmental Stewardship ▪ Four Massim Milne Bay ▪ Baining Environmental Heritage Foundation ▪ Wide Bay Conservation Association ▪ Madang People's Forum ▪ Kokopo Fisheries Cooperative Association ▪ 30,000 on-line petition signatories 	<ul style="list-style-type: none"> ▪ Nautilus Minerals (Canadian) ▪ Chamber of Mines (Foreign mining companies) ▪ Mineral Resource Authority ▪ Department of Environment and Conservation

Canada's Nautilus says PNG sea mining project will be transparent

Radio New Zealand, 26 August, 2012

The chief executive officer of Nautilus Minerals says the Canadian-based company is committed to an open and transparent approach to its Solwara 1 deep sea mining project in Papua New Guinea. In the world's first major deep sea mining operation, Nautilus has a twenty-year license to mine the Bismarck Sea for copper and gold. Nautilus faces strong local opposition to the project, with environmentalists warning that too much is unknown about the impacts for it to proceed. But the CEO, Stephen Rogers says that they're confident the project's closed system of mineral extraction will minimise damage in surface waters from mining the seabed. "And what I would say to the people of Papua New Guinea is that we've got a very well-engineered system, we've used world leading practice. We've brought in technologies from the mining industry and the deep water oil and gas indus-

try, that allow us to bring this material to the surface. it's going to be done safely. And we're not going to impact commercial fisheries or local fisheries with the activities that we're doing here." Stephen Rogers says they have consulted widely with both local communities and scientists about the likely impacts.

Seabed mining queried

Post-Courier 25.8.2012

By *KONOPA KANA*

CANADIAN Firm Nautilus Minerals who is the operator of the Solwara 1 seabed mining project faces stiff opposition from Pacific communities to stop its project after the PNG government granted a 20-year mining lease last year. Opposition Leader Belden Namah has condemned the action and told the Peter O'Neill-Leo Dion Government that he will do everything in his power to make sure that the project is stalled or abandoned. Mr Namah said the Government must explain to the people of Papua New Guinea of the sudden rush to approve a mining project, which is the first of its kind in the world. He said PNG's exclusive economic zone has valuable resources like fisheries and the project will endanger the country's marine environment and the resources it has in its territory. Mr Namah and other parties in his Opposition want the Government to explain to the people of PNG if someone or people in the current have any incentives to give the green light to this controversial project.

"As senior executive officer in the Opposition I would like to make it clear that the Opposition team is fully against that seabed mining project because the citizens of Canada are standing in solidarity with civil society in the Pacific against project," a source with the Opposition who did not wish to be named told the Post Courier yesterday (Friday). "Our main concern is not to allow Nautilus Minerals to come and take advantage of our resources and marginalise the 7.5 million people and the future generation of this country," the source said. Dr. Catherine Coumans of Mining Watch Canada said that Canadian mining companies operate around the world and dominate the sector, but Canada does not regulate their activities to prevent them from profiting from weak protection for the environment, workers and human rights in some host countries.

"Now, in spite of very serious concerns that have been raised by scientists and local citizens, we have Nautilus proposing to mine environmentally, socially and culturally significant sea beds in the Pacific, an activity that would not be allowed in Canadian waters," Dr Coumans said. Sharon Diave-Nerius from the East New Britain Social Action Committee said that public reaction against Nautilus is welcome news for communities in Papua New Guinea but there are plenty of other companies and governments pushing for this experimental industry in the Pacific to get started. "The speed with which the PNG Government approved the EIS and granted the mining license to Nautilus did not pay respect to the customary norms and cultural heritage of the indigenous people of the Bismarck Archipelago," he said. "Experimental mining of our sea beds is not going to provide any direct services or benefits for local communities."

PNG Opposition Questions Rush Into Sea Bed Mining

Belden Namah calls decision 'careless and reckless'

By Jason Gima Wuri

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Aug. 24, 2012) – The Opposition has declared that the O'Neill caretaker government rushed to approve the controversial sea bed mining in Papua New Guinea immediately after the 2012 general elections. Opposition Leader Belden Namah with his opposition members in a press conference yesterday questioned the governments stand on sea bed mining. "Was Papua New Guinea on Economic Life Support to warrant such a

mad and reckless decision? "We believe it is morally and ethically wrong and economically unnecessary. The government has by this careless and reckless decision neglected its duty to protect the livelihood of our people who are heavily dependent on land and marine resources.

"Our country has more than enough to mine on land yet this government is unduly determined to exhaust all mineral extraction avenues in one's life time. This is a government blinded by economic wealth with no regard of future catastrophic consequences. "Is O'Neill blinded by economic wealth or by foreign influence? Why is PNG used as a 'guinea pig' on the first sea bed mining operation reported worldwide? Why aren't these investors not practicing seabed mining in their own waters and yet prey on developing countries where corruption is deeply entrenched," Mr Namah questioned. Mr Namah said that the country had just concluded and signed a multi-billion kina LNG Project which no doubt would propel and sustain the economy of our country for the next 30-50 years, hence the government had to explain to the satisfaction of the people of PNG why it had rushed into approving this high risk seabed mining project.

The controversial decision to approve sea bed mining in PNG is a demonstration of a careless and reckless government making decisions without constructive and meaningful debate by full cabinet or through proper debate on the floor of Parliament and or through wider consultation with relevant stakeholders. "Our Opposition is well organised and structured than the government so we keep them in check," Mr Namah said. "The marine eco system will be destroyed. Was there thorough consultation with the Department of Environment and Conservation including line agencies like National Fisheries Authority, Research Institutes such as National Research Institute, even NGOs like World Wildlife Fund for impartial opinion on the adverse impacts of sea bed mining in PNG? "In this opposition, we will stand against and fight to stop such projects."

Anir joins fight against deep sea mine plan

Post-Courier 23.8.2012

ANIR islanders in the far stretches of New Ireland Province have aired their support against the seabed mining in the Bismark Sea. The Anir Island Resource Owners Association chairman Paul Penua Mimfin announced their support with Chairman for Mining Marius Soiat, the New Ireland Students of University of Papua New Guinea and the rest of the New Ireland communities that are opposing the seabed mining in the Bismark Sea, especially in the waters of New Ireland Province. "I in fact sent an objection letter in 2007 to the Governor of New Ireland Sir Julius Chan, stressing our Islanders' concerns to refrain from or not to be involved in this type of mining method because of its unscrupulous operation and the serious impact it will have on our seas which is the most vital habitat and provider for us islanders but sadly we were dwarfed by the might of the Government and its regulators," Mr Mimfin said.

He said the remarks opposing our stance currently heard in the media were simply total arrogance against basic environmental conscience towards humanity from the Government and its regulator, the Minera. He said the Government must understand that the New Guinea Islands had more scattered outlying islands than any other region whereby 90 percent of which rely on small scale fishing to sustain their livelihood every day. "Do not forget that we have the largest sea zone in the Pacific tapping in Tuna commercial fishing which is enough to involve our young people in the fishing industry," he said. "I am overwhelmed by the opposition against the Nautilus Mining Seabed activities and that is the way we should be protecting our habitat." "This is the fight Anir Islanders together with New Irelanders' will take to show international communities that we are not another cheap nuclear or mining testing ground as what happened to Mororua Atolls in the early 1990s," Mr Mimfin said.

*Letter to the editor***Shelve Solwara 1 until right time**

Post-Courier 24.8.2012

I REFER to Mining and Petroleum CEO Greg Anderson's comments in the recent stakeholders meeting in Divine Word University; "PNG hopes to be the First Deep Sea Miner". Why am I not surprised that this is the main reason why the Government had gone ahead to approve this controversial project. It's not the economic incentives, as PNG does not need a mine of such magnitude when we have currently other gold, copper, silver mines in existence, with new ones being developed, like Wafi Mine in Morobe Province having the potential to be among the largest gold-copper producer in the world! And of course the LNG project due for production 2014. The projected revenue from this projects into the country's economy and national purse looks promising in the years to come. My question is simply this: Why pursuing the glory to be the world's 'First Deep Sea Mine' when it would have no real benefit to the people at this point in time? Why at the possible expense of our local marine resources? Does this mining clause : "anything below six feet under ground belongs to the state" have any implication in the Government treatment of this project? How does this apply to territorial sea boundaries and fishing rights?

The best way forward is to shelve this project for a later period when the country's economy is in dire need for additional capital injection or alternatively for our future generation to enjoy. We don't need any further lucrative and highly flamboyant promotion of our natural rich mineral deposits, we are better off where we are now in terms of our mineral and natural resource rate of utilization, more marketing and popularity and it would be sad if this so-called "first deep sea mine' project proceeds, as it will only accelerate the consumption rate of our natural resources, further posing more threat to our already diminishing rich natural resource diversity. Papua New Guinea is still too young a nation to trial a deep sea mine project, let it be conducted in some industrialised countries first before we can accept this technology, its not a question of who comes first, rather what's the cost involved! Not on our waters where PNG coastal villages predominatey still survive on marine life, no way! Any citizen who supports this project either wants to go to Canada or wants to work for Nautilus or does not have any geneological link to his/her people/land, economic benefit is not a dictator here for God's sake, no, it is fame and simple greed!

Samuel Ilau, LAE

NIPG will not allow seabed mine: Soiat

Post-Courier 23.8.2012

NEW Ireland Provincial Government Chairman for Mining Marius Soiat is adamant that seabed mining does not go ahead in the province. He reiterated his earlier stance when responding to Monday's comments in the other daily by Philip Samar of Mineral Resources Authority (MRA). He said NIPG understood that the National Parliament had not sanctioned a moratorium on mining in New Ireland. However, he said the Provincial Executive Council had instituted a moratorium and that was our right. "MRA is to be reminded that our land, shores and the sea around us belongs to the people of New Ireland, our forefathers, our elders, our children and the future generation of New Ireland.," said Mr Soiat.

"Mining is a national function and the NIPG has been adamant to amend the Mining Act 1992 to cater for the province's interests and its people from where the resources are derived. "Nautilus has advertised extensively through the media in an attempt to convince the public to welcome the massive exploitation of our seabed, regardless of our continuous protests against the project and the approval by Former Minister Pundari granting the license against our Provincial Moratorium." Mr

Soiat points out that his people's stance was simply to demand that MRA stay out of New Ireland "as we regard them as aliens; go somewhere else but not in New Ireland".

Finschhafen mineral explorers urged to meet with landowners Post-Courier 23.8.2012
By *FRANCO NEBAS*

COMPANIES intending to explore the Lalan mineral deposits in Hube Local Level Government of Finschhafen district have been urged to meet with landowner representatives to iron out understandings. Spokesman for the Lalan village people Mr Philip Dowa made this statement after learning from sources that an exploration company had obtained an Exploration Licence (EL) over their traditional land and were intending to explore next month. "To this date, the land still remains under customary ownership under the Lands Act and any company obtaining EL Licence without our consent is considered as an illegal act," Mr Dowa said. "We are working closely with the Morobe Provincial Administration and for any matter regarding exploration or mining activity in the province, they (companies) must seek authority from the provincial mining division. "Otherwise, we call for an audience with the Morobe Administration, the Finschhafen District Administration and we the resource owners before proceeding with explorations," he said.

He called on the Speaker of Parliament and the member for Finschhafen Mr Theodore Zurenuoc to investigate with the Department of Mining in Port Moresby how companies have obtained EL in the area. He challenged Mr Zurenuoc to be more attentive to issues affecting the district as this is his first responsibility as the leader. He said the people of Lalan village gave their undivided support to him in the recent national election despite someone from their area contesting. He reminded the Speaker that the people believed in his leadership to deliver service including his promise to build the Pindiu-Lalan road. Mr Dowa said mineral deposit discovery in the area needs the leader's assistance as it can pave the way to generate socio-economic development in Finschhafen District.

He also called on the Prime Minister Peter O'Neill and the Mining Minister Mr Bryon Chan to repeal the old Mining Act and come up with something new integrating the age-old Melanesian belief that land ownership must remain with the resource owners. He said the Government must design a new mining law with the challenge coming from resource owners over share percentage in the development of the mineral deposits. "The old mining regime was inherited from Queensland which is based on the English Law in which the state owns everything, he said. "This law is foreign, outdated and the Government must seriously review the Mining Act with something more Melanesian to allow the resource owners participate with developers and derive equal benefits," Mr Dowa said.

Food sources diversified Post-Courier 23.8.2012

OIL Search Limited and the National Agricultural Research Institute (NARI) are jointly undertaking a programme to diversify and improve food sources for communities in the Lake Kutubu area. The programme is an extension of Oil Search Limited's community development programme. Socio-economic research was commissioned by Oil Search Limited to investigate concerns that increasing populations and changes in lifestyles have placed undue pressure on fish and other natural resources of Lake Kutubu and the surrounding environment such that the traditional subsistence way of life and practices based upon these natural resources are no longer sustainable for the communities.

Alternative food sources and changes in lifestyle practices are now necessary to ensure that local communities living adjacent to the Lake are able to sustain themselves into the future. The Lake Kutubu Social and Community Development Programme at Oil Search have been developed to help

improve the livelihoods of these village communities through developmental activities such as the Food Security Project that will be carried out in conjunction with NARI. This program will form part of the Lake Kutubu Management Plan and managed through Lake Kutubu Wildlife Management Committee. The coordinated programme will focus on;

- Food Security - establishment of village level husbandry projects to breed and grow poultry (chickens and/or ducks), rabbits and freshwater crayfish as sources of protein.
- Improvements to garden practices to ensure sufficient range of vegetable and carbohydrate food sources and better food preservation types developed by NARI.

A Memorandum of Agreement (MOA) was recently signed between Oil Search Limited and the NARI to enable the Food Security Project to begin. NARI will be providing on-site training through instruction and demonstration plots on:

- Garden design
 - Seed and root stock selection for differing conditions
 - Soil nutrition management - composting, green manuring, crop rotation and weed control
 - Feed mill operation - demonstration installation for the manufacture of local Astock feed
- Animal husbandry or farming activities (poultry and ducks) along with demonstration trials of rabbits and aquaculture based on freshwater crayfish (rather than fish) will also be carried out. Small breeding units will be set up with interested individuals in the village. For poultry and ducks, a breeding unit will consist of 5 breeding females and a cockerel/drake; for rabbits a breeding unit will have 3 does and a breeding male. NARI will provide training in;
- Basic animal husbandry or farming
 - Feeds, feeding & local feed resources (link with feed mill trial)
 - Basic animal health care

The training will take place on site or at NARI facilities elsewhere in the Highlands with a focus on women.

Australia: Website tracks mining activities

Post-Courier 22.8.2012

Queenslanders will be able to track mining and petroleum activity in their regions on a new government website. Mines Minister Andrew Cripps told parliament on Tuesday the local area mining permit report is now available online. "This new online tool means landholders and regional councils will now have the ability to access the very latest information about exploration and mining activity in their local area," he said. (<http://www.business.qld.gov.au/industry/mining/mining-online-services/mining-permit-search>)

European shareholders support Momis

Aloysius Laukai, New Dawn via PNG Mine Watch 22.8.2012

The European Shareholders of BCL have welcomed ABG President Chief John Momis's efforts to implant foreign investment on Bougainville. The statement on their website in Germany stated however that for Bougainville to encourage foreign investors the ABG must first establish Law and Order on the island. This means it must equip Police Forces with arms so that they are able to enforce law on the island. The site stated also that commens like NOAH MUSINGKU and people running around with guns terrorising peace loving citizens must also be brought to justice. Also former combatants and Meekamui activists have to be urged to lift roadblocks and all outstanding reconciliations have to be made. Once all these are done, Bougainville will be a very interesting place for investment for foreigners for the good of all Bougainvilleans.

Deep sea mining: Temu defends government stand

Post-Courier 22.8.2012

THE President of the PNG Mines and Petroleum Dr Ila Temu yesterday in a press statement defended the Government decision claiming that resource projects should not be officially stalled after government development approvals are granted. Dr Temu said the Nautilus deep sea mining project had attracted comments based on emotion rather than, facts well after full assessments and approvals have been given by the PNG Government. Making this point today, he said it was unfair for a resources project to be stalled once environmental and other approvals have been received after many years of exploration, research and community consultations. "This would also raise concerns in the international investment community of the dangers of sovereign risk," Dr Temu said.

Dr Temu urged members of the public to seek facts from relevant government ministries or from the companies so that comments were based on accurate information and not on emotion. "In one recent case a well known individual told a radio station that sea bed mining would involve the dumping of waste over the side of a boat. I can assure the public that no reputable company would conduct its activities in this manner and no responsible government would permit such conduct," he said. Dr Temu commended the Mining Minister Byron Chan for publicly reiterating his support for the deep sea mining project since his Ministry had granted the company a Mining Lease in January 2011. "Granting of this lease is public acknowledgement that Nautilus Mining, which has been exploring its Solwara 1 deep water prospect in the Bismarck Sea since 1997, has satisfactorily conducted consultations with relevant stakeholders, including landowners, and received other necessary approvals for development to go ahead.

"On the environment issue, the Chamber understands Nautilus submitted its Environmental Impact Statement and Mining Lease Application in September 2008, which was followed by public hearings and a review by an independent consultant engaged by the Department of Environment and Conservation. "It was only after these procedures had been followed that ministerial approval was given for issue of the Environmental Permit in January 2009," Dr Temu said. Dr Temu said that recent media reports critical of the deep sea mining venture had occurred after it was reported that the Government had only recently approved the project when in fact this happened 19 months ago in January 2011. "It is a poor reflection on PNG's sovereign risk profile and unfair for a project to be officially stalled after a Mining Lease has been granted," he said. Dr Temu said the Chamber was of the view that continuing government support was vital.

Seabed mining impact huge: NGO

Post-Courier 22.8.2012

By GRACE TIDEN

THE impact of seabed mining on the coastal people of West Coast New Ireland, Duke of York, Rabaul and Lassul Baining will be significant despite Nautilus saying otherwise says a non-government organisation in East New Britain Province. The Baining Environmental Heritage Foundation Executive Director Alois Balar said deep sea mining was controversially known for destroying marine lives and habitat and effectively this was collateral damages. "The government must address the issue of social and environmental insurance for the local people affected," he said. Mr Balar said these various groups of people have different social and cultural structures as well as cultural heritage that have allowed them to sustain robust stable social institutions. "These coastal communities face imminent loss of livelihood support, loss of subsistence income and loss of food sources. "These coastal people, for generations, relied on and lived off their resource-rich environment rather than wealth/cash rich economy," he said.

Mr Balar said the local people had an obsession for the protection of their cultures including the surrounding and the entire environment in its natural form and this had been the main driving factor

that had always kept them intact with their cultures and the land and sea over generations. He said whilst the state owned the sea and all that was underneath as stipulated under law, the user rights of these various groups of indigenous people should be respected and accounted for in the development process. "Human rights law recognises the right to land and sea territories to indigenous people as an element of the right to property. Human rights law also recognises the right to natural resources in indigenous lands and sea territories that are essential to their survival as an element of the right to property," he said. Mr Balar further said at the same time, the government was attempting to address food security as a national policy. "Again, it is ironic that it sanctioned for loss of food sources (threatening food security) and economic loss through impact on fishing and tourism, with the granting of the seabed mining lease," he said.

Hidden Valley: Mine told to pay compensation

Post-Courier 22.8.2012

By *HAIVETA KIVIA*

SETTLERS in Wau, Morobe Province, are demanding from Hidden Valley Gold Mine and its parent company Morobe Mining Joint Venture (MMJV) K15 Million in compensation for damages to the environment that they live in. According to a press statement from Melanesian Solidarity's Acting General Secretary Sila Giri, the settlers are giving MMJV seven days for a favourable answer. MMJV, which is holding company for mining operations in Hidden Valley and exploration and construction at the what is to be a giant of a mine at Wafi-Golpu, is owned 50 percent by Harmony Gold of South Africa and 50 percent by Newcrest Mines of Australia. The settlers through their chairman Tony Marcus are and have been claiming that Hidden Valley mine in its construction and current operational status, dumps wastes into the Big Wau River which causes damages and destruction to their food crops, cash crops, ceremonial and sacred trees.

Mr Marcus, through Mr Giri of Melanesian Solidarity, had stated that for the last six years they have lived in distress, pain and suffering from the ignorance and total negligence. A meeting was facilitated by Wau Rural Local Level Government Manager Judy Pokana and a petition containing that demand was presented to Hidden Valley Mine's Superintendent Community Engagement Simon Thomas. MMJV's General Manager – Sustainability and External Relations - David Wissink pointed out that the demand would be looked at and in accordance with relevant laws concerning mining activities, environmental management and close consultation with relevant government authorities before a decision is arrived at.

Mr Wissink also pointed out that MMJV and Hidden Valley Joint Venture (HVJV) had paid over K550,000 to the Wau settlers and nearby communities for damages it may have caused to the river and the environment in the construction stage of the Hidden Valley Mine. "Over K550,000 in compensation was paid for individual damages caused by Hidden Valley construction activities," he stated in an earlier email to the Post-Courier. He said a recent compensation review carried out by HVJV and Government officers had identified some further remedial work which was planned for the next few months. This work will involve some river training and maintenance to some water supplies in the area. He added that this work would involve some river training and maintenance to some water supplies in the area.

Yandera: Marengo buys port for K2m

Post-Courier 22.8.2012

MARENGO Mining Limited, the operator of the Yandera project, purchased a parcel of land for K2 million adjacent to the Madang Port marking another key step towards possible development of its flagship Yandera Copper-Molybdenum-Gold Project in PNG. In the terms of an agreement entered into between Marengo's subsidiary Yandera Mining Company Limited ("YMCL") and PNG wood-

chip operations company, Jant Limited, YMCL has agreed to purchase a State Lease covering approximately 18 hectares of waterfront land. The land is adjacent to the Madang Port and the Purchase Agreement also covers a ship-loader and wharf facility within the Madang Port area. The signing took place in Madang which is payable in stage payments up to 18 months from the date of the agreement, with the first payment being half a million kina.

Marengo's Managing Director and Chief Executive Officer (CEO) Mr Les Emery, said that YMCL is pleased to announce the signing of this important agreement which marks another important step towards the possible development of the Yandera Co-Mo-Au Project. He said this as the project moves closer to completion of the Yandera Feasibility Study (FS). Mr Emery said that the development of Yandera will bring another major mining project to the Madang region, delivering significant economic and social benefits to the region, the people of Madang Province and PNG as a whole. "Having access to premium land within the Madang Port area will be of great benefit to the Yandera Project, facilitating the proposed development of centralised infrastructure to service the Project including concentrate storage and shipping facilities, a power station, office and warehouse facilities and staff accommodation," Mr Emery said.

Meanwhile a condition of the purchase is that YMCL will make an application to the PNG Government for a replacement lease over the land together with any necessary rezoning, for the purpose of establishing infrastructure related to the development of the Yandera Project. It is envisaged that the Madang site will be utilised for the important components of infrastructure for the project should it proceed. These are concentrated storage and shipping facilities with a power station and associated transformers, office and warehouse facilities for staff accommodation.

Oil Search gains K49m in profit

Post-Courier 22.8.2012

OIL Search Limited has posted a net profit after tax of US\$ 107.5 million (K49m) for the first half of 2012, compared to \$US114.5 million (K52m) in the corresponding period of last year. This was a little lower by \$US7 million (K32m) compared to last year's report. Sales revenue increased by 7 percent due to higher gas sales and rig income, underwritten by continued strong oil production and a healthy oil price, with the 6 percent fall in profitability largely reflecting an increase in expensed exploration costs. Operating cash flow for the first six months was US\$198.3 million, which was used to fund Oil Search's active exploration and development drilling program. Commenting on the first half results, OSL Managing Director Peter Botten said: "Oil Search performed well in the first half of 2012, achieving a net profit after tax of \$US107.5 million, which was only a little lower than in the corresponding period of 2011. "Oil production remained strong in the first half, with a number of new wells and workovers contributing to the result, partially offset by a two-week scheduled facilities shut-down for PNG LNG related work.

"Oil and gas sales were similar to first half 2011 levels, due to the timing of oil shipments. "Global oil prices remained firm for most of the half year, with the company realising an average price of \$US115.48 per barrel, comparable to the corresponding period of 2011. He said the board has approved the payment of a 2012 interim dividend of two US cents per share, the same as the 2011 interim and final dividends. "The Company's shares will commence trading exdividend on 7 September, the record date for the dividend is 13 September and payments will be made to shareholders on or around 8 October this year. "A fully underwritten Dividend Reinvestment Plan will fund this payment", Botten said. The report said the PNG LNG Project expenditures were funded from cash and by drawdowns from the PNG LNG Project finance facility. During the first half of the year, continued progress was made on the construction of the PNG LNG Project, operated by Esso Highlands Limited, an affiliate of Exxon Mobil Corporation. The report said the \$US15.7 billion Project remains on track for first LNG sales in 2014.

Lihir & Simberi: Mining projects help people of New Ireland

The National, 22nd August, 2012

THE national government through the Mineral Resources Authority would have spent more than of K16 million on infrastructure maintenance projects in New Ireland province by the end of this year. The 22 health and education projects are being funded through the 2011-2012 development budget and implemented by the MRA. Major projects that included renovations were Namatanai rural hospital, 17 public servants' houses, Konos police station and Lemekot health centre residential houses. Funds for these projects come from the national government to fulfill its various commitments under the respective mining project memorandums of agreement. MRA acting managing director Philip Samar said his agency was happy that projects in resource areas such as New Ireland were progressing well and hoped that the people were empowered by the delivery of these projects.

“A total of 22 infrastructure maintenance projects, mainly in the areas of health and education, have been funded over the last 18 months by the national government under its public investment programme (PIP) under the Lihir and Simberi mines in the province,” Samar said. “I believe that public servants at Konos are now happy living in houses that are of better conditions than what they used to. “I hope they’re being empowered to perform better at work. “The review of the Lihir MoA has commenced and I’m confident that the parties will be able to mutually agree to the completion of the major infrastructure projects that have not been attended to under the current MoA.” He said of the function of the MRA, since its establishment five years ago, was to be responsible for the administration of any public investment programme related to mining and provides assistance to all mining projects in PNG. Department of National Planning and Monitoring officer Eileen Saiyomina, who visited the project site, said she would prepare a report based on implications on mining PIP budgetary allocations for next year.

Central Governor Haoda questions LNG benefits

Post-Courier 22.8.2012

CENTRAL Province Governor Kila Haoda is eager to find out how the PNG LNG Project is benefiting his people. The new Governor made the point after receiving a briefing from impact village councillors and chairmen from Boera, Porebada, Papa and Rearea within Portion 152 in the Hiri District. The detailed briefing was on the impact projects so far in the four communities since its inception in 2009. The leaders expressed deep concern on the failure of the project in delivering basic infrastructure development services such as education, health and feeder roads to the four impact communities within the plant processing facility site. The leaders were concerned that the much talked about development benefits to the four communities as promised by major developer Esso Highlands Limited for the pre-construction phase were nothing more than hot air.

They said the construction phase is about to wind down and yet there have not been any real changes to the impact communities. The feeder roads do not deserve a mention while desalination technology only allows enough water for the project, leaving the communities out in the cold. These are just a few points. The leaders said they want Governor Haoda to lead the way in calling on all parties involved, including project developer Esso Highlands, the Member for Kairuku-Hiri and the four landowner companies (LANCOs) to immediately meet and map out a way forward for the post-construction period. Governor Haoda in response gave the undertaking to take the matter up with the Prime Minister and seek advice on the restructure of the umbrella company before making any commitments. He said the people of Central Province have suffered long enough and it is time basic services are delivered to the people.

Their only hope is leftover spin-off benefits deriving from the post construction period where they will be allowed to participate and earn money for their respective communities. Major agreements

such as the Umbrella Benefit Sharing Agreement and Licensed Based Benefit Sharing Agreement are useless and have become water under the bridge. The leaders agree without doubt that the so-called umbrella company Laba Holdings Limited which purports to represent the four villages has failed in all respects to deliver much-needed services to the four communities. Laba is a product of Esso Highlands and for it to hold onto it in view of the damaging effects it has created while boasting of its triple A rating is a laughing stock in the eyes of the international and local business community, say the leaders. The leaders made mention of alternatives in the likes of Heni Goro for Papa, Huri Henao for Boera, Momoru Oda for Porebada and Rausi Iru for Rearea with Wayne Golding (Chairman of Kina Finance) as the interim Chairman and prominent Lawyer Mike Wilson of Warner Shand Lawyers as company secretary.

They said this is the team that will salvage Laba out of the doldrums and allow benefits to flow down to the communities and restore lost pride. The group has the support of all the clan heads in the four impact communities. Under the UBSA the State has an obligation to pay out K120 million annually to the high impact areas of the project for ten years which started in 2009. Portion 152 is allocated K17 million annually but missed out on 2009 and 2010 allocations and has yet to receive its share of the 2011 allocation. In April 2012, Prime Minister Peter O'Neill presented a mock cheque of K17 million in Infrastructure Development Grants (IDGs) for proponents of portion 152 to former Governor Alphonse Moroi at Papa village. On that same occasion the Prime Minister committed an additional K10 million for the upgrading of Papa/Rearea road and release of the 2012 Infrastructure Development Grant prior to the general elections. But these commitments have not been honoured and the leaders are worried the funds may have been used up by the previous administration.

PNG LNG making good progress

Post-Courier 22.8.2012

Construction activities at the many PNG LNG Project operating sites continued apace during the recent period. Some of the milestones achieved included the completion of the outer shells and roof installation for the two LNG tanks, installation of key vessels and equipment on the LNG trains and the completion of the 2.4-kilometre jetty trestle and the offshore pipeline lay. Pleasingly, the recent Government elections caused no significant disruptions to activities at any of the work fronts. The Project's construction activities have now reached their peak level, with a workforce in excess of 17,600 people. At the end of June 2012, more than 8500 PNG citizens had received training for both construction and production roles across the Project and more than 1300 local businesses had been supported through training and business development programmes. This leaves a strong legacy of skills and experience for use on future major developments, both in PNG and elsewhere. While substantial construction activities still remain to be completed, the Project is presently on track to meet the revised budgeted capital cost of \$US15.7 billion and continues to make good progress towards the 2014 delivery window."

LNG: Demobilisation is 'emotional'

Post-Courier 22.8.2012

As the construction phase of the PNG LNG Project starts to scale down, various EPCs Contractors are commensurately scaling down their Hides Gas Development Company (HGDC) contracted workforce. The demobilising of the HGDC workforce is an emotional and personal issue that requires enormous planning and logistical support to ensure that staff are treated with respect and dignity. With a project of this magnitude, HGDC has a big challenge ahead as more and more employees become redundant as the project slows down on the construction phase. General Manager Andrew Pitman said: "Many of our employees are unskilled labourers who have no formal educational qualification and were employed straight from their village to work on this project.

The PNG LNG Project has provided these workers the opportunity to up skill, gain valuable experience and hopefully transfer these newly acquired skills to other projects across Papua New Guinea. “With construction activities declining, many of these people will not be required on the project and as a responsible employer, HGDC has to ensure that our workforce has every opportunity to secure employment on other PNG projects or re-settle back into village life.” To prepare them for life after the PNG LNG Project, HGDC has organised a “Demobilisation Pack” which contains a Certificate of Service, a Letter of Appreciation, Nasfund Statement and a small gift that the employees take away.

The employee data is also kept by HGDC so that the employee can be immediately contacted in the event an employment opportunity comes up in any project throughout the country. “We are talking to companies within the project area if they have immediate vacancies that can be filled by people who are being demobilised,” Mr Pitman said. He said that HGDC’s experience in supplying and managing such a large labour workforce for the PNG LNG Project and having access to a significant pool of employees now opens a commercial window of opportunity for HGDC to supply manpower to other large projects in the country.

LNG: Tari airport a noise hazard

Post-Courier 22.8.2012

By *ANDREW ALPHONSE*

POLLUTION from dust and noise created by huge Hercules C130 aircrafts and semi-trailer trucks engaged in the multi-billion kina PNG LNG project in Tari is seriously affecting residents of Tari town in the new Hela Province. Among the worst affected are students of Tari Administration and Kuluanda primary schools, and patients at the Tari district hospital. Tari Admin and Kuluanda schools plus the hospital are the three key government installments located close to the airport, along with the few markets and shops. With the frequent use of the airport by three huge North America-based Lynden Brothers Air Cargo Hercules C130 air aircrafts ferrying supplies, equipment and heavy machinery for the LNG project into Tari airport, the noise and pollution is unbearable. Tari Admin head teacher Mr Roger Harabe expressed concern yesterday from Tari that the education of his students is seriously affected by these huge aircraft that make multiple daily flights to Tari. “Every day, my students and teachers are disturbed and cannot concentrate in class,” he said.

“There is no peace and the environment is not conducive for learning. “How do you teach or learn with so much dust and noise pollution a few metres away the classrooms? “This is Tari’s worst man-made disaster and its happening everyday since 2009. “What are the authorities and ExxonMobil, the PNG LNG project developer and its subsidiary EHL (Esso Highlands Limited), going to do about this? ”My school needs to be relocated elsewhere immediately,” Mr Harabe said. Mr Harabe said apart from these huge Hercules aircrafts, the amount of noise and pollution produced by the frequent use of the airport today by other airlines such as Airlines PNG and Air Niugini only makes matters worst. He said a few years ago, Tari airport was once a quiet, peaceful and sleepy remote highlands town but this has changed. He said Tari is now one of the busiest airports in the country, bustling each day with noise and pollution caused by these aircrafts and planes of different makes, sizes and models.

Hidden Valley: Landowners tell developers ‘stay out’ out

The National, 21st August, 2012

THE proposed Special Mining Lease negotiations of the Hidden Valley gold mine in Bulolo district, Morobe, are something the landowners and government will discuss and not the developer, landowners said. The Nakuwi Landowners Association warned the developer Morobe Mining Joint

Venture (MMJV) to stay out of the negotiations. The landowner association wants to negotiate the proposed SML during the review of the Hidden Valley Memorandum of Agreement (MoA) later this year. However, Morobe Mining Joint Venture, which operates the Hidden Valley gold mine, wants the landowners to put aside the SML negotiations and concentrate on the MoA review. In media releases early this month, MMJV said the SML negotiation was improper and the landowner association should concentrate on the upcoming review of the MoA for the benefit of the people.

But association president Rex Mauri said early last week that in accordance to the Mining Act, the landowners and government had the prerogative to negotiate and discuss SML issues. Mauri said the SML negotiations would change the lives of the people because of the possibilities of mine-life expansion. “The developer raised false alarm that the mine life was seven years and a MoA was signed between the landowners, developer and the government. “Since the mine life has a vast potential of expansion, we are looking forward to negotiate with the government for an SML,” Mauri said. He said since the mine started pouring gold, the local landowners and communities living around the vicinity of the mine had missed out on basic services.

Mauri said Wau was still a “ghost town” and needed tangible service delivery from mining proceeds. “The Hidden Valley mine is operating on a MoA which was sealed under a Mining Lease. The lease has limitation on mining activities and for Hidden Valley, the mine-life was predicted for seven years but it has exceeded. Therefore, we are in discussions with the government for a possible SML,” he said. Mauri said the SML would bring in desired benefits such as the housing scheme for landowners, development of Wau town, education and health infrastructure, better road networks for Wau town and the surrounding communities and business opportunities. He said they would fight to ensure that Wau town was developed into a better mining township and not like any ordinary town in Papua New Guinea.

Bougainville: Dare’s statement cause LO’s to react

Post-Courier 21.8.2012

By *KONOPA KANA*

THE Bougainville landowner companies are describing the Member for Eivo/Torau and Chairman of Central Bougainville Committee Melchior Dare’s statement in the Post-Courier Weekender as a blunder and not in the interest of the people of Bougainville. Directors of Karato Resources Holdings Limited, Pakasipan Resources Ltd, Banapa Resource Ltd, Kupe Resource Ltd, are refuting Mr Dare’s response to earlier media statements by the resources owners on their quest to control and own mineral resources in the region. A representative of Karato Resource Holdings Limited Joe Bironoim asked who Mr Dare speaks for, the resource owners of Central Bougainville where the Defunct Panguna mine is located or the entire province?

Mr Bironoim said that as an elected representative of the Autonomous Government of Bougainville (ABG) he is expected to speak for and serve the interest of the land and resource owners rather than of the company (Bougainville Copper Limited) which has been blamed for civil war and environment destruction. He said that Mr Dare’s statement clearly indicates that he is in favour of BCL giving “bel kol moni” or compensation for a short term gain which cannot comprehend the loss of lives and environmental damage which was the reason for not wanting to re-negotiate the return of BCL. According to Mr Bironoim all the directors of the resource holding companies are already positioning themselves for the long term vision to take ownership of the resources, develop them and export from Bougainville.

He said that it won’t be in their interest to see foreigners come and exploit their resources and leave them with all the shambles and deep craters on their land. Another prominent Bougainvillian and Director of Isinau Resources Holdings Sam Kauona has called on Mr Dare to withdraw his state-

ment as it kills the spirit of independence and self determination in resource development and political destiny. “Mr Dare is now contradicting himself as he was the one who sponsored the motion of the second ABG Parliament meeting where he moved the motion to recognise landowners’ right to own resources in Bougainville,” Mr Kauona said.

“And as a leader, he must stand by what he says at the first place rather than being swayed by money. As the way he speaks now, it seems that he must have been (influenced) by interested persons.” The former Bougainvillian Revolutionary (now Me’ekamui Government) Commander General is now seriously venturing into exploration and said even if the National or ABG Government want to negotiate for BCL return, they must recognise the rights and wishes of the landowners. “Not only that, they have to have a wider consultation with all the affected people from the Civil War caused by the BCL inflicted environment damages,” he said.

Governor fires broadside against Nautilus

Post-Courier 21.8.2012

By *SIMON ERORO*

ORO Governor Gary Juffa has described the Government’s decision to give the green light to Nautilus Minerals to commence seabed mining in the waters of New Ireland as disgraceful, total insanity and a crime against the people of Papua New Guinea. Mr Juffa also confirmed that he was against the project and called on all Papua New Guineans to rise up and stage public protests against what he described as the controversial seabed mining project spearheaded by Nautilus Minerals. The former PNG Customs boss said there is a growing tide of public resentment against the project and urged Papua New Guineans to do something to protect their marine environment. Mr Juffa said as the Governor of a province with a vast coastline which could be affected by any seabed mining activity, he will not stand by and allow the project to proceed.

The world is reeling from environmental disasters, either directly or indirectly as a result of human activity, forests the size of football fields are disappearing each day and species of flora and fauna are becoming extinct every day, the first-term parliamentarian said. “Global warming and rising sea levels are rapidly occurring and entire nations will disappear in some years. Already we have such an example in the Tulun or Carterets Islands in Bougainville,” Mr Juffa said. “Melting ice caps and desalination of the oceans is causing the demise of marine life and causing an imbalance in the ecosystems of the world rapidly. Our air is polluted. “Our fish and marine resources are being depleted fast, and yet we have added to this situation by endangering our marine environment and threaten the livelihood of our island and coastal communities by allowing this disgraceful project to continue. Where is our sanity and consideration?” the Governor said.

Mr Juffa urged Mining Minister Byron Chan to immediately take the interests of the people of New Ireland Province and PNG into consideration first before claiming that there was nothing to be done about the project. “We are elected to represent our people and our country and this project, the first of its kind (in the world), is far too dangerous to allow. There is a reason why no other country is allowing this project – it is far too dangerous,” he said. Mr Juffa said very little is known about the repercussions of seabed mining and despite the fact that scientists and other experts consider it very dangerous and warn of their severe negative impacts on the environment the PNG Government has seen fit and given its blessing to Nautilus Minerals, he said. PNG is a tiny undeveloped island nation with no resources or means to ensure environmental standards and safety, no mechanism to react to man-made disasters and no knowledge and experience of the impacts or consequences of seabed mining, yet it has gone ahead and given the green light,” Mr Juffa said.

“Are we that stupid and ignorant? The green light was granted by the Minister of Environment and Conservation last September without ensuring that a thorough independent research was carried out.

“Why were important verifications not carried out? Why have we gone against the concerns of the scientific community and experts? It is only a few weeks after the elections and already many leaders are shying away from addressing this issue,” the Oro Governor said. “Who is benefiting? Only a tiny minority of extremely wealthy people in foreign nations who have no idea about where PNG is and who do not care. We do not benefit.” Mr Juffa said the Government will most likely grant all manner of exemptions to Nautilus Minerals and the people will merely be onlookers and given crumbs, but they must pay for the resources that they own if they want to participate in the project and benefit from it.

“Politicians must stop and think about the interests of their people, their country and act accordingly. We must stop selling our country and endangering our people” he said. “Gone are the days of ignorance and apathy. As elected leaders we have to lead and stop shying away from our responsibilities,” the Governor said. “If it can be proved that proper processes and procedures were not followed, the people were not consulted and there was no effort to protect our nation and our economy, then this is certainly a crime against PNG,” he said. Mr Juffa said Mineral Resource Authority, department of Petroleum and Energy, Environment and Conservation and other departments established to protect PNG’s interests were instead becoming rubber stamps in the sale of PNG to foreigners.

Milne Bay residents reject Nautilus

The National, 21st August, 2012

MILNE Bay people have called on the newly elected Governor Titus Philemon to stop a foreign miner’s plans from exploring their seabed for minerals. The Four Massim group of Milne Bay citizens and students have urged Philemon to cancel a mining warden’s hearing in Alotau tomorrow. The hearing will consider applications by Canadian miner Nautilus Minerals to explore for seabed mining potential off Milne Bay, where it already has about 3,000sqkm of exploration tenements. Four Massim’s Sineina Tosali said the government was supporting a high risk mining experiment, which could destroy Milne Bay people’s main means of livelihood – the ocean – without understanding the impacts or informing the affected communities. “No-one has told us anything,” she said. “We know Nautilus is using technology that hasn’t been used before and that there are going to be permanent scars from this ... yet lots of people from Milne Bay don’t know what’s going on.

“We’re calling for information about the risks of impacts on locals, for assurances of marine protection and for recognition of customary ownership before any agreements are made.”

Four Massim formed following a public awareness forum about experimental seabed mining in Milne Bay last month. Tosali said the group’s purpose was to create awareness among Milne Bay residents as well as other provinces targeted by Nautilus for experimental seabed mining. Philemon was reportedly opposed to the experimental seabed mining even before he was elected. Other MPs including Sumkar’s Ken Fairweather and Northern Governor Gary Juffa have publicly expressed their opposition to Nautilus’ plans.

Four Massim will also seek to hold an awareness campaign with all LLG presidents and the general public in Milne Bay province. The move to advance exploration in Milne Bay comes after Nautilus received government approval for a 20-year licence to mine the Bismarck Sea for gold and copper at its Solwara-1 mine, located 50km off the coast of New Britain. Tosali said rather than supporting such high-risk projects, the government should engage in development based on existing strengths in the local economy. “Fishing projects are good for locals because that’s what people do, they have the skills to do it and it poses less risk to our environment and food security,” she said. “We are a maritime province. “We have already seen environmental impacts resulting from the Misima mine polluting our creeks and rivers.”

Seabed mining: More national experts needed

Post-Courier 21.8.2012

By *JASON GIMA WURI*

PROFESSOR Chalapan Kaluwin of the University of Papua New Guinea has called for more national experts and scientists to be involved in research when it comes to the seabed mining issue in the country. "UPNG and other universities are important resource bases for research and technical expertise and they should be part of the development process instead leaving everything to a few government departments and their friends," Prof Chalapan said in an email from Australia where he is currently carrying out some research. He is with the Environmental Science and Geography School of Natural and Physical Science at UPNG. He said this topic is of interest to all stakeholders, both nationally and abroad, and requires broader consultations. "I have included the team members of the Extended Continental Shelf Project and interest groups to contribute to this discussion, and I'm also aware of Professor Karl Gena of University of Technology who has done research work on mineral deposits and geochemistry from this area and so is Dr Espi.

"We just need to establish facts and figures to make progress in this issue and must be done with some urgency as the politicians and investors may get better of it if is delayed further. "The most important thing is to ensure the Government and our people realise that after 35 years of experiences in the field of sciences with expertise to contribute meaningfully to any development whether on land, ocean or atmosphere in the PNG, institutions and people like us should be able contribute in any new developments in PNG," he said. In off shore seabed mining in the oceans in PNG, a lot of experts who have done work in this area but no one is able to get technical advice from UPNG or PNG's expertise, Prof Chalapan said. He said Bougainville Copper Limited and OK Tedi were great examples of foreigners or developers making the final decisions.

"We need to put our hands up and advise the Government that there are technical experts who can assist the process in determining the most appropriate solution, he said. Prof Chalapan said in terms of strategy, PNG experts could do the following: Write discussion papers for the Government and the people of PNG, organise a consultative meeting or conference of New Guinea Islands' provincial government leaders and Milne Bay, support students, NGOs and provincial governments with their campaign activities and for NGI and Momase provincial governments to sponsor and organise a seabed mining summit to gauge a national perspective on the project? "Too many times we read about mining conferences being held in Australia and Papua New Guinea continues to be left out," Prof Chalapan said.

LNG landowners yet to pay deals made in POM

Post-Courier 21.8.2012

By *ANDREW ALPHONSE*

SEVERAL service providers in Port Moresby are still waiting for payments for services rendered to landowners, especially from the upstream segment of the multi-billion kina PNG LNG project. These landowners had flocked into the city since 2000 in the hope of securing their benefits like the business development grants (BDG), infrastructure development grants (IDG), high impact project grants, equities, royalties and other benefits secured under the LNG project agreement. While awaiting these payments from the National Government, these landowners had been accommodated and fed by several service providers in the city in the hope that when these landowners did get their dues from the Government, they would repay the service providers with interest. While some landowners had honoured their commitments, others had failed to return the trust and pay these service providers of the dues owed.

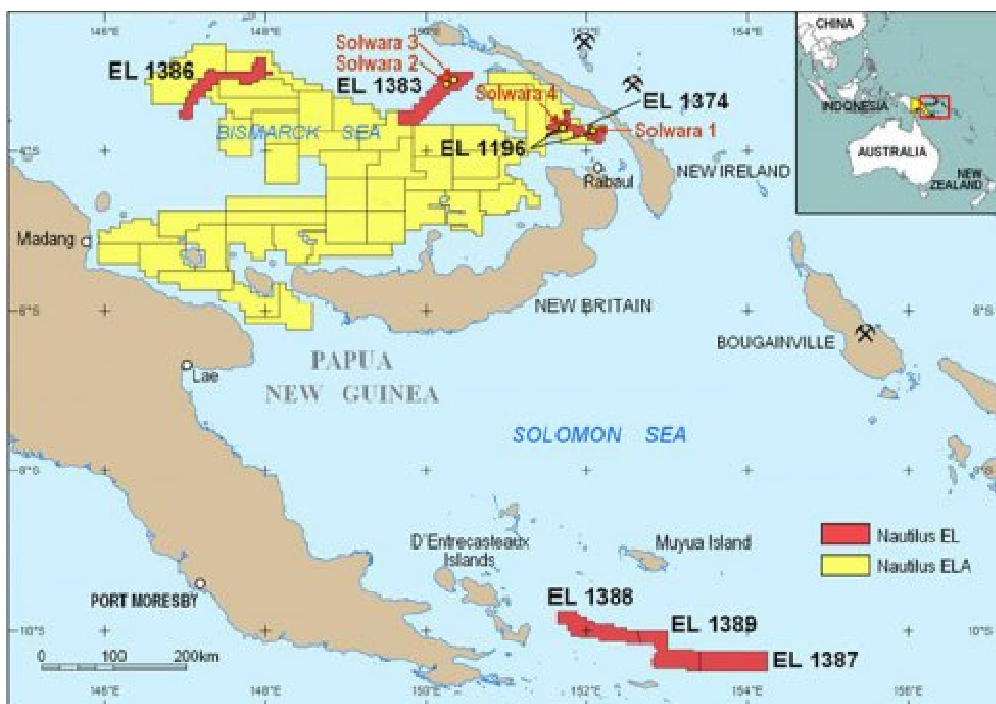
One such service provider is Anselom Kaloma Mulungu who is owed over K100,000 by Hides landowners from Tari for accommodation services provided to them and the landowner chiefs. Mr

Mulungu, hails from Tari area and has provided accommodation and food from 2000 to April 2004 to landowners from Hides gas project area. His efforts to have an audience with these landowner leaders for them to settle his bills have fallen on deaf ears so far and Mr Mulungu is already upset and frustrated. Mr Mulungu said he did not understand why the landowners were refusing to honour their part of agreement after he had incurred huge debts in looking after them in the tough Port Moresby city life. Mr Mulungu is appealing to fellow landowner leaders from the neighbouring Hides 1 (Nogoli), Angore, Moran and Juha gas projects in the Hela Province to intervene and negotiate for these landowners from Hides 4 well pad in Komo District to have his bills settled through an out of court settlement arrangement.

Mr Mulungu said one of the principal landowners from Hides 4 owed him K100,000 for looking after one of his relatives who was the chairman of their landowner association. He said last year he fronted up with the landowner leader at Boroko, National Capital District, with his outstanding bills but he later rebelled against his claim. He said this was despite efforts by prominent Hela leaders who intervened and advised for the settlement with a reasonable amount. "I cannot take legal action now because it is costly exercise and I have no budget for it. "The only better alternate is for me to use force and organise my tribesmen in Tari and forcefully seize any assets from Hides 4 areas like the huge semi-trailer trucks, ferrying supplies daily to the LNG projects sites at Komo, Hides 4 and Nogoli. "To avoid further problems and spill-over efforts of this non-payment of bills, I call upon the landowner leaders to intervene and assist this stubborn chairman to settle my bill for accommodating his relatives," Mr Mulungu said. Mr Mulungu said the same groups of Hides 4 landowner leaders also owed him money for his consultancy services too. He warned of bringing the issue to home and tribal repercussions.

Greg Anderson lobbying PNG politicians on behalf of Nautilus

PNG Mine Watch, 20.8.2012



Greg Anderson, Executive Director of Papua New Guinea's Chamber of Mines, has been personally calling politicians to lobby them to support the controversial experimental seabed mining plans of Nautilus Minerals. Nautilus is suffering from unprecedented levels of bad publicity with opposition to its mining plans coming from politicians, the Catholic church, academics, civil society groups

and local people. The Canadian company is also in a formal dispute with the PNG government, has lost funding support from its German shipbuilding partner and is facing a number of on-line petitions running in opposition to its mining plans.

But Anderson is telling the politicians the mining “will not be as bad as people fear” and that mainland politicians shouldn’t be worried as the mining will be “nowhere near their coastline” – which isn’t actually true! As the image below, published by Nautilus, clearly shows Nautilus has applied to explore very close to the mainland for suitable mine sites and there are no guarantees pollution and other negative environmental impacts from its existing proposed mines will not be carried by ocean currents and through the food chain to the mainland.

Gold Anomaly and LionGold sign MOA to develop PNG mines

4-Traders, 20.8.2012

Aim to fast-track gold mining operations by year-end 2013

LionGold to acquire up to 60% of GOA's PNG subsidiary

Key objective to initially commence production in high grade zone

Intent of investment is for no dilution through to production

Gold Anomaly to receive up to \$8.5 million via convertible note funding

Gold Anomaly Limited today announced details of a proposed agreement that would fast track development of its assets in Papua New Guinea ("PNG") and deliver first production within 15 months. The company has entered into a Memorandum of Agreement ("MOA") with Singapore Exchange-listed gold investment and development company LionGold Corporation Ltd which provides, subject to conclusion of a final binding legal agreement to be negotiated between the parties, for LionGold to acquire up to 60% of GOA's PNG subsidiary company Anomaly Limited ("AL") which owns GOA's PNG assets. These assets includes Crater Mountain, which is shaping up as a major gold and copper deposit, as well as the Fergusson Island gold deposits, with total current gold resources in excess of 1 million ounces.

Under the terms of the MOA LionGold can earn up to 60% of AL, with the remainder to be held by GOA. LionGold will invest up to \$8.5M by way of 3 tranches of convertible notes (firstly into GOA by way of a \$2.0 million convertible note, issued within seven days of signing of the MOA, at a 20% premium to the 6 month VWAP of GOA shares immediately prior to issue of the convertible note; secondly for 40% of AL by way of a \$3.0 million convertible note; and thirdly an option for a further 20% of AL by way of a \$3.5 million convertible note.. Upon advance of the \$2m LionGold will be entitled to nominate a director for appointment to the GOA Board. Advance of the \$3.0m tranche is subject to:

- satisfactory due diligence by LionGold on GOA, AL and GOA's PNG projects; and
- GOA providing to LionGold's satisfaction an exploration, development and production feasibility plan for the next three years. Funds raised will assist in advancing a PNG development and exploration program that seeks to commence mining operations within 15 months at the High Grade Zone1 within the Nevera deposit at Crater Mountain.

Australia: BHP profit fall marks boom’s end

Post-Courier 20.8.2012

BHP Billiton will this week post its first profit fall in three years in what some will see as a symbolic end to the mining boom. A year ago the biggest company on the domestic share market reported an Australian corporate record \$US22 billion (approx. PGK40b) full year operating profit. This time around the market consensus is for BHP to report a \$US16.9 billion (approx. K35b) net

profit when it reports on Wednesday, which will end its run of ever-increasing record profits over the past three years. Chief executive Marius Kloppers has been criticised over the wisdom of the big miner's bet on US shale under his watch, after it wrote down those assets and its Australian nickel mines by \$US3.3 billion (approx. K7b) last month. Mr Kloppers and his petroleum head Mike Yeager have moved to head off investor anger by foregoing salary bonuses this year. Last year's bonuses were worth \$US7.4 million.

BHP's share price on Friday was \$33.00, compared with \$37.50 a year ago and highs around \$47.76 in April 2011. Last year commodity prices were booming, but now they are falling as growth slows in China. Iron ore is BHP's biggest cash cow and generates roughly half of its earnings but its price has dropped by a third in the past year to below \$US120 a tonne. Meanwhile Mr Kloppers and his mining peers complain that the cost of doing business in Australia is rising, amid speculation it will cut jobs at its Queensland coal mines and Brisbane office. Morningstar resources analyst Mark Taylor says profits in the mining sector have peaked. "I think we have pretty much seen the pinnacle, they will plateau for a couple of years as rising volumes are offset by softening prices," he told AAP. Still, a net profit of nearly \$US17 billion is hardly anaemic.

Mr Taylor is predicting above \$US19.5 billion (approx. K40b), believing the petroleum and copper divisions will do better than expected. Shareholders calling out for better returns such as Djerriwarrh Investments boss Ross Barker might also be rewarded. "I have heard that's (capital returns to shareholders) something to look out for", Mr Taylor said. "The growth in their dividend over the last decade has actually been huge, bigger than just about any other company (due to record profits). "I'm not on the side that says they need to pay out more, just for the sake of it, but I do think money is better paid out while capital costs are so high." It appears unlikely BHP will commit to developing two of its mega projects soon: the \$30 billion Olympic Dam mine and \$19 billion Port Hedland harbour expansion.

SOPAC role in seabed mining queried

RNZI/PACNEWS 20/08/2012

There are questions over the role of the Secretariat of the Pacific Community's Applied Geoscience and Technology Division (SOPAC), in deep sea mining in the region. SOPAC has been holding workshops to prepare Pacific Island communities for seabed mining. SOPAC's director, Russell Howorth, said island governments need to establish regulatory frameworks for the emerging seabed mining industry. However, Phil McCabe from the group Kiwis Against Seabed Mining, said it's unclear why SOPAC is promoting deep sea mining when the risks are unknown. "I think they're setting up a framework to facilitate the sell-off of the resources that are in the oceans. They're setting up that framework before people are even aware of what they're doing. The consultation hasn't even started." McCabe also questions the European Union's funding of SOPAC's work in this area. He said it's at odds with the EU's Precautionary Principle, advocating thorough risk analysis.

Mincor eyes big exploration budget

The National, 20th August, 2012

AUSTRALIAN nickel miner Mincor Resources has flagged a strong focus on organic growth in the year ahead, with an ambitious exploration budget for Papua New Guinea and a strong near-mine and regional nickel exploration programme at Kambalda, Western Australia, after delivering a solid turn-around in earnings for the 12 months to June 30 this year. Mincor last Friday announced a net profit after tax for the year of A\$0.24 million as against a loss of A\$23.4 million in the same period last year), in line with guidance. It also announced an Ebitda of A\$32.4 million (as against A\$16.3

million during the same period last year). The result was achieved despite a 20% reduction in sales revenue to A\$121.6 million from A\$152.1 million last year, same period, which was a result of the fall in Australian-dollar nickel prices during the year. Mincor expects to produce approximately 283,000 tonnes of ore at an average grade of 3.2% nickel from its Kambalda operations for 9,000 tonnes of nickel-in-ore for FY 2012/13. Cash costs are targeted at A\$5.50/lb of payable nickel.

PNG can't monitor seabed mining

Post-Courier 20.8.2012

By *ANCILLA WRAKUALE*

PAPUA New Guinea does not have the capacity to monitor deep sea mining as shown from experiences with other mines says an academic. Associate Professor with the Department of Mining Engineering at the University of Technology Associate Professor Dr Kaul Gena said we were not able to effectively assess and monitor submarine tailing disposal system used by Misima, Lihir Gold and Ramu Nickel Mines. "The country continues to engage consultants who sometimes produce technically flawed reports and walk away with millions of kina at the expense of the tax payers," he said. "There is no such thing as "no environmental impact" from such deep sea mining activity." He said there are countless mineral deposits on the ocean floor that were explored since 1969. "Most of these mineral deposits are either base metals or polymetallic type deposits like those in the Manus basin. "Why is it that Nautilus is trying to develop Solwara 1 project when it is not giving due diligence to the environmental consequences of deep sea mining," Dr Gena asked.

He said there are still so many doubts among many Papua New Guineans about the Solwara 1 Project and the developer Nautilus Minerals has to come out clear on this. "From scientific studies, we know that a small submarine hydrothermal activity on the ocean floor can discharge hydrothermal fumes that can diffuse through the seawater column both vertical and lateral from the point of discharge for up to 1000 metres. "So the current mining method that Nautilus is planning to use for the Solwara 1 project will cause a severe environment impact that will affect the entire Eastern Manus Basin because this is an open environment," he said. "The submarine hydrothermal vent communities that live around the sulfide mound and on the chimney structures will go into extinction because they survive solely on the hot hydrothermal fluids as a food source. "Most of the marine invertebrates such as tubeworms and bivalve mollusk derive their nutrition from methane-oxidising and if their habitats are destroyed than these organisms will die instantly. These are some issues that Nautilus needs to inform the people of this country," said Dr Gena.

Opposition To Deep Sea Mining Gaining Momentum In PNG

Coastal communities resisting planned deep sea mining

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Aug. 20, 2012) – Members of Parliament in Papua New Guinea that have made a stand against seabed mining in the country have been acknowledged. Chairman for Madang People's Forum Alfred Kaket has acknowledged and thanked new MP for Usino Bundi Anton Yagama and MP for Sumkar Ken Fairweather for supporting the people of Madang in their fight against experimental seabed mining. Mr Kaket said they had stood up against seabed mining since 2006 and it was very timely that now they were getting political support. This campaign has also received international attention because it is an experiment to be tested in our PNG waters. "We do not want tests in our waters," Mr Kaket reiterated. Mr Kaket said even though Mr Yagama's electorate was not near the sea he had come forward in the true spirit of a leader to support the coastal people of Madang. He has invited other members of parliament in the Nautilus Project Solwara 1 region to come forward and support the people of Madang, New Ireland and East New Britain and West New Britain provinces.

According to professor Rick Steiner, this project would affect the tuna breeding grounds known as the Megado Square, said Mr Kaket. “Communities in these regions depend on the sea and we do not see this way of life being affected,” he stressed. Also in this region Mr Kaket said, was the migratory route for the leatherback turtle for nesting. “We currently have an active monitoring program running and we see no sense in a mining project disrupting this activity,” he said. The people of Madang also thanked Northern Province Governor Gary Juffa for his stand on this issue. “If Northern Province Governor can stand up for the people of PNG then I would like to call on all other governors in PNG’s maritime provinces to take some clear stand on this issue,” he said. “We thank our members for supporting us and we will continue our protests on the ground to see that this project does not happen at all in our waters.” He said the people of Madang would ensure all that was in its sea was protected.

Villagers suffer stench from sulphuric acid production for Ramu mine

PNG Mine Watch, 20.8.2012

Villagers living along the coast of Madang are suffering double environmental harm from the Ramu nickel mine. As well as the dumping of toxic tailings into their ocean from the Basamuk refinery plant, which started in May, villagers are complaining about the toxic smell from the sulphuric acid production plant. Initially the mine owners, Chinese MCC and Australian based Highlands Pacific, were importing liquid sulphuric acid in containers to use in the processing operations but they are now importing sulphur in solid form from Indonesia and producing the acid on site. The bad smells are emitted from the process of producing sulphuric acid and have produced complaints from workers as well as local villagers.

Big potential for Mt Kare

The National, 20th August, 2012

THE world’s biggest mining investor BlackRock, an 11% Newcrest shareholder, might well have juiced up its Papua New Guinea exposure by holding a 9.9% stake in Stephen Promnitz’s Indochine Mining (IDC). It is joined on the register by some other heavyweight institutional investors -- Baker Steel (10.2%), Och-Ziff (7.8%) and the newly arrived Genesis (6.4%) out of Britain. Indochine started out with a land package in under-explored Cambodia back in December 2010 as its main go, but has since made its main focus PNG following last year’s acquisition of the Mt Kare gold-silver project, one at which Promnitz witnessed an almighty modern-day alluvial gold rush in 1988-89 as a young CRA geologist. Mt Kare was where 6,000 locals descended, shaking gold nuggets from the roots of the grass, some the size of goose eggs. More than one million ounces of gold was plucked from the area’s sticky clay and, when it was all said and done, it was underlying hard-rock potential that got CRA and those that have followed excited.

Indochine has been busy confirming the mass of work done in the past, as well as doing its own drilling. It is now at the point where it has got a stock exchange-compliant resource of 1.8 million ounces of gold and 20 million ounces of silver, including 700,000 ounces of gold at an impressive 3.7g of gold a tonne. A preliminary feasibility study is due next month and is expected to confirm robust economics for a high-grade open-cut with the potential to produce 100,000- 150,000 ounces of gold equivalent for an initial seven years. Then it would be off to a flying start to a bankable feasibility study, construction in 2014 and first production in 2015. Next month’s release of the preliminary feasibility study could force a re-rating, as confirmation that Indochine’s recent 33m hit of mineralisation with visible gold in a new prospect just to the south of the currently defined resource, showed it is more than a one-hit wonder. - THE AUSTRALIAN

Miners tap resources the Melanesian way

Brian Robins, Brisbane Times, August 18, 2012

Exploiting PNG's mineral wealth takes long negotiation and the full co-operation of the local landowners, writes Brian Robins. For long-time expat Australian Lindsay Semple, who has been kicking around Bougainville for a few years now, it was the deal of a lifetime. Semple had allegedly paid 20 million kina (\$9 million) to the Autonomous Bougainville President, Joseph Kabui, to win exploration access to 70 per cent of Bougainville, but Kabui's death in 2008 derailed this. Recently, Semple claims he cut another deal with the Autonomous Bougainville government, which he has backed into a Canadian-listed minnow, Morumbi Resources, where he has been appointed the executive. But the Bougainville government says otherwise. Welcome to the world of doing business in Papua New Guinea, where fact and fiction can sometimes seem to merge.

Notwithstanding Semple's manoeuvring on Bougainville, Bougainville Copper has been making solid, if quiet, progress to resurrect its long-idled Panguna copper mine, while across the country work is moving ahead on the Mount Kare gold deposit. Ring a bell? It was found by CRA, a Rio Tinto forerunner, in the late 1980s when the then exploration manager discovered a gold nugget while digging the toilet for an exploration camp in the highlands. That find triggered a gold rush by the local villagers in early 1988, which ultimately forced CRA to abandon the area as the locals ran riot. Exploration work has proceeded in fits and starts since and, while there is little doubt about the economics of the gold deposit, the key is winning - and sustaining - the support of warring local villagers for a mine.

There is an unusual symbiosis between Mount Kare and the Bougainville copper mine, since it was also in 1988 that Bougainville Copper, which is also controlled by Rio, suffered the first of a series of explosions that led to the closure of what was then one of the largest copper mines in the world. Those explosions, of the power pylons leading to the mine, were the start of the insurrection that led to the mine closure by mid-1989. For Stephen Promnitz, formerly with Kingsgate Consolidated and who now runs Indochine Mining, which is trying to develop the Mount Kare deposit, PNG presents few new challenges since he cut his teeth as a geologist at Mount Kare. "With the newly elected government, PNG is in a de-risking phase," Promnitz said of the political risk in the country, after the recent changes in Port Moresby.

Indochine is finalising its pre-feasibility study for a prospective \$120 to \$150 million mine project and has hired a Melanesian Fijian, George Niumataiwalu, to help win over local landowners. He is credited with taking the Hidden Valley resource to a completed project for its owners, Harmony and Newcrest Mining. At Mount Kare, a 1.8 million ounce resource grading an average 1.9 grams of gold a tonne, including a 700,000 high grade zone at 3.7 grams a tonne, developing a modest-sized mine producing 100,000 to 150,000 ounces a year over an initial seven- to eight-year mine life would appear straightforward. With any luck, it will be the first step in a larger operation. As Niumataiwalu has put it when talking to the Mount Kare landowners of the present gold resource: "We don't know if we have the ear, the leg or the hindquarters, but we are looking for a big pig."

Niumataiwalu is keen to pursue the "Melanesian way" with any development of the Mount Kare resource - working with local villagers to ensure they are supportive as the mine plans proceed - to try and avoid any last minute surprises that could derail the project and stall it for another 25 years. The Melanesian way is also getting a workout with Semple for his plans on Bougainville where, for Rio Tinto, a resumption of mining may not be simple, since opposition remains deeply entrenched in some quarters. Last month, senior managers at Bougainville Copper met landowner groups with a stake in the Panguna mine area for a further round of meetings, and they remain optimistic of winning and maintaining broad support for a resumption of operations. At the same time, the Bougain-

ville government is trying to corral all the landowner groups to sit at the table to cut a deal with Bougainville Copper, although it is far from clear what the position of Rio, with its dominant 70 per cent stake in the copper company, will be to any proposal to resume mining.

Work to redefine the size of the ore body as a precursor to any mine development work is under way, and last month the head of Rio's copper division, Jean-Sebastien Jacques, joined the Bougainville Copper board. But with an estimated \$3 billion price tag, any progress in resuming mining will be slow and will need more than just the backing of the central government to get off the ground. Bougainville Copper is saying nothing publicly at present as it waits for landowner groups to reach some unity with the Bougainville and central governments on a resumption of mining - a process that could happen quickly, or could be several months away, at best. But the political risk to any large project on Bougainville cannot be underestimated since the Autonomous Bougainville Government still plans to hold a referendum on secession by 2020 which, if it were to proceed, would scuttle any prospects for a resumption of mining any time this decade, and beyond.

Hidden Valley mine blocks historic Bulldog track

Rod Morrison, PNG Mine Watch 18.8.2012



Strict mine security blocks access along the track

I wish to express my disappointment of the closure and destruction of a vital section of the historical WW2 Bulldog road where the Hidden Valley Morobe Mine company is currently operating. A road that if kept open would have provided a venue for eco tourism for hundreds of foreign trekkers following the famous WW2 route such as they do at the Kokoda Track. Employing porters from local communities and bring the much needed tourist dollar in to PNG. I was sent there to trek the road by the Salvation army to conduct an initial trek as part as a new aid program by the non profit charity group. The agenda was to create another Kokoda through the region to bring employment and much needed aid to the remote communities. The Salvation army has operated for the past 5 years on the Kokoda bringing much needed aid to the communities and wanted to mirror their success on the Bulldog road and Black cat trail. As you can see by the map I was provided that there is no mine registered over the Bulldog road. Too my surprise as I walked along from the southern side following the road I found myself in the middle of a major mining operation. It wasn't long before I was met by private security with riot gear, siren's and flashing lights. After my identification was

established they toned down their attitude and after some phone calls back and forth, my group were escorted to the northern gate the following day.



What about all the 'rubbish' Harmony and Newcrest have dumped in the Watut river?

On my return the mine would not allow the trekkers, porters and my self through. Even though they were ferrying local people through as per their agreement with them. They left us out side all night in extreme conditions and in the morning after calling the police on us agreed to supply us a lift back to Wau and on to the alternate Bulldog trail route through Winima. Again it is very sad to see an Australian run mine treat tourist in such a manner and destroy such a beautiful environment, a historical WW2 road tourist route and local road. There is no boundary road for locals or tourist to move around the mine.



Trekkers forced to camp outside the heavily guarded mine

Hides Gas Development Company under fire

Post-Courier 17.8.2012

HIDES Gas Development Company (HGDC), the umbrella landowner company for all upstream projects for the LNG Project have been threatened with a K2.5 million suit by Engan company Nae Construction Limited. The HGDC is responsible for spin-off businesses development from the Benaria Pipeline to Juha on the Western Province border. HGDC is the brain-child of developer Exxon Mobil to ensure local landowner participation prior and during the life-span of the LNG Project. HGDC have been existence since 2009. In a letter that was forwarded to the Post-Courier, Nae Construction Ltd, a company contracted by Clough Curtain Joint Venture (CCJV) to supply dump-trucks and excavators to the project site are claiming K2,512, 765.58 in unpaid bills prior to August 2011. Nae Construction Ltd is based in Mount Hagen, Western Highlands Province.

The letter addressed to The Contracts Manager HGDC dated August 7, 2012 from Nae Construction Limited company managing director Augustine Erepia, states that the notice stands to inform HGDC that this is their final reminder for non-payment of account. The due date is August 21. The letter further states that the account has remained outstanding without any expressed reasons as to the delay despite their numerous follow-ups by them and by CCJV on their behalf. Mr Erepia then advised that they have no option now but to institute legal proceedings against HGDC if no favourable response is received within 14 day's of the notice. The letter further advises HGDC that that documentation for the outstanding payments have been provided to them a couple of times as well. HGDC management were not available for comment when contacted yesterday about the issue. Attempts to get comments from CCJV and Nae Construction Limited late yesterday were unsuccessful.

Government explains second LNG project

Post-Courier 17.8.2012

THE Government yesterday explained its position on the second LNG project operated by InterOil Corporation. Minister for Petroleum and Energy William Duma said the Government has suspended the notice of intent it issued to terminate the Gulf LNG project agreement. "On 31 May 2012, Minister Duma, the Minister for Petroleum and Energy, issued a press statement relating to the notice of intent to terminate that was issued by the State on 11 May 2012 under the terms of a project agreement that had been entered into between the Independent State of Papua New Guinea and Liquid Niugini Gas Limited ("LNGL"), an affiliate of InterOil Corporation on 23 December 2009," a released statement said. "The Intent Notice was issued as a consequence of the State's desire to ensure that the LNGL project (which uses gas from the Elk/Antelope Gas Fields) was developed in a manner which was consistent with the Project Agreement and with State's strategy of maximising the long term financial and developmental impact of the petroleum sector on the economy of the Independent State of Papua New Guinea. "The Intent Notice triggered a six-month consultation period between the State and LNGL in relation to actions to be taken by LNGL to ensure that the LNGL project is developed in the manner the parties had already agreed."

Minister Duma said since issuing the Intent Notice, representatives of the Department of Petroleum and Energy, the Department of Treasury and the Department of Justice have had a number of constructive meetings with representatives of InterOil and LNGL. He said these discussions have now reached a stage where the State has agreed a basis for suspending the Intent Notice, in order for representatives of the relevant Departments to fully brief the Prime Minister and the members of the National Executive Council (the "NEC") on the progress that has been made since the NEC last considered the LNGL project. He said accordingly, the State has agreed to suspend the Intent Notice until the NEC has considered the status of the LNGL project. Mr Duma outlined that the State's objective has been and continues to be to ensure that:

1. the LNGL project is developed in a way which has a positive impact on the financial position of the State and on economic and business activity of our Nation;
2. the Nation builds upon the experience and capability developed from the PNG LNG Project; and
3. the LNGL project is sequenced and structured in a responsible manner to ensure that the project is positive for our Nation and its people.

80 year-old woman attends mine training

Post-Courier 17.8.2012

Learning matters, not age. “Anyone who stops learning is old, whether at 20 or 80,” goes the popular saying. For 67-year-old Kaya Kagowe, her thirst for knowledge drove her to successfully complete a two-week long Small Scale Mining Training in Winima recently. Mrs Kagowe was one of five female participants who attended the training facilitated by the Mineral Resources Authority (MRA) and sponsored by Hidden Valley Joint Venture (HVJV) with funding of more than K27,000. The outspoken grandmother urged youths and parents to make it their business to practice what they have learnt from the Level 1 training. MRA’s Small Scale Mining Regulatory Operations manager Al Comparativo said MRA would like to ensure that skills and knowledge were imparted to small-scale miners at its improved training facility in Wau. He thanked HVJV, one of three joint ventures that make up Morobe Mining Joint Ventures (MMJV) for funding the training. MMJV’s Community and Regional Infrastructure Superintendent Robert Naris says MMJV is committed to supporting such programs under its capacity building program.

Mr Naris said MMJV would also like to continue to work in partnership with the Government at all levels to achieve its aspirations to improve the lives of the people in village communities. The Level One training at Winima was attended by 27 small scale miners from the two landowner villages of Winima and Kwembu. Level One training covers simple mining methods, Level Two provides knowledge and skills on the use of simple mechanised equipment like water pumps, high bankers and suction dredges while Levels Three and Four are for miners with alluvial mining leases from MRA. The training is conducted in a holistic approach to ensure the mining operation is managed by best business practices for sustainable income generation for the miner after operation closes. Environment rehabilitation is also part of this training. MRA has plans to facilitate similar training in other parts of Wau and Bulolo, and in the lower, middle, upper Watut and Wafi areas in the Huon District.

Nautilus: We have complied with laws

The National, 16th August 2012

By GYNNIE KERO

NAUTILUS Minerals has complied, and will continue to comply, with all relevant legislation as a minimum standard, the company said yesterday. Responding to criticisms levelled at the company, Nautilus said the Solwara 1 Project was governed by two principle pieces of legislation: the Mining Act 1992 and the Environment Act 2000. “A multi-stakeholder approach has been taken throughout the development of the project, in the design of the Environmental and social impact assessment (ESIA) and to develop the environmental impact statement (EIS),” it said. “Stakeholders included representatives from government, universities, anthropologists, marine scientists – including world-renowned deep sea ecology experts – local and international NGOs and other groups.

“Leading international institutions and consultant groups then conducted the studies for the ESIA. “Nautilus Minerals collaborated with some of the world’s best experts to conduct the studies and collaborating scientists are free to publish their findings, maintaining transparency.” Nautilus said in September 2008, the EIS was submitted to the PNG Department of Environment and Conservation

(DEC), which engaged an international consultant group to undertake a rigorous independent review. “The PNG Environment Council, a body created under the Environmental Act, also conducted a review and recommended to the Environment Minister to approve the EIS. “The EIS was approved in principle in August 2009 and the environment permit was granted in December 2009.

“As required under legislation, public hearings of the EIS were initiated in November 2008, with a focus on New Ireland and East New Britain provinces. “Nautilus Minerals maintained its open and transparent approach by placing the EIS on website for everyone to be able to review. “In addition, awareness meetings and consultations are ongoing, to date, we have met with more than 20,000 individuals in relation to the Solwara 1 Project, and will continue for many years ahead. “It is important to note that the ESIA and EIS are only part of the process towards responsible environmental management. “Nautilus is currently working with a number of relevant experts to develop the Environmental Management Plan (EMP) and monitoring programmes for the Solwara 1.”

Hidden Valley: Hefty royalties for Morobe

The National, 16th August 2012

By MALUM NALU

MOROBE Mining Joint Ventures has paid a total K37.5 million in royalties for Hidden Valley mine to the Morobe provincial government, various local level governments and landowner groups since 2009. However, the miner has no say on how the money should be spent. The Morobe government receives 36% of royalties and has received about K13.5 million to date. The balance is shared among LLGs and landowner groups. An MMJV source provided the figures yesterday following outrage over deteriorating infrastructure in Lae, including the pothole-filled Nadzab Airport, which has become an international disgrace to PNG. The question of how the money was spent became a major point of contention between ousted Morobe Governor Luther Wenge and Bulolo MP Sam Basil. Wenge and Basil had a gentlemen’s agreement that of the 36% royalties paid to the Morobe government, half was to go back to Bulolo district, but Wenge never honoured that, the source said.

Basil and new Morobe Governor Kelly Naru have discussed this and MMJV is expected to receive a letter soon from Mineral Resources Authority (MRA) to start it up. Provincial administrator Kemas Tomala told The National from Lae yesterday that the Morobe government’s share was absorbed into the provincial budget, while LLGs were free to spend at their own discretion under the Budget Appropriation Act. Tomala said Nadzab Airport was the responsibility of the national government under the National Airport Corporation. “We (Morobe government) actually have an agreement with Bulolo district joint district planning and budget priorities committee (JDP&BPC),” he said. “Part of the money goes to Bulolo district while part comes to the Morobe provincial government. “The money is absorbed into the Morobe provincial government budget. “As for the LLGs, they have their own Budget Appropriation Act. “It’s not for me to tell them how to spend their money on roads, bridges, whatever.”

According to the latest financial reports for the period July 31, 2011 to June 30, 2012, a total K13,583,284 has been paid to the Morobe government. Of this, K2,514,575 was paid in 2010; K5,742,851 in 2011; and K5,280,858 this year. “Payments started in October 2009 when there was some economic production from the mine and have ramped up along with production,” the source said. “As per the Mining Act, royalties are 2% FOB revenue, less smelting/refining costs. “Royalties belong to the state, not the company and our only role is to write the cheques each month based on production. “We have no authority to direct recipients on how the funds are spent, although we’d like to have a say in the matter, to ensure they are spent in a transparent manner.” Apart from Morobe provincial government, those that have benefited from Hidden Valley mine since 2009 in-

cluded Mumeng LLG (3% – K1,128,190); Waria LLG (2% – K752,127); Buang LLG (1% – K376,063); Wau Rural LLG (5% – K1,880,317); Watut LLG (5% – K1,880,317); Wau-Bulolo Urban LLG (4% – K1,504,254); highway communities (0.50% – K188,032); river communities (0.5% – K188,032); subsidiary landowner communities (1.5% – K564,095); settler communities (2% – K752,127); Wafi Landowner Association (0.5%, K188,032); Nakuwi Landowner Association (2% – K752,127); Future Generations Trust (2% – K752,127); HV landowners – Winima recipients (8.75% – K3,290,555); HV Landowners – Kwembu recipients (8.75% – K3,290,555); and HV Landowners – Nauti recipients (17.50% - K6,581,110).

OK Tedi landowners upset

Post-Courier 16.8.2012

Principal OK TEDI landowner and Chief Kambomyap Allolim is set to take out restraining orders this week against the State and its agents after being snubbed by Mineral Resources Authority (MRA) in its revised MOA consultations and the planned signing on August 16. “We, the executives of Kimka Sepiyan Sub Tribe Land Group Incorporated (KSSLGI) advise of the facts and circumstances as to how the parties, namely OK TEDI Mining Limited (OTML), MRA, Mineral Resources Development Company (MRDC) and the Independent State of Papua Guinea have been cheating, telling lies and giving wrong advise on the status of KSSLGI during the whole consultation process between the parties in Port Moresby and Tabubil, Chief KambomyapAllolim said at the weekend. “We met the above-mentioned parties on numerous occasions in Port Moresby, Kiunga and Tabubil at the Office of the Minister for Mining, MRA, MRDC and OTML during the past six months.”

“Despite separate Local Land Court decisions from Kiunga, Provincial Land Court in Tabubil and the National Court orders at Waigani which were in favor of KSSLGI, we are being told that we are not the recognised landowners. Also, this is despite being recognized as legitimate landowner group over OK TEDI Mine Area through land group certificate issuance by the Lands Department and subsequent gazettal,” Chief Kambomyap said. “Instead the parties have recognised other villages namely Wangbin, Bulten, Finalbin, Kemkit, and Migalsambip all of whom do not have any such ILGs issued to prove as ownership rights of Mt Fubilan, where OK TEDI Gold and Copper Mine is situated. Chief and principal landowner KambomyapAllolim is renowned in the whole of Star Mountain Local Level Government area as the true principal landowner of Mt Fubilan while those named villagers have only user or access rights and mere beneficiaries of OK TEDI Mine since 1976.

“Recently, while a visit was underway by KSSLGI executives to the Office of the Mining Minister, the review for the OK TEDI Mine was also in progress. We were never invited nor were we informed about this. KSSLGI was simply ignored and told that we are not legally recognized when the court decisions say otherwise,” he said. “We are also surprised to learn that the Revised MOA on OK TEDI Mine is set to be signed in Port Moresby this week on August 16th 2012 by the above-named parties with KSSLGI again excluded. “KSSLGI has therefore taken out Restraining Orders in the National Court to stop the signing until we are made a party to the signing and royalty benefits be paid first before the review and signing takes place.” The parties must include Chief KambomyapAllolim as chairman and key signatory to the Revised MOA on behalf of the true landowners of Mt Fubilan and OK TEDI Mine Area and KSSLGI recognized as a legal body by the State and its agents per the court orders and gazettal.

“If MRA has gone ahead and advised both KSSLGI and BiulKirokimto make peace and come toreconciliation in Tabubil and that a tentative program already being set for this purpose, then why rush the Revised MOA Signing in Port Moresby on the 16th August,” Chief Kambomyap said. On June 7th, 2012, at the Weigh Inn Hotel in Port Moresby where MRA organised a meeting be-

tween disputing parties BiulKirokim and KambomyapAllolim in the presence of Western provincial administrator William Goinau and MRA acting managing director Philip Samar, Kambomyap was allegedly kidnapped and therefore, the meeting had to be postponed to a later date and all parties agreed to stage it in Tabubil. “We are now in the process of arranging for this peace and reconciliation ceremony and the State and its agents have seen fit to organize the Revised MOA Signing without our involvement.”

“We believe the State and its agents are being manipulated by OK Tedi Mining Limited and this is a very serious matter which could have negative consequences on the smooth operations of the mine,” Chief Kambomyap warned.” Finally, we hereby call on Minister for Mining Byron Chan to heed this warning as it will have serious ramifications and further take appropriate actions by deferring the Revised MOA Signing and more importantly, issue a directive to Mr Samar to facilitate all outstanding royalty payments due to KSSLGI as soon as possible.

LNG: Minister assures Government’s support

Post-Courier 16.8.2012

Petroleum and Energy Minister William Duma yesterday said the Government was willing to work together with the two LNG project operators to get the projects up and running. “The Government is prepared to work with the LNG operators including InterOil. There is no problem,” Mr Duma said last night, refuting an earlier statement that he will not back down from his decision on the Gulf project. Mr Duma said the entry of Royal Dutch Shell as a potential operator of the Gulf project was a commercial decision between the parties involved to get the company on board and it was not his decision. Mr Duma’s comment confirms signals in the hydro carbon industry that the O’Neill Government was committed to the two LNG projects – the first in Hela Province and the other in the Gulf Province. “It is pleasing to note that this development. It is in the interest of the industry and the Government that all parties work together as a way forward than embroiled in this endless debate,” one industry insider said. The entry of Shell, the worlds biggest LNG operator last year was seen as a major boost to the hydrocarbon industry in the country.

Newcrest: Delay besets Wafi-Golpu

The National, 15th August 2012

By MALUM NALU

THE world’s fourth-largest gold miner Newcrest Mining Ltd suggested Monday that potential development at Namosi in Fiji, O’Callaghans in Western Australia and Wafi-Golpu in Papua New Guinea may be delayed following a sustained rise in the cost of setting up new mining operations. Sharply rising capital costs have put pressure on the gold sector in recent years, with overruns on new projects a recurring theme. Australia’s largest investment bank Macquarie said that recently Australian gold miners have had to increase their initial capital expenditure estimates by 20% after continued increases in labour and energy costs. Mining companies more generally have been tightening their focus on cost control, and several of the largest diversified miners, including BHP Billiton Ltd (BHP) and Vale (VALE), have recently cautioned that they were reviewing or cutting capital expenditure as margins from their operations have fallen.

Newcrest, which owns Australia’s Cadia Valley and Telfer mines, said rising costs would make the company “a little bit more conservative” when it comes to deciding when its projects may move ahead, chief executive and managing director Greg Robinson told analysts on a conference call. “In the current environment, we will certainly spend within our means,” he said. “Newcrest will be very careful in committing capital to all new projects to make sure we don’t unwittingly absorb the peak cost cycle. “The time will come to do (these projects), but we will look at that timing very

carefully,” Robinson said. He said Newcrest’s focus was currently on the completion of its Cadia East project, in the Australian state of New South Wales and the plant expansion at its Lihir deposit in New Ireland province. ATI Asset Management portfolio manager Ben Lyons, a shareholder in Newcrest, said cautious comments on future capital expenditure were “commonsense” given continued jitters among investors over the global outlook.

“The market is not in the mood to entertain lofty ambitions and highly-g geared balance sheets,” he said. Newcrest, which is in the process of renewing its bilateral debt facilities with a number of banks, is already considering expanding those debt facilities this quarter, chief financial officer Gerard Bond said without elaborating further. Still, Newcrest plans to cut costs and improve operational performance in the year ahead and the company could improve productivity “significantly” through a range of measures, including training and technological innovation, Robinson said, “Management is focused on a large programme of operational improvement and cost reduction across the company, with particular attention continuing to being directed to Lihir reliability,” Newcrest said in its full-year earnings report.”

Prime Minister urged to correct flaw in mining law

The National, 15th August 2012

PNG’s mining and petroleum legislation and titles are liable to be voided because of a law that dates back to the federation of Australia in 1900, a lawyer specialising in international energy law has revealed. Writing in the Australian Financial Review, lawyer Robert Pritchard, has called on Prime Minister Peter O’Neill to introduce new laws to remedy what he claims is a flaw in the laws governing mining and petroleum legislations and, presumably, gas as well. Robert Pritchard is managing director of Resources Law International in Sydney and was admitted to the bar of PNG before its independence in 1975. Pritchard intends to publish his research into this matter in the International Energy Law Review next month.

In his article, Pritchard said: “Legislation along the lines of PNG’s present Oil and Gas Act is essential for the orderly development of the nation’s resources but it has to be free of flaws. “Flawed legislation can always be remedied by the parliament. “However, the PNG Constitution requires any remedial legislation to address the question of compensation to the traditional landowners for their loss of ownership. “The newly-elected PNG government will need to quickly review this situation if the orderly development of PNG’s resources is not to be disrupted or delayed.” The problem dates back to 1911 when Australia decided to enact the first mining law to facilitate the orderly development of Papua’s resources. Papua was then a territory of Australia pretty much like the Northern Territory or the Australian Capital Territory. “This was done in good faith,” Pritchard contends, but in the course of doing so, the Australian legislative draftsman made a serious legal blunder.

The draftsman provided for coal and oil in Papua to be vested in the Crown (Australia) “without recognising customary ownership of the subsoil resources and without compensating the landowners”. This was contrary to the Australian constitution and was challenged unsuccessfully in the Tori Tau case of 1969 but the High Court overturned that decision in the Wurridjal case relating to native rights in the Northern Territory. This now casts a legal cloud over resource investment in Papua New Guinea, even though PNG has been independent since 1975. Pritchard contends further: “The same legal blunder was later made in German New Guinea and was repeated in all subsequent PNG legislation, which widened the assertion of state ownership to all subsoil resources. “There is nothing that Australia can do about this as it ceased in 1975 to have any jurisdiction over PNG.”

Dispute over Wafi mine

Post-Courier 15.8.2012

By HAIVETA KIVIA

The dispute over the land on which the multi-billion kina Wafi Golpu mine is situated continues. According to court documents obtained by the Post-Courier, the then Mining Minister John Pundari disbanded the Special Land Titles Commission headed by Lawrence Titimur to hear customary land disputes on the Wafi-Golpu mining project in Morobe Province. Exploration licences affected are EL440, EL1105 and EL 1103 and they cover the land known as Piu which is Portion 8C, Wafi, and Markham. A Judicial Review of Mr Pundari's decision to disband the Special Land Titles Commission headed by Mr Titimur is now before the National Court and is headed for a full trial to establish whether the decision by the State through the Minister and the National Executive Council (NEC) served the best interest of all parties concerned.

The Judicial Review is sought by Thomas Nen on behalf of Babwaf clan as the first plaintiff and is supported by Piu Land Group Incorporated as the second plaintiff, 11 other claimants in the Special Land Title Commission which was disbanded are third plaintiff, Lawrence Titimur, Robert Nonga Irung and Richard B Cherake who were all commissioners in that hearing are listed as fourth, fifth and sixth plaintiffs supporting Mr Nen's application. The defendants are Grand Chief Sir Michael Somare as the Prime Minister at that time the decision was made, the NEC he had headed and Independent State of Papua New Guinea. Mr Pundari had disbanded the Special Commission when it was yet to hand down its decision when it sat in Lae in 2009 to 2010 and the plaintiffs are seeking for that commission to be re-established to complete its findings based on evidences and affidavits presented by all parties concerning the ownership of Wafi-Golpu land.

Mr Nen, on behalf of the Babwaf Clan, filed an Originating Summons seeking Directional Orders last year and was granted by Justice David Cannings in April this year. Mr Nen, through his lawyers then filed a Judicial Review in which Justice George Manuhu directed for a full trial later this month. In the interim, Chairman of Piu Land Group Martin Tapei has asked all 11 claimants to defer from making any media statements or releasing any news articles regarding Wafi Golpu project as they would be in Contempt of Court if they do so. Mr Tapei said certain people were already in contempt but because they were relatives, he was asking them to refrain from making any statements until and after the trial and a decision had been handed down by the National Court. "After a favourable decision then we will look at taking the Wafi Golpu developers to court because true ownership of the land is not yet ascertained but it is going ahead with its operations," he added.

Catholic Bishops Conference: Deep-sea mining stand

The National, 15th August 2012

By CALDRON LAEPA

THE Catholic Bishops' Conference has joined several non-governmental organisations in making a stand against deep-sea mining and called on the government to stop the project. Catholic Bishops' Conference of the Solomon Islands and Papua New Guinea general secretary Fr Victor Roche said the church did not support the mining because the impact it would have on the people and the country was unknown. "We do not have evidence to substantiate our claim but we are concerned that the mine would affect the marine life. We do not know how much exactly it would impact the people or the government," Fr Roche said. "This project was never tested anywhere in the world and we cannot be used like guinea pigs."

Canadian company Nautilus Mines was granted licence to carry out deep-sea mining in the Bismarck Sea between East New Britain and New Ireland. This is despite research showing there has been no clear national legislative and policy guidelines in operating a deep-sea mine. The project

called “Solwara 1” is owned by Nautilus Mineral Niugini. Researcher Syble Michelle Pennington said PNG did not have any specific legislative guidelines to show how the mining should operate. Pennington said several general legislations for deep-sea mining were used to create one for PNG. These guidelines were drawn from the Environment Act 2000, Mineral Resource Authority Act 2007, Mining Act 1992 and the United Nations Conventions on Laws of Seabed (UNCLOS) 1994.

Nautilus Marine Niugini claims mining activities would not affect marine life because of the nature of the project. Nautilus Cares, a forum of the company, reported on Sept 29, 2008, that the mine would be operated 1,600m deep and 30km off the coastline. The report said mineral from vents would be extracted using robots. It said mining activities would not have such a severe impact on marine life as the impact of ships travelling in the Rabaul and Kavieng seas. There will be no impacts on marine life because at such depth there was hardly or little marine life due to lack of sunlight, the report said. Attempts to obtain comments from acting secretary for the Department of Environment and Conservation Varigini Badira were unsuccessful.

MP Fairweather opposes seabed mining

Post-Courier 15.8.2012

SUMKAR MP Ken Fairweather yesterday joined forces with activists to slam the Canadian owned Nautilus Minerals experimental seabed mining in Papua New Guinea. Mr Fairweather has campaigned against sea pollution and exploitation of fishing stock in Madang. He said his people of Sumkar had given him a clear mandate to represent them against the evil Pacific Marine Industrial Zone, the Canadian Nautilus mining and over fishing. “My people do not want this evil project so I will not let it happen in Madang,” Mr Fairweather said. The people of New Ireland do not want experimental seabed mining nor do the people of Milne Bay and definitely not in Madang. “I will not allow it,” he said. “If there are reports of a flawed Environmental Impact Statement (EIS) then this activity should not go ahead at all,” he said.

The Madang people’s forum are planning a protest next week and Mr Fairweather said he would support them. To kick start its official business, the PNG Government has early last week given approval to the Canadian miner to kick start its operations in the Solwara 1 project but protests continue. Mr Fairweather said these protests have been going since 2008. Mr Fairweather has also attacked the Pacific Marine Industrial Zone saying, “We do not want this evil development in Madang.”

He has also called on Madang Governor Jim Kas to come clear on his stand on these issues and to contact him so that they can work out some strategies for Madang.

PNG Government Urged To Analyze Effects Of Mining

Stakeholders told to carefully consider decision for seabed mining

By Grace Tiden

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Aug. 15, 2012) – A challenge has been issued to all authorities tasked with the development of Papua New Guinea’s (PNG) marine resources to analyze the economic realities and contrasts of the fishing industry relative to the destructive concepts of land and seabed mining outcomes. Manager of the Kokopo Fisheries Co-operative Association Limited in East New Britain Province Evan Laen also challenged all true indigenous administrators and politicians to do their homework on how the current mines of PNG have benefited the majority of the indigenous people affected by the side effects of such operations. He said the current silence over the issue of the Nautilus Seabed project and its effects on marine resources had caused them to question the integrity of those who supported the experimental strategies of mining moguls who bulldozed their one-sided awareness campaigns that have no logical

guarantee to validate their theories. “We are not trading our marine resources for experimental mining operations,” he said.

Mr Laen said their pilot project had involved New Ireland Province through co-operatives of the Konoagil Local Level government and Kavieng in their initial drive to project an alternative for the experimental seabed mining and other potential mining activities. “It is our desire to venture into the fishing industry which from our point of view is the most neglected sector in our region,” he said. He said they had targeted four main strategic areas where they would base their incentives upon. They include assistance to set up fishing organisations leading up to the establishment of fishing co-operative societies along every coastal villages, the setting up of fisheries co-operative associations eventuating in a New Guinea Islands Fisheries Federation, securing of sustainable markets for fishing co-operatives or groups and the influential support from political and administrative authorities to make some sense of this neglected industry. “Where fisheries is an environmental-friendly alternative to pursue, all stakeholders need to seriously consider the bad examples of mining-beneficial propaganda that never meets the expectations of those also affected and are being ignored apart from the immediate landowners of mining projects,” Mr Laen said.

Gobe Land owners seek K8.2 million Development Grants

Post-Courier 15.8.2012

LANDOWNERS from Gobe Main Petroleum Development License (PDL) 4 in the Southern Highlands Province are reminding Prime Minister Peter O’Neill of their K8.2 million in Infrastructure Development Grants (IDGs). Landowner spokesman and Erave Local Level Government (LLG) deputy president Council Max Apua has congratulated the Prime Minister for returning and firmly believes that as fellow Southern Highlander he will push for their demands to be met. Mr Apua was at the forefront during a confrontation where villagers stormed the plant site and caused a huge amount of damage for the project developer. This led to a stop work for about three weeks in December last year. Three thousand villagers from the Sembirigi area came in support of their landowner leaders by camping out at the project site. The landowners simply want what’s owing to them for the past 10 years in royalty and equity payments under the Memorandum of Understanding (MoU) and Memorandum of Agreement (MoA) funding and Infrastructure Development Grant (IDG) funding.

“The Government and the developer gave us an assurance that the situation would be solved as soon as possible and it’s now eight months down the line and they have yet to comply and frustration is building and anything can happen,” Mr Apua said. He said the developer actually took them to court (WS No. 1653) for the damages but as yet they have not followed up. “The people of Sembirigi are not benefiting, I’m asking the Government to see our plight and consider us favourably,” he said. Mr Apua would not state what may happen, but did indicate that the three to four thousand people of Sembirigi may be forced to take action to take up strike action on the ground. “The people want to partake in business spin-offs as well, after-all it is our resource that is being utilised for other gains except for the landowners,” he said. “Please give us priority to allow us participate as the gas is expected to flow in their next two years. Our people must also benefit in the spin-off benefits.” he added.

Gulf LNG: A royal candidate

Post-Courier 15.8.2012

By *KONOPA KANA*

PETROLEUM and Energy Minister William Duma will not back down from his decision to support Royal Dutch Shell as a potential candidate to become the operator of the InterOil’s Elk-Antelope discoveries which underpins Gulf LNG project’s 5 trillion cubic feet of gas. Mr Duma told the Post

Courier that he stands firm on his decision to support Shell as one potential operator because it was a commercial decision by parties involved to get the company on board. He however could not further provide any details as he claimed that the matter was still under negotiations. InterOil Chief Executive Officer (CEO) Phil Mulacek said that both companies are in discussion following Minister Duma's support for Shell to become the internationally-recognised operator of Gulf LNG as required by InterOil's project agreement with the government in late 2009.

According to PNGIndustryNews.net Duma has threatened to terminate this project agreement with his deadline for honouring the world class LNG operator requirement which is November 28, 2012. But it is still unclear if the PNG government will go ahead with such a move, especially as recently re-elected Prime Minister Peter O'Neill has made public statements in support of InterOil. This followed a current tussle between the parties involved, InterOil and Royal Dutch Shell with InterOil having no rooms for any possible deals over the Gulf LNG project in PNG but discussions are continuing. Shell Chief Financial Officer Simon Henry recently revealed that discussions with InterOil had occurred over "quite some period of time". Mr Henry also stressed the importance of how any proposal must compete with other LNG options but the whole process is stalled.

"At the end of the day we haven't been in the data room and we're not in an ongoing discussion. "It's very difficult to have an interest in the asset that the licence holder [InterOil] doesn't want to talk to you (Shell) about," Mr Henry said. In response to Duma's first wave of criticism last year, InterOil started a formal process run by three investment banks to bring in a suitable LNG operator and this has been ongoing since October last year. As of last year, the Gulf LNG project was targeting 5 million tonnes per annum in 2014, with 3 Million Mega tonne per annum (MMtpa) from an Energy World Corporation-designed onshore modular LNG plant in Gulf province and the rest from a floating LNG facility. There is also a proposed ramp-up aiming to hit up to 8MMtpa from the total project through 2015 and 2016 and back in 2009, the project was based on a 7.6-10.6MMtpa LNG plant near Port Moresby.

Residents Urged To Curb Development At Solomons Lagoon

Environmentalists say logging debris damaging ecosystem

By Denver Newter

HONIARA, Solomon Islands (Solomon Star, Aug. 14, 2012) – A local environmentalist in the Solomon Islands had called on the people of Marovo lagoon to consider stopping any major developments such as logging and mining happening in their area. Albert Chris Kwatelaie who is currently working with University of Queensland Australian (UQ) in Marovo lagoon, Western province to advocate the importance of environmental protection to the people in Marovo made the call. He said the impact of logging is now taking its toll on the people, their environment and livelihood. Mr. Kwatelaie said the once pristine lagoon is now being damaged through the activities of logging. He said many coastal areas, plants and trees have been affected by the impact of large scale logging. "The once blue lagoon now turns dirty and brown from the debris produced by these major human activities. Now you can see the lagoon is so filthy, unlike in past years, which is a sad picture for Marovo lagoon and the future generation," Mr. Kwatelaie, who works as the Marovo Resources Management & Conservation Program Officer.

He said now people in Marovo are finding it hard to get timbers and some other forest resources because of logging, which has removed all of their forests. Another development currently taking place at small scale is mining; Kwatelaie said mining would cause more problems if it expands. "If mining is fully operational in few years time, it would cause more damages to the lagoon, islands and the people," he said. Mr. Kwatelaie said the recent incident last year where massive schools of fish were found dead is a clear example of the problems associated with the environmen-

tal degradation due to logging and mining. He called on the people of Marovo to think before taking any action to allow major development in their area. Kwatela said if they are so concerned about fast money then they would cause problems and damage the environment. He said it's important for them to harvest their resources sustainably for the benefit of their future generations. "Go back to the old ways of fishing and gardening so that you can earn money," he said. He said that landowners should not invite any major large scale developments into their areas. Mr. Kwatela said his team is working hard to educate communities about the importance of conserving their resources and environment.

Seabed mining opposed by MPs

Post-Courier 14.8.2012

By ROSALYN ALBANIEL-EVARA

CANADIAN firm Nautilus Minerals, the developers of the proposed Solwara 1 sea-bed mining project are in for a fight as the people of Madang are dead set against this project. Two of the province's MP's namely Ken Fairweather (Sumkar) and Anton Yagama (Usino/Bundi) have made their stance on this development known. Mr Fairweather has gone a step further by not only calling on the new Governor Jim Kas but also the leaders of New Ireland and East New Britain that are likely to be affected by this proposed project to join forces and to put a stop to it. In a press conference that Mr Fairweather held over the weekend, he stated that his people did not want the project and it would not happen. The two-term MP who has been vigourously campaigning against sea pollution and overfishing of fish stocks said his people had given him a clear mandate to represent them against these issues and he would do his level best to do so.

He said while he did not think it would rank high as an agenda of the MP's from the Highlands region, he hoped it would be given some importance by the Madang leaders as well as Governor New Ireland Sir Julius Chan and Deputy Prime Minister Leo Dion. "...I am hoping that this issue will be given prominence by people like Sir Julius and Mr Dion as they by now would be aware of the likely impacts. "I will not let up in parliament. I will give it sixty even box if I have to," Mr Fairweather said. The Sumkar MP said what was more disturbing was that the proposed developer to date, had yet to extend common courtesy to the people, to brief them and that they were still in the dark. "...no one from Nautilus has bothered to call me or paid me a visit to brief me on this project. This is great disrespect, never mind to me as a person, but to the people of Sumkar whom I am mandated to serve," he said.

Mr Yagama said he was especially concerned that this project was being allowed to go ahead when it had not been tried anywhere else yet in the world. He said PNG already had enough mines in the country and did not need any more at this stage. "We are not guinea pigs to be used by overseas developers. I am from the bush and do not know what sort of effects this project will have but if it will affect Madang, then I am concerned," he said. Meanwhile John Simoi a community leader from Bagabag has also raised grave concerns over the government's decision to allow this project to go ahead. Mr Simoi said his people were happy that their local MP had, their interest at heart and had taken a bold stand on sea-bed mining. He said to date relevant government authorities including the Department of Environment and Conservation had yet to brief them on this project.

He said with the people still in the dark it was shocking that the government would want to rush this project. "The government has failed the people. The country Director Mel Togolo visited the island once to push this project and was told outrightly by the people that it was not welcomed. "Nautilus is a sea pirate company as it does not respect the people," he said. Mr Simoi said he was also concerned that government would want to allow this project to go ahead when the DEC officials lack the knowledge and skills to monitor and evaluate this project and the impact it will have.

Madang: No to deep-sea mining

The National, 14th August 2012

By GYNNIE KERO

SINCE deep-sea mining will affect highly-productive tuna fishing grounds, it will not be allowed in Madang waters, Sumkar MP Ken Fairweather said. He told The National from Madang yesterday his people were not aware of the activities or effects of seabed mining but they would not allow to happen in their waters. Fairweather said many questions about the socio-cultural and environmental impacts of seabed mining and of its underlying science were left unanswered. He said the experimental mining was being fast-tracked without the benefit of adequate scientific debates or any prior public dialogue. The setting up of seven additional fishing factories by the Pacific Marine Industrial Zone (PMIZ) also raised serious concerns by the locals.

“Bagbag islanders do not fully understand the seabed mining prospect and are concerned with the outcome,” Fairweather said. “They depend on the sea for sustainability of livelihood. “Our main income comes from the sea. “We, as resource owners, should not tamper with natural habitats like sea mountains or reefs. “Another concern is of companies overfishing in our waters ... we have to be careful. “Before long, we might not have anything left.” Fairweather said he campaigned against sea pollution and exploitation of fishing stock and the people of Sumkar gave him a clear mandate to represent them against PMIZ and Nautilus Minerals and to prevent overfishing of tuna stocks.

Morobe Mining conducts small scale miners training

Post-Courier 14.8.2012

MOROBE Mining Joint Venture (MMJV) the Umbrella Company to Hidden Valley Joint Venture (HVJV) carried out a K27, 000 funded Small Scale Mining Training (SSMT) facilitated by Mineral Resource Authority (MRA) at Wau, Morobe province recently. MRA’s Small Scale Mining Regulatory Operations Manager, Mr Al Comparativo, said that MRA would like to ensure that skills and knowledge are imparted on to small-scale miners at its improved training facilities in Wau. Mr Comparativo said that HVJV is one of three joint ventures that make up Morobe Mining Joint Ventures (MMJV) for funding the training. MMJV’s Community and Regional Infrastructure Superintendent, Robert Naris said that MMJV is committed to support such programs under its capacity building program. Mr Naris said MMJV would also like to continue to work in partnership with the government at all levels to achieve its aspirations to improve the lives of the people in village communities. The Level 1 training at Winima was attended by 27 small scale miners from the two land-owner villages of Winima and Kwembu.

Level 1 training covers simple mining methods, Level 2 provides knowledge and skills on the use of simple mechanised equipment like water pumps, high bankers and suction dredges while Levels 3 and 4 are for miners with Alluvial Mining Leases from MRA. The trainings are conducted in a holistic approach to ensure the mining operation is managed by best business practices for sustainable income generation for the miner after operation closes while environment rehabilitation is also part of this training. MRA has plans to facilitate similar trainings in other parts of Wau and Bulolo, and in the Lower, Middle, Upper Watut and Wafi areas in the Huon District. Meanwhile a sixty-seven year old woman Kaya Kagowe, successfully completed the two week long SSMT with other 27 participants in Winima village Wau. Mrs Kagowe was one of five female participants who attended the training facilitated by MRA. The outspoken grandmother urged youths and parents to make it their business to practice what they have learnt from the Level 1 training.

Cooperatives thriving in project areas

The National, 14th August 2012

THE setting up of five agricultural-based cooperatives within the Oil Search Ltd project area is ensuring food security and helping local groups generate a sustainable source of income. In the long run, they will attain financial independence even beyond the life of the oil projects. Four women's cooperatives and one mixed co-operative were put up with the support of Oil Search business development officers. These groups are the Foe Women's Cooperative Society, Fasu Women's Cooperative Society, Kikori Cooperative Society, Beneria Women's Cooperative Society and Hides Hela Women's Cooperative Society. The oil company assisted all these cooperatives on structuring, management and simple book-keeping.

Foe Women's Cooperative Society has signed a deal with Kutubu Catering Ltd for the supply of pineapples to the Oil Search Moro camp. They will also supply vegetables and eggs to the Spiecapag LNG pipeline construction camp. The group has also been engaged in rice growing, milling and marketing. Beneria Women's Cooperative Society has seen the successful completion of 75 fish ponds in their area alongside the setting up of a guest house. Kikori Cooperative Society is looking to supply the Oil Search Kopi camp with seafood. The society has also received K30,000 from its cooperative members and intends to buy freezer containers for storage of fish and other marine products. It has also engaged the services of technical experts to assist them.

Oil Search is also working closely with executives of the Kikori Cooperative Society to ensure it is well-established with the Department of Commerce and Industry and to have accurate records of members' contributions. The key objectives of creating agricultural-based social enterprises are to:

- n Provide a viable, less labour-intensive food source so that women can have more time to engage in other revenue-generating activities such as basket-weaving and sewing and to free girls from home duties so they can go to school;
- n Equip community members with the skills and knowledge to generate a reliable income source, providing financial independence; and
- n Improve nutrition and food security by providing training in new farming skills, introduce new and more-resilient crop options such as rice and drought-resistant yams and alternative protein sources such as fish and chicken.

Miner Newcrest Cautious on New Projects as Costs Rise

BY RHIANNON HOYLE, The Wall Street Journal 13.8.2012

SYDNEY—The world's fourth-largest gold miner Newcrest Mining Ltd. suggested Monday that potential developments at Namosi in Fiji, O'Callaghans in Western Australia and Wafi-Golpu in Papua New Guinea may be delayed following a sustained rise in the cost of setting up new mining operations. Sharply rising capital costs have put pressure on the gold sector in recent years, with overruns on new projects a recurring theme. Australia's largest investment bank Macquarie said that recently Australian gold miners have had to increase their initial capital expenditure estimates by 20% after continued increases in labor and energy costs. Mining companies more generally have been tightening their focus on cost control, and several of the largest diversified miners, including BHP Billiton Ltd. BHP +0.57% and Vale, have recently cautioned that they were reviewing or cutting capital expenditure as margins from their operations have fallen.

Newcrest, which owns Australia's Cadia Valley and Telfer mines, said rising costs would make the company "a little bit more conservative" when it comes to deciding when its projects may move ahead, Chief Executive Officer Greg Robinson told analysts on a conference call. "In the current environment, we will certainly spend within our means," he said. "Newcrest will be very careful in

committing capital to all new projects to make sure we don't unwittingly absorb the peak cost cycle." "The time will come to do [these projects], but we will look at that timing very carefully," Mr. Robinson said, adding that Newcrest's focus is currently on the completion of its Cadia East project, in the Australian state of New South Wales, and the plant expansion at its Lihir deposit, in the New Ireland province of Papua New Guinea. ATI Asset Management portfolio manager Ben Lyons, a shareholder in Newcrest, said cautious comments on future capital expenditure were "commonsense" given continued jitters among investors over the global outlook. "The market is not in the mood to entertain lofty ambitions and highly-g geared balance sheets," he said.

Newcrest, which is in the process of renewing its bilateral debt facilities with a number of banks, is already considering expanding those debt facilities this quarter, said Chief Financial Officer Gerard Bond, without elaborating further. Still, Newcrest plans to cut costs and improve operational performance in the year ahead and the company could improve productivity "significantly" through a range of measures, including training and technological innovation, Mr. Robinson said, "Management is focused on a large program of operational improvement and cost reduction across the company, with particular attention continuing to being directed to Lihir reliability," Newcrest said in its full-year earnings report. The Melbourne-based miner aims to produce between 2.3 million and 2.5 million troy ounces of gold this financial year, up from 2.29 million ounces in the 12 months to June 30. It described production volumes for last year as "disappointing."

Newcrest reported a 23% rise in net profit for the year to June 30, to 1.12 billion Australian dollars (US\$1.18 billion) from \$908 million Australian dollars in the previous year, thanks to a jump in the precious metal's price, which rose to a record of US\$1,920 an ounce last September. Macquarie analyst Mitch Ryan described Newcrest's full-year results as "another step in the right direction...We believe it will be another marker to arrest concerns and provide positive momentum for the stock," Mr. Ryan said. On Monday, Newcrest shares closed up 4.4% at \$25.40 Australian dollars, while the benchmark S&P/ASX 200 index rose 0.1%. The shares are down 18% year-to-date but have rebounded 21% over the past three weeks. Newcrest, with a market capitalization of \$18.6 billion Australian dollars, is the world's fourth largest gold miner behind Barrick Gold Corp., Goldcorp Inc. and Newmont Mining Corp.

PNG's Mining Minister keen to revise Mining Act of 1997

Radio New Zealand, 13 August, 2012

Papua New Guinea's Mining minister has indicated that he will keep pushing for legislative changes that will transfer ownership of PNG's vast resources to landowners and provincial governments. Late in the last parliament, Byron Chan tabled plans for the ownership transferral, saying ordinary Papua New Guineans enjoy very few benefits from development of their resources under the current system. The plans shocked resource companies and the Prime Minister Peter O'Neill had to reassure investors that their interests in PNG would be protected. However the Minister, Byron Chan, says he is still looking to revise the Mining Act of 1997: "We're capturing all our communities' input into amending that act, to increase the benefits of the landowners and provincial government as well as the government and not impeding too much on the companies as well."

Pacific Islands encouraged to prepare for growth in seabed mining sector

Radio New Zealand, 13 August, 2012

The Secretariat of the Pacific Community says Pacific Island nations and territories need to prepare for potential growth in the deep sea minerals industry. The SPC's Applied Geoscience and Technology Division, or SOPAC, is this week hosting the first of three workshops to inform Pacific Is-

land stakeholders on how to understand and address the risks of deep sea mining in the region. The Director of SOPAC, Russell Howorth says there is substantial economic potential in seabed mining and the Pacific needs to be ready when the industry expands. “Countries need to be understanding, need to be gathering data so that their knowledge base does increase and national capacity builds to enable them to have nationally owned and nationally implemented regulatory arrangements ready for the day when someone actually does want to engage with them in extraction of minerals from the seabed.”

Oil Search to check cause of spill

The National, 13th August 2012

OIL Search Ltd is expecting to start inspection works at the platform of the Kumul Marine offloading terminal with the arrival of a specialist diving support vessel. Oil Search had released a statement recently, which detailed a minor spill that took place at the Kumul Marine offloading terminal. A “small release of oil”, said Oil Search, was seen on the sea surface next to the terminal during the loading of a tanker last July 26. Loading operations were suspended on the same day. “While Oil Search is aiming to start inspection works today, the timeline could be subjected to changes due to weather conditions,” a spokesperson said. “There are high winds and heavy swells in the waters surrounding the platform. “It is unclear how long the inspection works will take.”

Production from the PNG oil fields remained largely shut-in last Friday, with current output at around 5,000 barrels per day, Oil Search said in a statement. Oil Search is PNG’s largest oil and gas producer and the company operates all of PNG’s producing oil and gas fields. The company holds a 60.05% interest in the permits petroleum development licence-2 (PDL-2) and pipeline licence-2 (PL-2). Oil Search stated on its website that as of Dec 31, 2011, the onshore PDL-2 permit had remaining recoverable reserves of 27.3 million barrels of 45 degree API light, sweet crude. The other stakeholders of PDL-2 are: ExxonMobil (14.52%), Merlin Petroleum Company (18.69%) and Petroleum Resources (Kutubu) (6.75%).

NFA: PNG should enact sea laws before sea-bed mining takes place

By *ANCILLA WRAKUALE*

Post-Courier 13.8.2012

THE area in the Bismark Sea where the first commercial deep sea mining will occur is a highly productive fishing ground for tuna says National Fisheries Authority (NFA) Managing Director Mr Sylvester Pokajam. Pokajam said this when responding to questions posed by Post-Courier to NFA on their perspective on the first commercial sea bed mining by Nautilus Minerals in the Bismark Sea and its impact on the marine life, especially for tuna. “Also the area is in abundance with other marine resources and mammals,” he said. Mr Pokajam said PNG is one of the world’s largest producers of tuna and contributing 15 percent of the world’s catch, especially skipjack and yellow fin tunas. He said PNG should have waited until it has all Sea Law and Policies enacted and in place. “In addition to tunas, our EEZ (Exclusive Economic Zone) is one of the most productive in the world.

“Oceanic (tuna and other straddling fish) and coastal fishery (snapper and reef fish) is highly sustainable and we as a country and custodians of this precious resource should not tamper with its natural habitat especially sea mounts and reefs where they supply planktons to our fish and mammals. “With my limited knowledge of the sea bed mining, I would have humbly thought that we should not allow it until PNG has an Ocean Policy and Ocean Act enacted and put in place. Currently we have no Act and Policy. “Personally PNG should ban sea bed mining in our territorial and archipelagic waters. “These waters are very close to our people quarantining them sustainable food

security and stable diet. I believe mining can be carried out in EEZ which is 200 miles from the outward bound of the 12 mile territorial seas. “All in all, we should not allow sea bed mining until we have our delimitation and maritime boundaries annexed by United Nation (UN) currently only temporary and revised National Seas Act and Ocean Policy enacted and put in place,” he said.

Residents want scientific report on seabed mining

The National, 13th August 2012

By GYNNIE KERO

DEEP-sea exploration and mining in the waters of Milne Bay province will not continue until a scientific report on deep-sea environmental impact is tabled in Parliament, founder of Massim Milne Bay Tony Wesley said during a petition drive against experimental seabed mining at Boroko last Friday. He said Milne Bay residents were not totally against the foreign investment through the harvest of renewable and non-renewable resources. However, all arrangements must be done transparently, Wesley said. He said seabed mining would affect the province’s marine and tourism industries, which is Milne Bay major source of livelihood. “Milne Bay people depend on fish and beche-de-mer (sea cucumber) for livelihood,” he said. “We need to know if the arrangements are transparent and a workable government policy is in place before we agree.”

Seabed miner still eyeing Solwara project

Post-Courier 13.8.2012

By Papua New Guinea Mine Watch

Try as we might, humanity just can’t stop consuming non-renewable resources. It’s a quandary that has us literally searching high and low for new resources to mine. A Google-backed asteroid mining venture is rapidly getting off the ground, and now Papua New Guinea has approved the world’s first commercial deep sea mining project, dubbed Solwara 1. But while it doesn’t really matter if an asteroid gets trashed during a resource-harvesting project, there are consequences to mining the seabed.

The venture, which is being spearheaded by Canada’s Nautilus Minerals, now has a 20-year license to operate nearly a mile underwater off the coast of New Britain, an island in Papua New Guinea. According to its website, Nautilus will be the first company to commercially explore massive sulfide deposits on the seafloor, which can harbor high grade copper, gold, zinc and silver. “The contiguous nature of the ocean means that impacts will not be isolated to the area of the site.”

Steve Rogers, the CEO of Nautilus, told the Guardian that he’s not concerned about environmental impacts: “This will be a relatively small footprint compared to a mine on land, on an area about the size of a dozen football pitches... This isn’t in a fishing area and won’t impact coral. Even if it were in a fishing area, it won’t affect that upper area where the fish are.” Not so, says the Deep Sea Mining campaign, which is protesting the Solwara 1 project. The group is concerned that deep sea mining could hurt undiscovered organisms lurking around the seabed, while toxic sediment plumes could harm all sorts of marine life--and eventually, the humans that eat them.

Dr Helen Rosenbaum, campaign co-ordinator for the Deep Sea Mining campaign in Australia, explained in a statement: “Investors should be aware that contiguous nature of the ocean means that impacts will not be isolated to the 11 ha area of the Solwara 1 site... For example, stocks of tuna and other migratory species are likely to be contaminated by heavy metals and health of communities and ecosystems across the Pacific could be affected.” If the Solwara project is successful in its initial stages, there are more deep sea mining projects waiting to get started. Nautilus is applying for or has exploration rights in Tonga, the Solomon Islands, Fiji and New Zealand, according to the Deep Sea Mining campaign. DeepGreen Resources, another Canadian company, plans to begin mining

the seabed between Mexico and Hawaii by 2020. It's possible that there will never be a deep sea mining accident and the ocean's ecosystem will remain unharmed--but considering how many human-bred accidents have walloped the ocean just in the past few years, that's unlikely.

Gobe Main Landowners want PM to consider their demands Post-Courier 13.8.2012

LANDOWNERS from Gobe Main PDL 4 in the Southern Highlands Province want Prime Minister Peter O'Neill to consider their demands as soon as possible. Landowner spokesman and Erave Local Level Government (LLG) deputy council president Max Apua has congratulated Mr O'Neill for returning to Parliament and firmly believes that as fellow Southern Highlander he will push for their demands to be met. Mr Apua was at the forefront during a confrontation where villagers stormed the plant site and caused a huge amount of damage for the project developer. This led to a forced stoppage in work for about three weeks in December last year. Up to 3000 villagers from the Sembirigi area came in support of their landowner leaders by camping out at the project site. The landowners want what's owe to them in the past 10 years in royalty and equity payments, MoU and MoA funding and Infrastructure Development Grant (IDG) funding.

"The Government and the developer gave us an assurance that the situation would be solved as soon as possible. It is now eight months down the line and they have yet to comply and frustration is building and anything can happen," Mr Apua said. He said the developer actually took them to court (WS No. 1653) for the damages but as yet they have not followed up. "The people of Sembirigi are not benefiting, I'm asking the Government to see our plight and consider us favourably," he added. Mr Apua would not state what may happen, but did indicate that the 3000 to 4000 people of Sembirigi may be forced to take action to take up strike action on the ground. "The people want to partake in business spin-offs as well, after-all it is our resource that is being utilised for other gains except for the landowners," he said. "Please give us priority to allow us participate as the gas is expected to flow in the next two years. Our people must also benefit in the spin-off benefits." Mr Apua also confirmed that they were owed up to K8.2 million in IDG's.

Nautilus fighting to stay on course

The Northern Miner, 10.8.2012

Starting the world's first seabed mining operation was never going to be simple, but for Nautilus Minerals, the challenges have been multiplying. The logistics of commercially mining 1.6 km below sea level, which would seem like the most obvious difficulty, has, however, not been one of main barriers. Instead, trouble has come from a disagreement with the Papua New Guinea (PNG) government, in whose waters Nautilus plans to mine; financing issues for its ship-building partner in Europe; and growing concern over the environmental implications of the whole endeavour. As to the mining itself, while still untested in full production, Nautilus is confident it has solved the technical hurdles and is well on its way to having the project ready to go. At the end of June the company was just over half-way to finishing the seafloor production equipment and recently started working on the pump assembly that will bring the material to surface. The company continues to target late 2013 for a production start-up.

The company has also been adding to the potential of Solwara 1, the first of many targets in PNG's Guinea's Bismark Sea that it hopes to mine. As of a November 2011 update, Solwara 1 hosts an indicated resource of 1 million tonnes grading 7.2% copper, 5 grams gold per tonne, 23 grams silver per tonne and 0.4% zinc, while inferred resources stand at 1.5 million tonnes grading 8.1% copper, 6.4 grams gold, 34 grams silver and 0.9% zinc. And Nautilus has a ready buyer for the material af-

ter signing a binding off-take agreement with China-based Tongling Nonferrous Metals Group for 1.1 million tonnes of material per year for three years.

But while the technical aspects continue to advance, cracks have appeared in the company's business relations with the PNG government. Early last year the government decided it would take a 30% stake in the Solwara 1 project, for which it would pay \$24 million in sunk costs and 30% of costs thereafter. The government, however, has yet to pay Nautilus anything, and as of early July the total bill stood at about \$47 million. PNG says it won't pay because Nautilus has not met certain obligations in the equity option agreement, is in breach of the agreement, and the state is entitled to terminate the agreement. Nautilus clearly disagrees. "Let it be said that we don't believe the allegations against us are correct or valid," said Stephen Rogers, president and CEO of Nautilus by phone from Brisbane. "We do think this is something they're using to get better conditions...and it's quite frustrating."

Because of confidentiality agreements neither Nautilus nor the government have disclose what exactly the obligations are that Nautilus has apparently not met. The disagreement is now in arbitration, but that is expected to take three or four months at a minimum so Nautilus is hoping to resolve the issue outside of the process. "I believe there is a very good chance we will be able to resolve this amicably without waiting for the arbitration outcome," Rogers said. "I'm upset and disappointed, but I believe we'll be able to get things back on track." But with no money forthcoming from PNG until the disagreement is resolved, Nautilus has decided to raise \$34 million in a non-brokered private placement with its major existing shareholders. The placement, at 90¢ a share, is a far cry from the \$2 price its shares were trading at just before the dispute emerged, and even further off the \$3.60 the company traded at in early 2011 when it first secured the mining lease.

Rogers said the financing was necessary, despite the company having roughly \$87 million in cash at the end of June, because the company wanted to make sure the project was not shut down. "It's far from desirable to do at the low price we've got today," said Rogers "but we wanted a bit of comfort in our capital capacity to be sure that, if it took longer than we thought to resolve the matter, we could carry on with the build of the equipment." The dispute has been made all the more complicated by the protracted PNG election process that started in June but only saw Peter O'Neill declared Prime Minister in early August. But with the new government now formed, Rogers says the situation is looking more stable. "I believe that what we've seen here is a unique situation that's really come about due to some of the political instability that's existed over the last six months there," Rogers said. "Prior to that the former government had been in place four or five years and we had enjoyed positive relations with the government throughout that period. I'm expecting that stability to restore and, whilst it takes time for things to process in PNG, typically in the past it's been a reliable place to do business."

Outside of PNG, the other concern for Nautilus is that its ship-building partner, Harren & Partners, can no longer put up as much equity to build the ship as it originally planned because of tightened banking rules in Europe. Already the vessel construction is behind, having been scheduled to start in early June, but both Nautilus and Harren are working to find a financing solution through alternate sources and also looking at ways to make up the lost time. And then there are the environmental concerns. The company secured its environmental permit in early 2010, but as the project gains attention more critics of the plan are emerging. PNG newspaper *The National* has quoted Marius Soiat, chairman of mining and infrastructure for the New Ireland province (off of which Solwara 1 sits), as saying that "Nautilus may have a mining lease ... but we have just begun to fight," that "the environmental impact statement (EIS) Nautilus did is deeply flawed and has been criticised as deficient and misleading by several international experts," and that "The people of New Ireland do not want seabed mining in our province."

Just the day before, MP and Governor of Oro Province Gary Juffa was quoted by *The National* for raising concerns over the project, saying “I will suggest to the prime minister and the government to put a stop to this and a thorough research and study be carried out first before any decision be made.” And shortly before that the new Speaker of PNG’s Parliament Theo Zuranuoc described the project a destructive and called on people to ‘drown Nautilus forever’, according to the blog PNG Mine Watch. Politicians are joined by local and NGO opposition, including the Deep Sea Mining Campaign. Friends of the Earth Australia, Mining Watch Canada, and local PNG groups started the campaign to halt the Solwara 1 project and any other deep sea mining operations in the Pacific. The campaign put out a report highlighting the risks of deep sea mining, especially the threats to the unique ecology of hydrothermal vents and the general uncertainty surrounding potential impacts.

Rogers, however, says that the company enjoys strong support in the country and its environmental program is sound, and that most opposition comes from those who don’t fully understanding what the company plans to do. “We have gained a lot of support in Papua New Guinea,” Rogers said. “Our environmental assessment was a thorough job, we set a really good benchmark I think for the new industry.” Rogers cited measures such as the refuge sites in the mine area and a reference site 2 km away as part of the plan to regenerate the site and minimizing any long-term impact, while the company’s plans to pump any seafloor water lifted up straight back to the bottom will ensure other ecosystems aren’t affected. “We believe the environmental impact is minimal,” Rogers said. “We’re not impacting fishing...everything is contained in the lower levels of the ocean.”

Rogers also pointed to the much smaller overall footprint of the operation compared with land-based mining, with Solwara 1 covering about 11 hectares, thanks to the high-grade nature of the deposit. “There’s a lot of misconceptions about what we’re doing, and people fueling fear I would say,” Rogers said. Rogers, however, is confident the project will go forward and, despite current wranglings with the government, has faith Nautilus can work with the newly-formed government. “Generally our relationship remains quite positive with the government,” Rogers said. “We’re expecting that we can pick up that good relationship and try to get things back on an even keel.”

New Ireland Province against Nautilus

The National, August 10th, 2012

By GYNNIE KERO

NAUTILUS Minerals is not welcome to carry out seabed mining off the shores of New Ireland province, New Ireland chairman of mining and infrastructure Marius Soiat said yesterday. He said the mining lease was granted 18 months ago, despite objections by the people and the government of New Ireland. “I don’t know why they are announcing the granting of a mining licence again,” Soiat said. “The mining licence was granted a year and a half ago.” The National called Nautilus yesterday for comment, but was told that PNG country manager Mel Togolo was overseas. Soiat claimed that the announcement was very much an attempt by Nautilus to inflate its stock price and was the kind of behaviour companies like this engaged in all the time. “We, New Ireland people, depend on the sea for food and will not allow outsiders to destroy our source of life for their benefit,” he said.

“Nautilus may have a mining lease ... but we have just begun to fight. “The environmental impact statement (EIS) Nautilus did is deeply flawed and has been criticised as deficient and misleading by several international experts. “We have asked for years for a full independent review of the EIS, but no action has been taken ... Nautilus simply ignores us. “Whether or not the EIS is independently reviewed, I want to say directly to Nautilus, to the national government and to anyone thinking of investing in Nautilus ... Nautilus is not welcome in New Ireland. “The people of New Ireland do not want seabed mining in our province.”

Landowners want overdue grant payments made

The National, August 10th, 2012

By EMMANUEL MAIPE

THE Foe Association has called on Prime Minister Peter O'Neill to look into the infrastructure development grant (IDG) for Gobe and Kutubu. Association chairman Jonny Yawari said yesterday IDG payments for Gobe Petroleum Development License (PDL) areas 3 and 4, and PDL 2 in Kutubu, Southern Highlands had not been paid to landowners despite the money being put into the provincial administration's trust account long before the general election. The association comprises landowners from Kutubu PDL 2 area that was a signatory to the Kutubu Petroleum Agreement, and represents all incorporated landowner groups (ILG) in terms of royalties and equities. However, Yawari is making this call on behalf of the landowners of Kutubu and Gobe as the IDG for project areas in the Southern Highlands is long overdue. Yawari said while the IDG amounting to K10 million had been sitting in the trust account for a long time, Hela landowners had already received theirs. Yawari now wants this IDG payment for the landowners in the province to be paid given that major economic developments will be taking place when the liquefied natural gas (LNG) project eventually begins.

Ok Tedi: Villagers ink K16 million water deal

The National, August 10th, 2012

THE Ok Tedi Development Foundation (OTDF), PNG Sustainable Development Program (PNGSDP) and local villagers have signed a K16.6 million project funding agreement (PFA) for the South Fly Water catchment project. Under the funding arrangement, PNGSDP will fund 90% of the project totalling K14.4 million, while the remaining 10% amounting to K1.6 million will be funded by the Manawete, Kiwaba and Dudi Trusts from their trust funds received from the Ok Tedi Mining Ltd community mine continuation agreement (CMCA) development funds package. About 50,000 people living in the CMCA trust regions of Manawete, Dudi and Kiwaba stand to benefit from this project. Present at the signing were other community leaders including OTDF's new chief operating officer Geoffrey Fahey, PNGSDP Western Province regional manager Lalatute Avosa, staff and trustees of the three trusts.

Fahey, speaking on behalf of OTDF chief executive officer Ian Middleton said access to clean water was a basic human rights and for the parties to help fund such a project was significant. "The communities are very lucky to have this sort of cooperation where you have PNGSDP, OTDF and the Trust regions working together to bring this vital need into the communities," Fahey said. Avosa said PNGSDP and OTDF last July signed an agreement to work together for a sustainable development in Western province. Already a memorandum of agreement in place which was signed on July 9 between PNGSDP and OTDF to deliver projects at the village level," he said. "With this agreement in place, we will now use the water catchment project as an example of how we can have greater cooperation to deliver projects to the communities," he added. Manawete Trust chairman Brian Goware appealed to communities in the South Fly to work together with PNGSDP and OTDF in delivering the project. "To all the Trust regions, let us all work together with the officers and let's bring development to our people," he said.

Ok Tedi landowners' call

Post-Courier 10.8.2012

Principal landowners from the Mt Fubilan area of Ok Tedi in Fly River have called on the State, through the Mineral Resources Authority (MRA) and miner Ok Tedi Mining Limited (OTML) to immediately facilitate all outstanding royalty payments due to them without further delays as per

previous local land court orders. Kimka Sepiyan sub-tribe landowner group Inc. representative Paul Eddie said two separate local land court orders in Kiunga back in 2006 still remained valid and enforceable to effect the royalty payout to the group. "Many of our tribal leaders and elders have died without benefiting from these outstanding royalty monies and the State and the developer cannot afford to prolong this matter," Mr Eddie said. "This is encroaching on human rights and we demand that all issues be resolved amicably by all parties as our people have suffered long enough," he said. According to Mr Eddie, a long running dispute between key landowner parties had been resolved when a MOA relating to proper sharing of royalties for Kimka Sepiyan sub-tribe from Mt Fubilan area where Ok Tedi mine operates was signed on July 6, 2004 between Chief and Principal landowner Kambomyap Allolim and another landowner Biul Kirokim, who at the time had been the sole beneficiary to the royalties since 1984.

However, due to disagreements and the fact that only one individual landowner had been benefiting from the royalties, the parties sought redress in the courts. Despite both the MOA signing between the disputing parties as well as the local land court orders, the majority of the landowners saw red over this period and never received any form of proceeds from the royalty payments. Plaintiff in the case, Allolim is claiming outstanding royalties believed to have amassed for over a period of 33 years since March 22, 1976 up to 2009 that may well run into millions of kina. Kimka Sepiyan sub-tribe land group spokesman Mr Eddie said the landowners had missed out on their rights to monetary benefits derived from huge profits made by the developer from the Ok Tedi gold and copper production. Therefore, the landowners took on the legal fight with the help of clan, sub-tribe and family members of savonam village. About 43 village trusts and sub-trusts from the Mt Fubilan area signed the MOA as a form of claims against the State and OTML.

The decisions of the kiunga local land court on april 21 and december 6, 2006 respectively ruled, among others, that kimka sepyan sub-tribe land group is entitled to 95-percent while biul kirokim is to receive 5-percent of the royalties. Chief allolim eventually got recorgnized by the state on 22nd of may, 2006 where kimka sepiyan sub-tribe land group incorporated was gazetted. Following the kiunga local land court ruling in april of 2006 for the inclusion of kimka sepiyan sub-tribe land group inc as joint beneficiary to the royalties, defendant biul kirokim filed an appeal in the waigani provincial land court, which was well outside of the court's jurisdiction. Ok Tedi Mining Ltd lodged an appeal at the kiunga district court but instead of pursuing that appeal, it opted instead to join as appellant in the waigani provincial land court proceedings. as a result, principal landowner kambomyap allolim, through martha kokiva & associates lawyers then filed an application in the national court at waigani in july, 2007.

in 2009, national court judge justice elenas batari quashed biul kirokim and otml's appeal (in the waigani provincial land court) that left the kiunga local land court orders of 2006 valid and enforceable for payment of royalties to proceed. Yet ok tedi did not relent and the miner went back to the kiunga district court in august, 2009 to prosecute its appeal there. in other words, otml 'had a second bite at the cherry' and this was well over two years after lodgements. Meantime, kimka sepiyan sub-tribe land group's lawyer made an application to dismiss that appeal and the provincial land court adjourned the matter to 3rd september, 2009 for a ruling. However, the magistrate was unavailable at the time and the matter has been adjourned to date. Mr eddie condemned the manner in which otml had become a party to the local land court proceedings and explained that local land court is an avenue only made available to those holding customary land ownership rights that may be involved in any land dispute. "Again, this is a classic example of a corporate giant preying on a resource-rich area like ok tedi, thus depriving and piling on further misery to the already-displaced locals."

Mr eddie says from the time when kennecot commenced explorations after independence, and then developers bhp and later otml came onto the scene, the majority of the resource owners have had

their livelihood severely affected through the impacts of the mine operations without seen any tangible benefits. "This is a blatant disregard on the wellbeing of the local people and borders on human rights. it is common knowledge that otml has a very poor track record in terms of environmental damage caused on the fly river system and its surrounding communities – our lives can never be the same again," mr eddie said. He said his people have continued to live in bush material huts and carried on with their primitive lifestyles amid heavy mining activities on their ancestral land. "I find it totally unacceptable that the state or its agents have seen fit to allow such injustice to prevail on a massive scale without any due consideration towards the universal rights of the resource owners from mt fubilan."

Meanwhile, a number of correspondences were exchanged since august 2006 between the state solicitor and the secretary of the department of mining in which the former advised that all payments due to the kimka sepiyan sub-tribe land group and biul kirokim be apportioned according to the local land court orders. On 7th february, 2007 acting state solicitor goerge minjihau again further advised mining secretary nellie james for the department to facilitate royalty payments in accordance with the court orders. Then on 9th march, 2007 ms james wrote to otml managing director keith faulkner and outlined the sharing of royalty payments and other benefits. "It would be only correct for the state and otml to act on the court orders of the 6th december and implement it accordingly. that is for 95% of all benefits (including royalty payments, lease compensation payments, etc) due to mr biul kirokim be paid directly to the kimka sepiyan sub-tribe land incorporated..." wrote ms james.

A brief to mining minister byron chan on 19th march this year by kimka sepiyan sub-tribe land group also highlighted the inaction by the state and developer in settling the matter and strongly urged the minister to direct mra, otml and fly river provincial government to sign a revised moa with the landowners in order to implement the court orders and settle the royalty payment issue once and for all. Negotiations have since commenced between mra and kimka sepiyan sub-tribe land group for the state to facilitate a reconciliation meeting aimed at brokering peace among the disputing parties to be staged in kiunga later in august this year.

Ok Tedi: Western health centres operate poorly: Study

Post-Courier 9.8.2012

A STUDY has found that none of the 19 health services reviewed in Middle and South Fly are operating at the minimum National standards for the level of service provided. These include for health support services, management and teaching, drugs and equipment, health workers and infrastructure. The feasibility study findings reveal that some health centres are not operating while others are operating but with very little supplies of medical drugs and equipment. JTA International developed a plan after conducting the study in the two regions between January and June this year to assess the existing level of health services in the communities and to determine what support would be required. Community leaders of the Middle and South Fly regions of Western Province are optimistic a Health Development Plan currently being developed by the Ok Tedi Development Foundation (OTDF) will significantly improve their health standards. The final draft of the plan was presented to the community leaders by OTDF Chief Executive Officer Ian Middleton and developer of the Plan, JTA International, in Kiunga on the 12th of this month.

The leaders represent the villages in the two regions that are part of the Ok Tedi Community Mine Continuation Agreement (CMCA) compensation package. The presentation was held to disseminate information of the plan and also provide the leaders with an opportunity to comment on the information presented and whether it would appropriately address the current poor state of health in their villages. Trust Chairman for the Manawete Region Brian Goware described the Health Development Plan as much needed and a long time coming for the CMCA people. "Health is a big issue in

our region,” he said. “In Manawete, we have only two health centres but we get people from as far as Kiwaba and the other villages from the other regions so when that happens, we run out of drugs very fast.” “There are a lot of things this plan aims to achieve in both the short and long term but it’s a matter of how best we can manage the resources from all the development partners like OTDF and the provincial administration to better implement the plan and improve the standard of primary health care in the two regions.”

Mr Middleton said basic health care was a human right and OTDF wanted to see this Health Development Plan completed and implemented as soon as possible because the longer it was prolonged, the more that people would suffer needlessly. “OTDF wants to see this Health Development Plan completed and implemented as soon as possible because the longer we keep prolonging the plan the more people will suffer needlessly, basic health care is a human right that is not offered to many communities in the Middle and South Fly and that is unacceptable,” he said. The health plan has also been presented to the Western Province Health Steering Committee chaired by Western Province Deputy Administrator Willie Kokoba and the National Department of Health. The plan is currently under review by multiple stakeholders and is expected to be completed for presentation to the OTDF Advisory Committee in late August, then the OTDF board in early September for immediate submission to the Western Province People’s Dividend Trust Fund for funding.

Rio Tinto cuts jobs in Australia

Post-Courier 9.8.2012

GLOBAL mining giant Rio Tinto has started to cut staff numbers in its Australian operations, and intends closing its Sydney office as it battles falling commodity prices and threats to demand from Europe’s debt crisis. Rio Tinto’s Australian manager David Peever told Reuters by telephone that around 30 support and services staff in Sydney and an undisclosed number of employees at the company’s much larger operation in Melbourne in would be cut. “We are undertaking a review of our support and services functions. There will be a reduction in the size of our Melbourne office and, yes, we do intend to close our Sydney office as well,” Peever said from Paris. “We are just making sure that we are building in resilience in our business to deal with what is essentially a difficult time. We are seeing downturns in commodity prices, European circumstances are hovering over us, and we need to make sure we are very measured in terms of our approach to cost control,” he said.

Rio’s Melbourne CBD office employs around 240 staff while another 200 work from the suburb of Bundoora. “Most of the downsizing would occur in the Melbourne city office,” Peever said. Rio is the latest firm to target coal mining jobs as Australia’s miners face a squeeze from rising wages, equipment and fuel bills, new taxes, growing coal exports from the United States, and softer demand in China. Last month, Rio said it was cutting an unspecified number of jobs at its Clermont coal mine in Australia as it battled sliding thermal coal prices. “I’m not aware of new ones (miner job cuts) since then,” Peever said. Benchmark international iron ore prices hit their lowest level in more than 2-1/2 years on Friday as China’s slowing economy reduced global demand growth. Brazil’s Vale, BHP Billiton and Rio Tinto are all targeting growth in Chinese demand with rapid capacity expansion plans. Vale, the world’s biggest iron ore producer, posted its worst earnings results in two years yesterday.

Australia: BHP to cut costs

Post-Courier 8.8.2012

The world’s biggest mining company BHP Billiton says it will focus on cutting costs, three weeks before it is expected to report its first drop in annual profits since the 2008 global financial crisis due to weakening commodity demand. “Against a backdrop of increasing costs and falling com-

modity prices, we continue to focus on reducing our overheads, operating costs and non-essential expenditures to ensure our assets are well positioned on their relative cost curves,” said BHP spokeswoman Fiona Martin. “This includes reviewing our overhead costs and the sequencing of our major projects,” she said. Reuters reports that these comments come amid mounting expectations that BHP will postpone one or more mega-projects it has proposed until economic outlooks in Europe and China improve. Following a meeting yesterday with Colin Barnett, premier of Western Australia, BHP chief executive Marius Kloppers told an Australian newspaper the company had not significantly changed its cautious view on global growth, nor its outlook for commodities, since last year.

BHP Billiton this year shipped 159Mt of iron ore and is spending billions of dollars on expansion work in Western Australia. “What we really look at is, where does the long-term demand take us? Our view on that hasn’t really changed. There has been no real change in that long-term picture,” he re-iterated. Kloppers said BHP had about US\$30 billion of growth projects in the execution phase, while Martin added that expansion work to boost iron ore production by 5 percent in fiscal 2013 would continue as planned. BHP has yet to give the green light to the development of its Outer Harbour project in Western Australia, one of three huge projects in the US\$80 billion pipeline that BHP has slowed. The company is tipped to report on the 22nd of August about a 22 percent decline in underlying earnings for fiscal 2012 to US\$16.990 billion, based on analysts’ estimates. The business world is eager to view the BHP Billiton report tipped for the 22nd of August.

Korea eyes mining exploration in PNG

Post-Courier 8.8.2012

By *KONOPA KANA*

MINERAL Resource Authority (MRA) was part of the PNG delegation to travel to the Yeosu 2012 investment exposition in South Korea, led by the Department of Commerce and Industry (DCI) was an opportunity to appreciate Korean interest in exploration and mining sector in PNG. MRA Acting Managing Director Philip Samar said His Excellency; the Korean Ambassador here in Port Moresby has on a number of occasions met with MRA this year to discuss the prospects of promoting the exploration and mining sector of PNG in Korea. He said as a token of appreciation, PNG accepted the invitation from DCI to be part of the delegation to Korea last month. Mr Samar said that this was the MRA’s first investment visit to Korea and was a significant one because of the growing interest by the established Korean Mining Company Energy and Mineral Resource Development Association of Korea. He said that the Association is equivalent to the PNG Chamber of Mines and Petroleum and they were very keen in understanding the potential of the mineral resources sector and how Korean companies might apply for exploration tenements in PNG.

According to Mr Samar the association held a one-on-one discussion on the sidelines of the investment forum and based on the request of the Association, MRA will be visiting Korea in November of this year to make a full presentation to the members of the Association on the prospects of the exploration and mining sector in PNG. He said that MRA has also invited the Association and its members to consider visiting PNG to secure their interest in first class exploration prospects. Mr Samar said that there is a great potential for increased participation in the sector given the fact that they have the knowledge, technology and financial ability to invest in such capital intensive sectors like mining. Most of the private sector representatives who were at the PNG Investment meeting were companies interested in the development and supply of products associated with the booming LNG sector.

Bougainville: Me'ekamui reaffirms stand

Post-Courier 8.8.2012

THE ME'EKAMUI Tribal government backed President Momis' call on misleading information on the operational status of the defunct Panguna mine. This followed middlemen signing agreements without following procedures and not consulting the Autonomous Bougainville Government (ABG) and the Me'ekamui Government's respectively on the re-opening of the mine. Traditionally elected President of the Me'ekamui Government of Unity Philip Miriori said that all of the land and natural resources are on customary land and there is no land registration. Mr Miriori said that there is no survey or deeds on the land and people have come to our country to pay people large amount of money and have them sign documents that contain bogus information to mislead investors. He said that the Panguna legal action against Bougainville Copper Limited (BCL)-RioTinto is in the courts and BCL is not mining anywhere on Me'ekamui land.

“Their bogus licences are expired and until all issues are resolved, they can hype their stock exchange in free speech but they won't be mining on our land.” Mr Miriori said. According to Mr Miriori the customary tribal land is under the auspices exclusively of the Me'ekamui Government. Miriori is one of the land owners as well as Vice President Takaung and has not signed any authorisation for using their property nor do they have the governments signed and sealed signature upon any document to date. “This is simply a stock hype with no foundation or basis in reality,” Mr Miriori said. “Desperate people do desperate things.” “This action is totally irresponsible and can't be achieved without permission of the Me'ekamui Government,” he said. The Me'ekamui will not sanction this stock hype attempt at deceiving the unsuspecting public, the only true statement was there are no geological reports to substantiate anything because people are only dealing with blank paper.

Frieda operations halted

Post-Courier 8.8.2012

By *KONOPA KANA*

FRIEDA River Copper-Gold project operator Xstrata Copper (81.82%) with Joint partner Highlands Pacific (18.18%) halted its Feasibility Study (FS) to December where an execution model for the potential mine is developed to pave way for the estimated copper of 12.9million tones and 20 million ounce of gold. This was revealed in the Xstrata 2012 second quarterly activities reports. Following Xstrata Copper postponing FS to later this year, this includes plans for the mining, processing and marketing of the copper and gold resource, and a cost estimate for all supporting infrastructure required for the life of the mine. According to the report a number of resource and technical studies including engineering, mining, metallurgical and infrastructure are being completed as well as extensive environmental baseline and stakeholder engagement studies for the submission of the Environment Impact Statement (EIS). The project will potentially comprise open pit mining at the Horse-Ivaal-Trukai (HIT) deposits processing of ore by conventional produce a copper-gold concentrate waste contained within an engineering dam structure close to the deposit location (no riverine waste or tailings disposal).

The concentrate pumped via pipeline to a dewatering facility on the Sepik River for transfer to river-going barge barking of concentrate along the Sepik River for transfer to a concentrate export facility and shipment to overseas market for smelting. Meanwhile a decision has not yet been taken to start mining at Frieda River and will depend on a positive FS, government approvals, the successful completion of land issues, compensation and resettlement agreement and corporate approvals. The estimation of the mineral resources has been completed through resource modeling based on drilling and sampling undertaken to date and the focus has been on the potential for development of the (HIT) deposit which is being investigated in the current FS. The HIT resource estimate, announced in September 2011, comprises a total of 2,090 million tonnes at a grade of 0.45% copper, 0.22

grams per tonne gold and 0.7 grams per tonne silver, using a copper cutoff grade of 0.2% copper and this represents 9.4 million tonnes of contained copper metal and 14.8 million ounces of contained gold metal.

Anjo: Don't say silly things about Tekam mine

The National, August 08th, 2012

A COMMUNITY leader from the Sinim tribe, in the Kompiam-Ambum electorate, Enga, is calling on the people not make any silly comment against an Australian-based exploration company that will develop the Tekam Mine. Community leader Gabriel Anjo said last week a group of people had made silly comments against the company and that had not gone down well with the legitimate landowners. Anjo said Quintessential Resource Limited, developer of the Tekam Mining, was doing a lot for the electorate before developing the mine. He said his tribe was the legitimate landowner of Tekam mine and urged leaders from other clans and tribes not to spread rumours about the mine and developer. Anjo said the developer had given books to schools in Western Highlands. He said the head office of the company was in Western Highlands and that was why the company provided books to the Hagen Park Secondary School last month. Anjo said people, especially from other tribes, should thank the company and “not to play their filthy politics with them and the developer”.

MPs urged to save Ramu river

The National, August 08th, 2012

A SENIOR citizen from Bundi, Joe Koroma is calling on four of the six Madang MPs to come up with a proactive plan on saving the Ramu River. Koroma said the river was heavily polluted and that was evident in the decline of fish and other fresh water delicacies such as prawns and eels. “The four members of parliament live along the lower Ramu River, and all have a primary reason to look after the river,” he said. “The leaders should start early in attending to some of the big issues affecting Madang province.” He said major developments were taking place in the catchment area of the Ramu, and including the Ramu Agri Project involving sugar cane and oil palm developments, were obviously affecting the river. Koroma suggested the MPs call on mining companies to have better practices in how they dispose of their waste. “The Ramu River is the fourth largest in the country and the mines and agro business all looking to profit from minerals and commodity while ignoring those along the river.”

Ramu: Geologist ‘culture shocked’

Post-Courier 8.8.2012

A GEOLOGIST from Sydney, Australia expressed ‘culture shock’ following his return to the Kurumbukari Plateau where Ramu NiCo is currently developing the country’s first-ever nickel/cobalt project. William (Bill) McGee worked for Nord Resources from 1979 to 1986 when the company carried out drilling and exploration work at the Kurumbukari plateau in Usino-Bundi district in Madang province. “It’s like a ‘culture shock’ returning to Kurumbukari and noticing all these significant changes on the plateau,” McGee said. Bill was working at the old Kurumbukari camp which at present is north-east of where the current extracting of ore is. That camp was later taken over by later exploration company Highlands Pacific Limited (HPL). According to Bill, during the time he was there he did not see many people or any permanent settlements on the plateau. The workers Nord Resources engaged as casuals to help out were mostly those from Danagari, which is situated on the Ramu plain which is below the plateau. He said the current infrastructure development is so huge and very significant such as the Ramu Nico bridge and the access road which cuts through the mountain side all the way to the mine area on the plateau.

Bill was driven up to Butua, the current Ramu NiCo Mine Plant where it is situated then to the mine pit. He was met upon arrival by the Ramu NiCo Chief Geologist, Andrew Kohler, who gave a power-point presentation on the project, then took him on a drive to the mine pit area. McGee also recalled some of the locals he worked with including Abraham Tatagu and John Arua. "John Arua was a very willing young man that time who helped us walked into the bushes to collect samples and carried loads to the camps after our trips out," McGee recalled. He added that during their walks they did not find any permanent settlement on the plateau. "It is usually dry up there and there is no water for people to be settled there. He said they only noticed huts used by people during wet season where hunters go there to hunt for bird feathers or cuscus and possum furs. McGee was very sad to be told that old Abraham is currently having problems with his eyes and resides at the Danagari relocation site in a house presented to him by Ramu NiCo. His other old-time friend John Arua is now the chairman of the Kurumbukari Landowners Association (LOA).

Letter to the editor

Increase mining allowances for teachers

Post-Courier 8.8.2012

THE teachers serving in mining affected areas in the Western Province should be compensated well through their mining allowances. I am one of the teachers who is currently teaching at one of the schools next to the Tabubil township. However, it's a nightmare for most of the teachers for them to survive with the so-called K25 or K32 mining allowance which is paid fortnightly with their normal pay or paid as a lump-sum at the end of every year. The price of goods and services are three times more expensive than any other centres in Papua New Guinea. Teachers struggle every day to make ends meet for daily survival in a place where the price of basic goods and services are influenced by an expensive mining life. For instance; 10kg trukai rice bag costs K70 which is extremely expensive. Since the last agreement for the mining allowance for teachers in teaching in mining affected areas had been signed the agreements has never been reviewed even though so many changes have taken place throughout the entire operations the various mining in the province. As a result many teachers are not performing to the expectation and a lot of strings that are attached to this problem that needs immediate attention. Otherwise the education system of Western Province is going backwards if nothing is done to rectify the grievances of the affected teachers. However my primary point is, the teachers really want the mining allowance agreement to be reviewed and increase it to K200 per fortnight to neutralize the expensive lifestyle for the mining affected areas in Western province. If this is done. the standard of the education system in the Western Province will definitely improve.

Desii Boii, Ningerum (Bye-bye Town)

Iron-Sand Mine Dredging In Fiji Could Reduce Flooding

Ba River operation holds dual benefits for economy, community safety

By Felix Chaudhary

SUVA, Fiji (Fiji Times, Aug. 7, 2012) – Dredging work carried out as part of iron-sand mining at the mouth of the Ba River could also aid in reducing flooding in Fiji. Director Mineral Resources Mala Finau said dredging by miners Amex Resources Limited (ARL) would have many benefits for the rural centre and the country as a whole. "The mining will employ a dredging method and this will assist in the removal of debris and other sediments clogging up the river delta where mining through dredging will occur," he said. "This sedimentation had contributed to flooding in the Ba Delta and this mining potentially could help alleviate this problem. "So there is a dual benefit here of the removal of river debris for disaster mitigation and management, and the removal of minerals

for economic benefit not only to the local area but to the nation as well." ARL has been granted a license to mine magnetite-rich iron-sand 132 square kilometers at the mouth of the Ba River. Construction has begun at the Lautoka Port for a holding facility for magnetite concentrate. Mining at Ba is scheduled to begin at the end of next year.

PNG investment in Australia hits US\$1.2billion

The National, August 07th, 2012

By MALUM NALU

PAPUA New Guinea's investment in Australia reached US\$1.2 billion, equal to 12.8% of gross domestic product (GDP) in 2010, according to Asian Development Bank country economist Aaron Batten. This was 350% higher than the amount of money invested by Australian companies in PNG, he said. Batten said the benefits of strong economic growth were being undermined by rising inequality. "Rising inequality is partly a result of constraints on diversified business investment," Batten said. "Whilst the stock of private sector employment has doubled over the last decade, ADB estimates show that less than 5% of the population – or roughly 10% of the working age population – are currently able to earn a wage in the formal economy. "PNG's chief operating officers' survey highlights that a shortage of skilled labour, poor law and order, lack of technical expertise, unreliable utilities from state-owned enterprises (SOEs) and the poor state of transport infrastructure impose major barriers on investment in the more labour-intensive and pro-poor, non-mineral economy.

"These constraints combined with rising firm profitability, have led to a dramatic outflow of investment funds from PNG over the last decade." Batten said PNG's macroeconomic success masked a growing sense of unease about the distribution of the benefits of growth and the government's ability to translate wealth and macroeconomic stability into better public services. "Progress has been made in some areas," he said. "The proportion of the road network classified as being in 'good' condition has risen from 10% in 2003 to 33% last year, and under-five mortality rates have fallen in many provinces. "However, available evidence suggests that many areas of core public services have deteriorated over the last decade, particularly in rural and remote areas. "PNG is one of a handful of countries not on track to meet any of the Millennium Development Goals." Batten said high inflation also undermined the inclusiveness of growth. "Although wage earners can negotiate higher wages when costs rise, the roughly 85% of the population reliant on cash crops for their semi-subsistence livelihoods have seen their purchasing power deteriorate rapidly in recent years," he said.

"Structural constraints in land and housing markets have restricted the supply response to rising property demand and contributed to sharply increasing rental prices. "As a result, a growing portion of urban residents are now forced to live in informal urban settlements, which have poor access to power and sanitation facilities and significant security risks." Batten said PNG's booming mining sector was creating growing inequalities at the village level as well. "With low education and financial literacy, members of some segments of the PNG population find it difficult to hold leaders to account for the equitable distribution of mining royalty payments," he said. "A particularly difficult challenge for government during the next 12 months will be managing the 8,000 local workers who will begin to be retrenched from the LNG project. "Landowner groups are now highlighting the potential for social unrest if alternative work arrangements for their workers cannot be found."

Highlands Pacific lauds mineral projects

The National, August 07th, 2012

HIGHLANDS Pacific managing director John Gooding says a lot has been achieved in the past year at Ramu nickel in Madang, Frieda River copper and gold in East Sepik and Star Mountains in Western. He said in the company's quarterly activities report for the period ended June 30, this year, this was recognised from a corporate perspective in June when the US\$1.4 billion PNG Sustainable Development Program invested US\$15 million in Highlands and became a cornerstone investor. "This new funding will provide working capital and allow us to further advance emerging exploration activities such as Star Mountains near the Ok Tedi mine," Gooding said. "The transaction also broadens our already significant relationships in PNG. "On the Frieda project, Highlands will continue its communication with Xstrata over the coming months about their ongoing role and participation in the joint venture, including the potential for their divestment and new or additional partners, while working through the feasibility study due for delivery in December."

The report said Ramu nickel's Kurumbukari mine, Basamuk treatment plant and 135km slurry pipeline to the treatment plant continue to operate as planned while commissioning progressed. "Ore mined to the end of June totalled 550,000 tonnes while ore transported to the Basamuk treatment plant as slurry via the slurry pipeline to the end of June was 191,000 tonnes," it said. "The average grade of the laterite ore mined was 0.94% nickel and 0.10% cobalt. "The Basamuk treatment plant incorporates three high pressure acid leach (HPAL) trains (autoclaves). "During the June quarter, the first autoclave was shut down for planned maintenance for six weeks after successfully being load-commissioned. "The second autoclave also commenced load commissioning and operated for much of the quarter before being shut down in July for planned maintenance." "About 2,750 tonnes (dry) of mixed nickel cobalt hydroxide intermediate product has been produced to the end of June."

The report said field work at Frieda River in relation to the feasibility study scheduled for completion in December 2010 was essentially complete, with some continued base line monitoring and community affairs and landownership determination programmes continuing. "Xstrata as operator manager continues to advance the feasibility study with a natural gas power assessment well underway, with a project site reconfiguration review and general optimisation of the project execution model," it said. "In June, Xstrata notified Highlands that it was undertaking an investor assessment of the Frieda River project. "Highlands is in discussion with Xstrata regarding this process, including its pre-emptive right, together with the ongoing work on the feasibility study which Xstrata has restated its commitment to completing by end of this year."

In Star Mountains, Highlands' estimates spending US\$8-10 million this year to test a further four to five prospects in the area post the successful drilling at the Olgal prospect. Drilling at Olgal was completed in March with 12 of 14 holes encountering copper and gold mineralisation. "Exploration in the June quarter was hampered by mechanical repairs to the two drill rigs," the report said. "The drilling contractor has taken corrective action and made a number of changes to ensure better performance going forward."

Ok Tedi: Landowners want royalty payments

The National, August 07th, 2012

THE principal landowners from the Mt Fubilan area of Ok Tedi in Fly River, Western, have called on the state, through the Mineral Resources Authority, and Ok Tedi Mining Ltd to immediately settle all outstanding royalty payments without further delay. Kimka Sepiyan Sub-Tribe Landowners Group representative Paul Eddie said two separate 2006 local land court orders granted in Kiunga still remained valid and enforceable for the royalty payout to the group. "Many of our tribal leaders

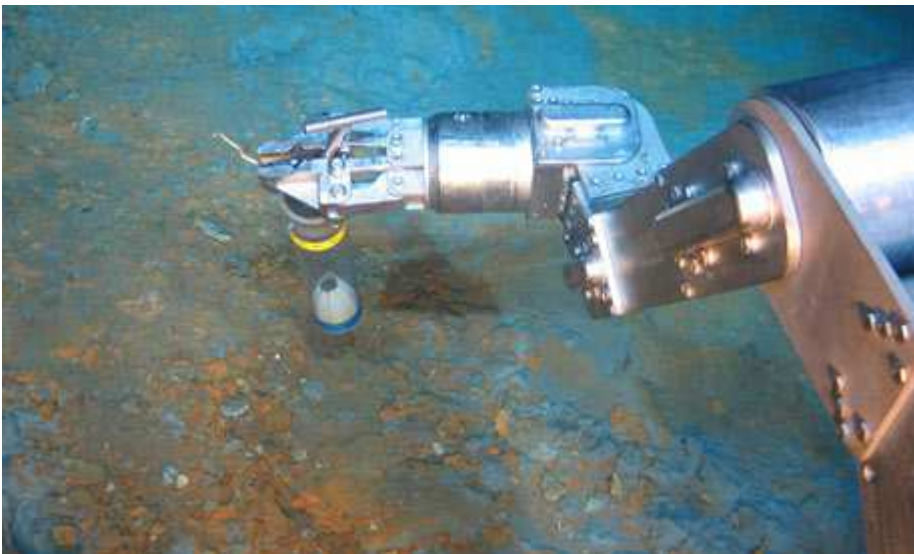
and elders have died without benefiting from these outstanding royalty monies and the state and the developer cannot afford to prolong this matter,” Eddie said. He said a dispute between key land-owner parties for fair distribution of royalties was resolved through a signed agreement on July 6, 2004, however, because of disagreements and the fact that only one individual landowner had been benefiting, the parties sought redress in the courts.

He said the plaintiff, Kambomyap Allolim, had been claiming outstanding royalties from 1976-2009, “the sum may well have been millions of kina despite decisions of the Kiunga local land court on April 21 and Dec 6, 2006, which recognised the Kimka Sepiyan Sub-Tribe land group as entitled to 95% of the royalties”. Eddie condemned Ok Tedi’s involvement in the local land court proceedings as it was an avenue only for customary landowners. “Again, this is a classic example of a corporate giant preying on a resource-rich area like Ok Tedi, thus depriving and piling on further misery to the already-displaced locals,” he said. However, since August 2006, correspondences were exchanged between the state solicitor and Mining Department secretary in which the former advised that all payments due to the Kimka Sepiyan Sub-Tribe land group and Biul Kirokim, another landowner be apportioned, according to the local land court orders. The Kimka Sepiyan Sub-Tribe land group briefed Mining Minister Byron Chan early this year and urged him to direct the MRA, OTML and Fly River provincial government to sign a revised memorandum of agreement (MoA) with the landowners in order to implement the court orders and settle the royalty payment issue.

Papua New Guinea's seabed to be mined for gold and copper

Government approves world's first commercial deep-sea mining project despite vehement objections over threat to marine life

guardian.co.uk, 6 August 2012, by Oliver Milman



Nautilus minerals team taking rock samples during a deep sea mining exploration drill. Photograph: Nautilus Minerals

A "new frontier" in mining is set to be opened up by the underwater extraction of resources from the seabed off the coast of Papua New Guinea, despite vehement objections from environmentalists and local activists. Canadian firm Nautilus Minerals has been granted a 20-year licence by the PNG government to commence the Solwara 1 project, the world's first commercial deep sea mining operation. Nautilus will mine an area 1.6km beneath the Bismarck Sea, 50km off the coast of the PNG island of New Britain. The ore extracted contains high-grade copper and gold. The project is being carefully watched by other mining companies keen to exploit opportunities beneath the waves. The Deep Sea Mining (DSM) campaign, a coalition of groups opposing the PNG drilling, estimates that

1 million sq km of sea floor in the Asia-Pacific region is under exploration licence. Nautilus alone has around 524,000 sq km under licence, or pending licence, in PNG, Tonga, New Zealand and Fiji.

"PNG is the guinea pig for deep-sea mining," says Helen Rosenbaum, the campaign's co-ordinator. "The mining companies are waiting in the wings ready to pile in. It's a new frontier, which is a worrying development. "The big question the locals are asking is 'What are the risks?' There is no certain answer to that, which should trigger a precautionary principle. "But Nautilus has found a place so far away from people that they can get away with any impacts. They've picked an underfunded government without the regulation of developed countries that will have no way of monitoring this properly." The mining process will involve levelling underwater hydrothermal "chimneys", which spew out vast amounts of minerals. Sediment is then piped to a waiting vessel, which will separate the ore from the water before pumping the remaining liquid back to the seafloor.

The DSM campaign has compiled a report, co-authored by a professor of zoology from University of Oxford, which warns that underwater mining will decimate deep water organisms yet to be discovered by science, while sediment plumes could expose marine life to toxic metals that will work their way up the food chain to tuna, dolphins and even humans. "There are indirect impacts that could clog the gills of fish, affect photosynthesis and damage reefs," says Rosenbaum. Activists also claim that [an environmental analysis by Nautilus](#) fails to properly address the impact of the mining on ecosystems, nor explains any contingency plan should there be a major accident. Wenceslaus Magun, a PNG-based activist, told the Guardian that local fishing communities are concerned about the mining and are planning to challenge the exploration licence. "We are really concerned because the sea is the source of our spirituality and sustenance," he said. "The company has not explained to us the risks of deep sea mining. They haven't responded to my requests for information." "The government has turned a blind eye to the concern of its own people. We are mobilising people to raise funds to take this to court and retract Nautilus' licence."

However, proponents of deep-sea mining point out that it is potentially far less damaging than land-based extraction. "The material is very high grade so you have to mine less in order to get the same amount of metal," said Chris Yeats, a geologist at CSIRO, the Australian government's scientific arm. "At those depths there are bacteria, but there's a cut off at around 1,000m where most fish are, so it should have little impact." "Unlike a terrestrial mine, you don't have to build infrastructure such as roads and you don't displace people. You chop off one of these venting chimneys and another one will grow back, so it's a little like the mining equivalent of cutting grass." Steve Rogers, the CEO of Nautilus, said the company had gone through a "rigorous" study of environmental impact over the past six years. "This will be a relatively small footprint compared to a mine on land, on an area about the size of a dozen football pitches," he said. "We've sought out the best scientists in the world. We aren't trying to pull the wool over anyone's eyes." "This isn't in a fishing area and won't impact coral. Even if it were in a fishing area, it won't affect that upper area where the fish are."

Rogers said that Nautilus had contacted 15,000 local people in PNG to hold workshops on the project. The company estimates that the 30-month first phase of the mining will bring \$142m (£92m) in benefits to the PNG economy, with a plan to employ 70% of the project's staff from the country within three years. Despite these assurances, the project has been delayed by an undisclosed commercial dispute between Nautilus and the PNG government, which is currently under arbitration in Sydney. The PNG government has come under fire for taking a 30% equity stake in the project, which will require it to contribute about \$25m (£16m) towards infrastructure, provoking accusations of a flagrant conflict of interest. In return, PNG will receive \$40.8mn (£26m) in tax from a project estimated to generate \$1bn (£642m) although Rogers said revenue would be "a long way short of that") along with a 30% return on what is still a highly experimental mining process.

"It was the government's choice to take a stake, we didn't ask them to do it," says Rogers. "I'd stress that the government isn't threatening any of our mining permits. We're disappointed to be in a dispute with the government but I'm confident we will resolve this." What isn't in dispute is that the mining industry is starting to eye major opportunities on the seabed. "A number of governments are exploring for minerals in this way, such as Russia, Japan, China and the UK," said Rogers. "It will take time, it's not a gold rush, but the demand is increasing." Yeats added: "As the global population increases, we're likely to see large-scale marine mining. How far away that is depends on how successful they are. But we will have to turn to the 70% of the world we currently aren't mining for minerals."

Mining: Tax holidays worrisome

The National, 06th August 2012

By MALUM NALU

GENEROUS tax concessions given to mining and gas companies are contributing to low government revenue per capita, according to Asian Development Bank country economist Aaron Batten. He said the average effective tax on PNG's mining, oil and gas companies was now on the low side of fiscal regimes across the world. "Three main factors contribute to PNG's low government revenue per capita," Batten said. "Firstly, only 5% of the population is engaged in formal private sector employment, which gives the government a small income tax base. "Secondly, as a result of tax concessions and the abandonment of the additional mining profits tax in 2003, the average effective tax on PNG's mining, oil and gas companies is now on the low side of fiscal regimes across the world. "The recently-opened Ramu nickel and cobalt mine has a 10-year tax holiday before it will contribute to national revenue. "Many other similarly beneficial concessions have been made to firms across the sector. "Thirdly, PNG suffers from poor tax compliance and enforcement. "The PNG tax office lacks the manpower and resources to effectively pursue individuals, firms and industries it suspects of not paying full tax obligations."

Batten said contrary to some public expectations - spurred on by LNG and election rhetoric - the new government would have to manage a period of much slower growth in government revenue. "Later this year, the Government will finalise its third medium term fiscal strategy (MTFS 2013-17), which will play an important role in establishing the fiscal rules required to balance PNG's large social and physical infrastructure investment needs with maintaining the macroeconomic stability that has underpinned the last decade of economic growth," he said. "However, maturing mining and oil operations will contribute to a 5% to 10% decline in real government revenue between now and 2014. "The addition of LNG revenues in 2015 will help, but as a result of generous taxation concessions, these revenues will not peak until after 2020. "Current expectations are that there will be zero net savings made within the newly created Sovereign Wealth Fund during the next five-year MTFS period. "Adding to this fiscal challenge is the already low level of revenue per capita the PNG government is able to generate – which at US\$650 per capita is amongst the lowest in the South Pacific.

"To put this in perspective, if revenues expected at the projected peak of LNG production in 2028 were added to the 2011 national budget, PNG government revenue per capita would still be below that of Tonga, Samoa and Fiji." Batten said in addition to addressing long standing issues of expenditure quality, the incoming PNG government would have to manage a growing need for fiscal austerity. "Expenditures will be usefully focused on the rehabilitation of existing service delivery infrastructure, rather than the creation of new assets, which may further undermine the ability of the state to fund recurrent maintenance," he said. "Strengthening revenue compliance and reviewing resource sector taxation arrangements would help to alleviate some fiscal pressures over the medium term." "Improving the inclusiveness of economic growth over the next decade will require re-

invigoration of the microeconomic reform agenda to strengthen competition, lower barriers to new business, and stimulate growth in the non-mineral economy. “To complement these efforts, there must also be a renewed effort to improve the quality of service delivery by SOE’s through the creation of more accountable, performance orientated, management structures, and greater private sector participation.”

Bougainville: Landowners irate over BCL talks

Post-Courier 6.8.2012

By *PATRICK TALU*

THE talk of Rio Tinto subsidiary Bougainville Copper Ltd (BCL)’s re-opening of its defunct Panguna copper mine will not be an easy task. There is already a strong anti BCL feeling across the breath and width of the Island of Bougainville as the news of BCL’s intention to return to Panguna has been prominently hitting news headlines in recent times. Chris Uma, the Defence Force Commander General of the Mekomui Government, former Bougainville Revolutionary Army General Sam Kauona, seven mining tenement licence area landowners and Bougainvilleans in general are opposing the move by BCL to reopen the once world’s third largest copper mine. Mr Uma and his disarmed army who is manning the gate of the ‘No-Go-Zone’ and the Panguna special mining lease area responding to media statements said, “the talk of re-opening of Panguna mine is the final thing or not even been thought of,” Mr Uma told this reporter at Panguna mine after a fact finding mission last week.

“Me no laik harim displa toktok lon kam bek blong BCL, em ino stap lo tintin too (I don’t want to hear the talk of BCL returning, not even in my mind), Mr Uma said. “Panguna bai reopen behain lo independence blo Bougainville. nogat independence, nogat Panguna mine (Panguna will only reopen after Bougainville gains independence. No independence for Bougainville, no re-opening for Panguna,)” Mr Uma said. He said the re-opening of Panguna mine is not a Panguna landowners issue any more. He said it’s a Bougainvillean issue and should there be any talk of reopening the mine, the entire Bougainvillean population are to be widely consulted and not for few politicians and handful of landowners to decide whether BCL returns or not. “Bullet kisim body blo me first na blut i kapsait. Me baim pinis Panguna na ol lon blut blo me na narapela 20,000 pipol blong Bougainville die , em blut blo ol baim displa island (I shed the first blood from the bullets and my blood paid off Panguna, the 20,000 Bougainvilleans who lost their lives their blood have paid for the island of Bougainville,” the soft spoken Mr Uma said.

Mr Kauona added that the re-opening of Panguna mine is a sensitive issue that cannot be lightly taken and for a few self interested people to talk about. “There has to be a wider consultation with all stakeholders in the civil war and through that consultation, and if the people are happy to accept BCL, then so be it,” Mr Kauona said. He said the very key stakeholders are the ex-combatants who forcefully shut down the mine and they have to be consulted along with all other stakeholders. The former BRA General and now a private citizen who is seriously going into mineral exploration said if BCL has to return then it has to come under certain conditions including; agreeing to compensate the 20,000 lives lost, environment damage compensation of K10 billion as initially demanded by late Francis Ona, only to mine the currently special mining lease and not to touch the seven mining tenement licences (not negotiable), compensate ex-combatants, compensate PNG Defense Force soldiers who lost their lives in the civil war and ‘bell kol’, a customary way of initial compensation to make peace.

Recently, Paul Coleman, a senior executive of BCL has visited landowners of Panguna and Arawa and held discussion to re-open the mine. It was reported that Mr Coleman has instructed local contractors to fast track an office building within Arawa Town in which this writer has confirmed being under initial mobilisation for construction. Also ABG president John Momis has said that the nego-

tiation by BCL with Panguna landowners was progressing well with the view of re-opening the mine. A senior officee from ABG who spoke to this reporter in Buka at the weekend confirmed that ABG was in talks with BCL and landowners to find a way forward in resolving the issues. The office said there needs to be more and wider consultation made as the situation on the ground is fluid.

Bougainville: Panguna resource owners refute claims

Post-Courier 6.8.2012

By *PATRICK TALU*

THE resources owners outside of the defunct Panguna Copper Mine of the Autonomous Region of Bougainville are adamant that they will pursue their quest to own exploration and mining licences to develop their resources despite impediments from any political and interested external influences. Refuting claims by the Autonomous Region of Bougainville President, John Momis, on the 2nd of August on this newspaper where he expressed concerns in which he alluded to the passing of a motion by his Parliament to recognise resource owners' right to their mineral resources; more than six major landowners company directors said Mr Momis was 'talking out of context' and they will pursue aspiration.

Isinau Resources Holdings Ltd's Vice Chairman and Director Sam Kauona, Joe Birunoim and Richard Birikos, Chairman of Baunapa Resources Ltd, Francis Makita (Chairman) Karato Resources Holdings Ltd, Jacob Betopa (Chairman) Pakasipan Resources Ltd, Conrad Benkenasi (Chairman) Kupe Resources Ltd, Michael Otoroa (Chairman) Bougainville Basin Resources and other directors of Avaipa Resources Ltd, and Erupia Resources Ltd have expressed grave concerns that the misleading media statement by Mr Momis about Canadian investor Morumbi Resources and the denying of the passage of a motion on the ABG Parliament to recognise Bougainvillain rights to their resources would affect their pursuit to do mining exploration and eventual mining. The directors of Erupia Mining & Development Ltd, a Morumbi PNG subsidiary and Karato Mining & Development Ltd., another Morumbi PNG subsidiary said Mr Momis' statement published on this paper last week was "misleading" and undermining the resource owners quest to obtain exploration licence and mine the mineral resource on their own.

"Momis is confused. Where does Momis stand and whose interest is he serving? The President doesn't know what he is talking about," Mr Kauona told this reporter in Arawa last Thursday. The former Bougainville Revolutionary Army General said six out of the seven Mining Tenement (MT) area resources owners outside of the Panguna Special Mining Lease are already doing business with their Morumbi Resource. "We are already into the business of exploration and drilling with our Morumbi Resource in compliance with Section 23 and 14 of the Bougainville Constitution which recognises Bougainville resources owners the rights to own and develop their resources. Isinau is in the third week of exploration and drilling by within 6 weeks, we will cover the entire Isinau foundry. We are doing everything in compliance with the supreme laws of Bougainville. What has Momis and his government been doing in terms of mining and resource developments when the powers and functions have been drawn down seven years ago? Now what had prompted him to raise alarm? a furious Mr Kauona asked.

Mr Birunoim added that it was misleading for the president to make mention of Morumbi Resources and his newly appointed Chief Executive Officer Lindsay Semple for making misleading statement at the Toronto Stock Stock Exchange. "At no one time Mr Semple was mentioned in any statement posted on the stock market nor commenting anything on the passing of motion except this newspaper alone for publishing the news," Mr Birunoim said. An irate Mr Semple also called the Post Courier and categorically refuted Mr Momis as "misleading". The directors have further called onto Mr Momis to retract his statement and apologise to the six resources owners of Bougainville as his statement had detrimental effect on their exploration licence prospect. "The resources owners

said their current joint venture arrangement with Morubis has already produced results where there are projects like cattle ranching, rice farming and even building health facilities which are normally the case after any memorandum of agreement is signed for resources development. “We are reaping rewards from our model of our 30-70 shares or benefit sharing arrangement with our partners. We don’t want anyone to stand on our way when are already benefiting from our business,” Mr Kauona added.

Allegations corruption defrauding Ok Tedi landowners

PNG Exposed; PNG Mine Watch 5.8.2012

Having lost their environment to mining operations, it is now alleged the landowners of Western Province are losing out on cash incomes and community development because of corruption. Paul Povey, as Managing Director of Fubilan Catering Services, is accused of defrauding the landowners who own the company which was set up to provide them with benefits from the Ok Tedi mine. Paul Povey, a former chef with Poon Catering (now Eurest which caters for a lot of mining and petroleum camps in PNG) is a UK-born PNG resident. He has been in the country since the mid 70s. Samoa Tanu, from Central, is his partner. She is a flight attendant with Ok Tedi Mining Limited’s chartered Dash 8 service based in Tabubil. She used to fly with APNG from where she met Paul and then moved to Tabubil. “Paul Povey has become a multi-millionaire overnight. His flight attendant wife has travelled all over the world at the expense of the landowners.”

The Fubilan Catering Services group of companies, which is owned by Ok Tedi landowners, owns the Weight Inn Hotel in Port Moresby (and it is understood Povey has equity in the hotel as well – paid for by the landowners). The group also runs the 3 messing facilities for the OTML operation in Tabubil and get paid by OTML for the service. The group also owns Tabubil Engineering which provides contract work (house maintenance, house building, roadworks, the PNGSDP-sponsored Star Mountain Institute of Training). Again this company gets contracts from OTML for these jobs. Tabubil Engineering also runs a hardware/retail outlet in Tabubil where Paul and his partner get all their household goods for nothing. “Mr Povey does not take any kina out of his pocket to buy anything. He charges all his household goods, travel expenses, his partner’s family expenses etc etc to the landowner companies he runs under Fubilan Catering Services.”

This group of landowner companies are suppose to make a profit and then pay dividends to the landowners who are shareholders. Povey and his management team are supposed to be on the payroll with a limit to their fortnightly wages. But it is alleged, Povey has no limit to his pay cheque. The landowner companies are funding his life, his overseas travel, his son’s travel (son lives in Cairns), his partner’s family affairs, etc etc. The FCS group of companies do declare dividends but it is never enough for its shareholders because Paul takes a good sum of it. Honest FCS staff who know what is going on have tried to alert the directors of the company to the problem however it appears the directors have their mouths gagged. Povey it is claimed offers them trips to Sydney and other locations to buy their silence. Jerry Musolok is the chairman of FCS and is said to have no clue what is going on. “This corruption must be exposed totally and those responsible must pay for the price of cheating on the poor landowners who have entrusted Mr Povey and the MRDC with their money which comes from OTML royalties and compensation”. In 2009, FCS’s Company Secretary and Legal Officer resigned because she refused to condone the corruption and what she alleged was the theft of K500,000 by Povey from the Weigh Inn.

Australia: Takine stakes raised with tin strike

PC 3.8.2012

The stakes have been raised on Tasmania’s new environmental battle ground, the Tarkine, after a

major tin discovery by Venture Minerals. Venture, which already has several mines proposed for the region, says it hit a massive tin deposit on its first drilling of a site it calls Big Wilson. The company says it took more than 100 drillings to find the same mineralisation at the site of its nearby proposed Mt Lindsay mine. Environmentalists have warned of a campaign similar to that successfully waged in the 1980s to save the Franklin River from a proposed hydroelectric dam if Venture's other projects are allowed to go ahead in the Tarkine. The Tarkine region is the home of Australia's largest tract of temperate rainforest and a population of disease-free Tasmanian devils, a species whose existence is threatened by a facial tumour disease. Environmentalists have ramped up their opposition following the new discovery, fearful the area could be ravaged by open-cut mining.

"We are committed to mobilising the resources of the wider conservation movement to prevent even one of Venture Minerals' mine proposals in the Tarkine, and we will sure as hell not be accepting this fourth proposed mine," Tarkine National Coalition co-ordinator, Scott Jordan, said in a statement. "Venture Minerals shareholders need to know they will lose money, their customers need to know that they will never meet their supply contracts and their financiers need to know they will never be able to repay their loans. "Mining in the Tarkine is toxic to the wilderness and the species that depend on it, and companies who seek to pillage this area will find that their balance sheets suffer the same toxicity." The Tasmanian Greens have backed a campaign by activist group GetUp! targeting federal Environment Minister Tony Burke. "This national call for people to get up and stand up for the Tarkine and the Tasmanian devil is timely as it coincides with Venture announcing a possible fourth tin mine," spokesman Paul O'Halloran said. "The Tarkine could be the Kakadu of Tasmania's northwest."

Nauru Phosphate Export Industry Gaining Momentum

\$59 million revenues reported over fiscal period

WELLINGTON, New Zealand (Radio New Zealand International, Aug. 2, 2012) – The minister of the company responsible for phosphate exports in Nauru says there is scope to expand the industry and achieve higher results than this year's record exports. Over half a million tons of phosphate was exported for the year ending July 2012, with a budgeted revenue of about 59 million U.S. dollars. The Minister of RONphos, Dominic Tabuna, says land owners royalties, at 12 to 14 dollars per ton, are higher than ever and there's a lot more interest in land owners leasing land for phosphate royalties. Mr. Tabuna says there are also lots of enquiries from new clients. "We are flat out trying to satisfy our current buyers who have been through thick and thin, the amount of tonnage that is required is more than what we can produce at the moment so there is still room for us to expand maybe even further and achieve higher results."

Australia wins Gold! But can the same be said for Rio Tinto?

PNG Mine Watch 2.8.2012, via Bougainville Freedom Movement

Australia has won its first gold medal, and the athletes were awarded medals made from gold produced by Rio Tinto, the official supplier to the London Olympics. The London Organising Committee for the Olympic Games claims all suppliers have passed the requirements of its ethical sourcing guidelines, but one does not have to dig much at all to see that Rio Tinto should never have been accredited as a supplier to the Games. See <http://publishwhatyoupay.org/newsroom/blog/australia-wins-gold-can-same-be-said-rio-tinto>.

Add German complications to Papua New Guinea problems for Nautilus undersea mine

Frik Els, Mining.com, August 2, 2012

Nautilus Minerals (TSX/AIM:NUS) opened in positive territory on the TSX on Thursday, but shed 4.4% in London after the embattled seabed mining company released its unaudited consolidated financial results for the second quarter ended June 30. The company initiated a legal battle on June 1 over a marine copper-gold-silver project off the Papua New Guinea coast in the Bismarck Sea, which saw its value on the Toronto market more than halved. The Toronto-based company said in the Q2 report it continues to engage the government of PNG in legal proceedings held in Sydney Australia over ownership and funding for its Solwara 1 project which is now just over half built. Nautilus said it has completed its Bismarck exploration program and signed an offtake agreement for Solwara 1 with a Chinese concern during the quarter, but that it has run into trouble with its German partners building a surface vessel for the operation which would lead to delays.

"On June 1, 2012 Nautilus announced that Harren & Partner advised that it will no longer be able to contribute the full amount of the equity to the Vessel JV contemplated by the Agreement signed by the parties in April 2011. The change in Harren & Partner's position, linked to a tightening of banking rules in the current European crisis and the depressed shipping market, may delay the finalisation of the terms of the third party funding and result in a consequential delay to the program for the vessel build." The undersea mine was initially slated to begin production in the fourth quarter of 2013.

The company said it now has \$87.1 million in cash and cash equivalents as at June 30, 2012 and yesterday the firm announced it is raising \$34 million through a private placement to continue to build its Seafloor Production System. The offer is priced at \$0.90 per share compared to a year-low for the company on the TSX of \$0.92. The price convinced major shareholders of the \$214 million market cap company to support the offer – Oman's MB Holdings will increase its stake to just under 17% and get a seat on the board, Metalloinvest holds at 21% while Anglo American has subscribed for 4.4 million shares to maintain its interest at 11%. Other large shareholders will take up the remaining 5 million shares of the total 37.7 million to be issued.

Nautilus continues to develop seafloor system despite arbitration

By: Henry Lazenby, Mining Weekly Online, 2nd August 2012

TORONTO (miningweekly.com) – Aspirant seafloor miner Nautilus Minerals announced that it was to raise C\$34-million to complete the development of its proprietary seafloor production system, which it intends to use in its Solwara 1 copper/gold project off the coast of Papua New Guinea (PNG). The placement would involve issuing about 37.7-million shares to a number of investors at a price of 90 Canadian cents a share. Nautilus president and CEO Steve Rogers said the private placement would provide funds to continue the build of key pieces of equipment, such as the seafloor production tools, and riser and lift system. "At the end of June, the major equipment items of the system were 51% complete, and a significant percentage of the subcomponents have been delivered," Rogers said on Wednesday. Existing Nautilus strategic shareholders, MB Holdings, Metalloinvest and Anglo American were participating in the private placement.

Rogers said that there was strong support from the major shareholders for the company to maintain the build programme for the system and ensure the realisation of deep-sea resource production as an industry. The company is currently embroiled in a legal spat with the PNG government over contractual issues. Nautilus had initiated a dispute resolution process by filing a notice of arbitration against the PNG government on June 1, owing to a disagreement about the parties' obligations in the completion of the contract and alleging that the State had not paid its share of project development costs. But the PNG government countered by asserting that Nautilus had not met certain obligations on which completion of the transaction was dependent, arguing that the company had

breached the agreement and that the State was entitled to terminate the agreement.

Nautilus refuted these claims, maintaining that it was the State that had breached the agreement. The two parties had now agreed on the appointment of former Chief Justice of the High Court of Australia, the Honourable Murray Gleeson, as the arbitrator. The arbitration would be conducted in Sydney, Australia, under the United Nations Commission on International Trade Law's arbitration rules, and might take several months to conclude, provided that Nautilus and the State comply with the timetable set by the arbitrator and otherwise acted within the rules.

Porgera's new milestone

The National, 02nd August, 2012

THE Porgera mine in Enga province has underscored its world-class reputation this month when it processed its 100 millionth tonne of ore since the mill began operation in 1990. Porgera executive general manager Greg Walker said the 100 million mark was reached in the early hours of July 14. "This is a tremendous milestone for Porgera," he said. "It really shows what a great mine this is and how much it has contributed to Papua New Guinea." The first bar of gold at Porgera was poured on Sept 20, 1990 and since then the mine has produced more than 17.6 million ounces of gold.

This production represents on average 12% of PNG's total export earnings over the past 22 years. The mine now produces around half a million ounces a year, placing it among the most-productive of the world's gold mines. After crushing and grinding the ore, to recover the gold-bearing supplied minerals, Porgera uses pressure oxidation (which requires large quantities of oxygen) to oxidise the sulphides and release the gold for extraction via cyanidation. Cyanide tailings are neutralised using locally produced quicklime and combined with flotation tailings to ensure tailings are benign.

When production began in September 1990, the mill processed around 2,000 tonnes a day. Following a series of upgrades, it now puts through an average of 17,500 tonnes of rock each day. Walker congratulated all those who have contributed to Porgera's production record. "We could not have achieved this milestone without the support and assistance of our key stakeholders and partners, and I would like to thank them for that," he said. "This includes the mine landowner clans and families, the PNG government and the Enga provincial government, the Mineral Resources Authority and, of course, the communities of the Porgera Valley. "One of the other outstanding features of this mine is the dedication of our people.

"We have a number of key personnel who have been with the mine since it first began production in 1990 that are still here today, continuing to help Porgera deliver its results. "These include, among others, Jacobus Lyambi (maintenance supervisor), Elias Pealo (mill supervisor), Peter Ipu (maintenance supervisor), Joseph Unagi (electrical supervisor), Allan Pearson (electrical foreman), Ben McKelvie (machine foreman), Posi Puamonana (equipment operator), and Jim Dempster (site services general foreman)." Walker said that around 70 personnel who started employment with the mine in 1990 remained in service. "I think this says a lot about the dedication of our people, and their commitment to Porgera and PNG – they really believe in what they do, and it shows in our results!" he said.

Marengo: Yandera job smooth

The National, 02nd August, 2012

By MALUM NALU

MARENGO Mining's work on its Yandera project in Madang province proceeded well during the

June quarter, according to its latest quarterly report released this week. The report said the primary activity during the quarter was to continue activities leading to the completion of a feasibility study on the Yandera project. "This work is running in parallel with the completion of an environmental impact statement (EIS) for submission to the Department of Environment and Conservation," the report said. "It is anticipated that these documents would be completed towards the end of the current quarter, ahead of an EPC (engineering, procurement and construction) pricing to be submitted by the company's Chinese strategic engineering partner, NFC (China Nonferrous Metal Company), during fourth quarter of this year. "The Yandera project development concept is for a full open-cut mining operation and subsequent processing operation to be located at Yandera, with copper concentrate, and by-product magnetite concentrate being delivered to a port facility in the Madang area by way of pipeline." Molybdenum concentrate will be delivered by road transport due to the smaller volumes of this high-value product from the proposed mining operation, the report said. "An integrated rock waste and process tailings facility is being designed to be located in the vicinity of the Yandera deposit, under stringent criteria, to ensure that the highest levels of environmental integrity are retained.

Bougainville: Momis clarifies mining company

Post-Courier 2.8.2012

By *PETERSON TSERAHA*

AUTONOMOUS Bougainville Government (ABG) President John Momis has expressed concerns about misleading statements made about Bougainville mining policy by Canadian company Morumbi Resources Incorporation (MRI). President Momis said that the ABG has not yet made steps to introduce mining policy although a motion to adopt a draft mining policy was introduced by a backbench member on June 7, 2012, but it was not an ABG policy. "The motion was not adopted by the house, instead ABG ministers emphasised that only the ABG can develop mining policy. The ABG has not moved to start mining exploration and a legal moratorium on mining exploration introduced in 1971, at Bougainville's request has not been lifted." He said. "When the ABG does develop its own policy it is unlikely to allow a landowner company to decide who can explore or develop resources and such activities involve many blocks owned by numerous clan groups and they affect adjacent blocks, and those down river or in areas where roads and powerlines must pass," President Momis said.

He said only the ABG will be able to take account of many interests involved, and so will be the authority to issue licences and in doing so it will take account of rights of customary owners. According to President Momis (MRI) were making incorrect statements in Toronto about development of Mining Policy on Bougainville and hoped that potential investors are not being misled by such statements. In an article in Post-Courier dated 11, July 2012 Chief Executive Officer (CEO) of MRI Lindsay Semple claimed that the ABG had taken motives to introduce Bougainville Mining policy to start mining exploration on Bougainville. In a statement issued in Toronto dated July 10 2012, claimed unanimous support was given to a motion introduced into the ABG House of Representatives on June 7, 2012 accompanied by a "Draft Mining Policy" calling on ABG to make laws recognising landowner rights to choose companies to explore and develop mineral resources under their land.

Fiji: Prime Minister awaits Namosi report

Fiji Sun, 1.8.2012

By *MAIKA BOLATI KI*

Prime Minister Commodore Voreqe Bainimarama has confirmed to the Fiji Sun that no decision had been made on the proposed mining by Namosi Joint Venture in Namosi. He said he was still

waiting for the environment impact assessment report from the Namosi Joint Venture. Commodore Bainimarama told the Fiji Sun at Nubuyanitu village in Navosa last week that a decision would only be made after he had received the report in consultation with the landowners. He further assured that the people would be involved in their decision making. The Prime Minister had ordered for rehabilitation works to be carried out in Namosi following environmental concerns raised by landowners because of exploration work. All exploration work in the area had been stopped. In opening the Namosi Provincial Council meeting in June, Namosi Joint Venture country manager, Greg Morris had said no decision had been made to develop a mine in Namosi but if it happened, it would be operated under strict environmental conditions.



Prime Minister Commodore Bainimarama says he is waiting for the environment impact assessment report from the Namosi Joint Venture on the proposed mine.

“The mine would be constructed and operated under strict environmental conditions required by approvals issued by the Fijian Government and in accordance with all applicable laws and standards,” he said. He said they needed to finish the studies and present the environment impact assessment to the community and the Government for approval prior to a decision being made to developing the mine. Mr Morris assured the potential mine of two open pits at Waisoi would not require any villages to be relocated and would not use the Sovi River Basin for mining or related infrastructure. According to Mr Morris, current estimates are the mine could cost around \$2 billion to develop, take over three years to build and employ around 2000 people during the construction period. The chair of the Namosi Provincial Council, Ratu Romanu Matanitobua, said the council had given its full support for the multi-million dollar project because of what the company had done to the people of Namosi. However the Namosi Tikina Landowners’ Committee spokesperson, Sipiriano Nariva, said the council was not representing the landowners. Mr Nariva said they would seek another audience with the Prime Minister to again raise their concerns about the mining project.

Cook Islands Moves To Establish Seabed Minerals Commission

Advisory body would oversee permits, licensing for undersea mining

By Rachel Reeves

RAROTONGA, Cook Islands (Cook Islands News, July 31, 2012) – The Cook Islands government is taking steps to set up a formal seabed minerals commission, more than two years after it was legislated into existence. The Seabed Minerals Act, passed in 2009, allows for the minister of marine resources – who at present is also the deputy prime minister – to appoint a commissioner for the forthcoming seabed minerals commission. It also provides a legal framework for government to establish an advisory board to the authority, comprising community representatives and House of Ariki nominations. The act provides for the granting of prospecting permits, exploration licenses, min-

ing licenses and retention leases in respect of seabed minerals. These activities are expected to bring millions, if not billions, in income to the country within the next decade.

Currently government is seeking applications for the positions of chief executive officer, geographic information system specialist and administration officer to staff the seabed minerals unit. Members of the unit "will need to have expertise in marine sciences, an understanding of marine geology and environmental science," the Ministry of Marine Resource's seabed minerals adviser Darryl Thorburn explained. The unit will be an interim arrangement that will precede the establishment of the authority and the appointment of its commissioner, and will be housed at the deputy prime minister's office. It will be working in conjunction with the National Environment Service and the Ministry of Marine Resources.

"It won't be a big unit because at the moment no mineral resources have been developed or explored or mined, but depending on how all that evolves the unit will need to be resourced accordingly," Thorburn said. This year's Budget allocates NZ\$320,000 [US\$259,488] per annum for the next three financial years to the seabed minerals commission. Its allocation falls under the Ministry of Marine Resources header. The deadline to apply for the position of seabed minerals commissioner – which was advertised for the requisite period of time – has passed. Thorburn declined to confirm how many applications had been submitted and received. Of the commissioner's position, he said: "That person's role will be to set up the authority and then slowly move on in terms of assisting with development of the Cook Islands seabed minerals." The commissioner, under the act, will report to the responsible minister.

Bougainville: Local companies oppose BCL return

Post-Courier 31.7.2012

By *PATRICK TALU*

talks of Bougainville Copper Ltd (BCL)'s return to the civil war-torn Autonomous Region of Bougainville to reopen the Panguna mine has received stiff resistance from the Bougainville landowner companies from the mine area. Joe Birunoim, mandated spokesperson for five major landowner companies from the Panguna mine area, a former politician and former rebel commander yesterday said the talk of BCL returning to Panguna is 'a joke'. Mr Biruniom who represents Avaipa Resources Ltd, Pakasianpa Resources Ltd, Baunapa Resources Ltd, Erupia Resources Ltd and Karato Resources Ltd said BCL is not welcomed in Bougainville. "It has more than enough outstanding issues on its plate. If BCL is stalking about returning to the Panguna mine pit is fine but not accepted at the 7 sisters (the seven mining lease areas). We have had enough damaged accumulated from BCL. Knowing the fact that BCL is out of the region, we have already established ourselves as exploration and mining companies to explore and mine our own mineral resources. We have joint partnership with major internationally reputable mining and exploration companies who have agreed to our model of shareholdings and benefiting sharing arrangement which is a unique and different from any other developers could afford to offer," Mr Birunoim said.

Vice Chairman and a director of umbrella company Isina Resources Holdings Ltd Sam Kauna said if there is any negotiation for reopening of Panguna, it has to be a wide consultation and not for ABG President John Momis to decide whether BCL is to come or not as it's a private political deal. "The very people who fought for their land and resources have to be consulted. But in this case, the landowners have decided their own destiny and said no to BCIL. I am working on as model to give back mineral and oil ownership back to the landowners and any talk to BCL coming back will defeat the purpose of setting up and landowner's companies to locally explore and mine our own resources. If we can do exploration and mine own our own with other companies through joint venture, there is no need for BCL as it does not have any place in the region, the former Bougainville Revolutionary Army General told the Post Courier yesterday. A former senior politician from the

region who requested unanimous when asked to comment after learning of BCL interest to return said, “the general feelings in Bougainville is that there is an ill feeling about the news of BCL return. General, Bougainvillians don’t want to see BCL coming back.”

Also it must be made clear that under Section 23 of the Bougainville Constitution, all mineral and oil resources are owned and belong to the landowners or resource owners of Bougainville and not ABG, the National Government or any foreigner for that matter,” the former politician said. Two weeks ago, BCL chairman Peter Taylor was in the region to talk to the Panguna landowners including ABG President John Momis. Mr Momis later told Radio Australia that the meeting with BCL was very significant. “It was the first time that all the landowners were represented in the group that talked with us. In the past we had other big meetings but not all landowner groups were represented. But this time it was good. I was not completely surprised. I was very happy because we had been doing a lot of work, the administration has been doing a lot of work liaising and talking with the landowner groups and insisting that landowners must come to an agreement to work together,” Mr Momis reportedly said.

PNG oil spill ‘minor’, says company

Post-Courier 30.7.2012

Papua New Guinea’s biggest oil and gas producer has halted loading at one of its offshore terminals because of a minor oil spill. Oil Search says there was a “minor incident” while oil was being loaded onto a tanker at its Kumul Marine Terminal in the Gulf of Papua. In a statement, the company said loading was suspended after a “small number of oil droplets” were seen on the water. Oil Search estimates less than one barrel of oil was released but bad weather is preventing efforts to inspect the loading line. A diving support boat that can operate in rough conditions is not expected to arrive for at least a week. The company says the impact on production has been minimal but storage facilities are nearly at full.

Pacific economies resilient despite euro crisis

Post-Courier 27.7.2012

Agricultural, petroleum and metal exports from Papua New Guinea and Timor-Leste, the two biggest economies in the Pacific region, were hit by lower international commodity prices. However, the Pacific economies will remain resilient despite economic woes in Europe thanks mostly to increased government spending on public infrastructure, according to the Asian Development Bank (ADB). The Manila-based lender also expects growth in the Pacific region to expand 6 percent in 2012, Xinhua news agency reported. “Economic troubles in the eurozone continue to have only modest and indirect effects on Pacific economies, owing to the relatively greater importance of economic developments in Australia, Japan, New Zealand, and the United States in driving Pacific growth,” ADB said in its report. The ADB also sees inflation in the Pacific region to ease to 6.3 percent owing to declining commodity prices.

Growth projections for these two resource-based economies are unchanged because their near-term growth is more dependent on ongoing infrastructure projects. The ADB, however, has mixed views on the economic performance of smaller Pacific islands. Growth in the Cook Islands and Samoa has fallen short of expectations as capital expenditures have been below budgeted levels. A decline in seafarers’ remittances in Tuvalu and slower-than-expected implementation of infrastructure projects in Vanuatu have also resulted in modest downgrades of 2012 growth projections for these countries. But the ADB said slowing growth in China may hurt the Pacific economies, mainly due to its strong ties with Australia, the main trading partner of most Pacific countries.

LNG: Pipeline complete

Post-Courier 27.7.2012

THE installation of the ExxonMobil subsidiary Esso Highlands Ltd (EHL) led PNG LNG Project's 407-kilometre offshore pipeline is complete, after the two sections of pipe were recently connected. EHL lead media and communication advisor Rebecca Arnold said in a statement yesterday "this major milestone was performed by the Castoro 10 Shallow Water Lay Barge." Mr Arnold said the pipeline was laid in two sections over eight months, using two vessels, one starting at Caution Bay (Central Province), while the other started at Omati in the Gulf Province. She said, "the Castoro 10 connected the two sections of pipe in an activity known as an "above water tie-in", by lifting each end of the two pipelines simultaneously using six small cranes. The pipeline ends were then cut off, joined, and welded to form one continuous pipeline," the statement said. Once the tie-in was completed, the now-joined, single pipeline was lowered back into the water. The next step in the pipeline process will be the hydrotest of the pipeline, which will check the integrity of the pipeline. This will be followed by connecting the offshore pipeline with the 292-kilometre onshore pipeline, an activity that is expected to be completed later this year.

Lihir: Newcrest advances after miner hit output target

Post-Courier 27.7.2012

OPERATOR of Lihir gold mine and joint partner in the Wafi-Golpu project Newcrest Mining has warned that its most troublesome gold mine, Lihir in New Ireland province, has a complicated six months ahead, but is gradually being brought under control after a series of disappointing interruptions to production. The Sydney Morning Herald's (SMH) reported that the comments by Newcrest chief executive Greg Robinson came after the company revealed it had met its revised guidance for gold production in the year to June 30, 2012. According to SMH news, Newcrest shares have risen strongly yesterday morning on the back of the production figures, with the stock 81 cents higher at \$22.96 shortly before midday.

Newcrest is Australia's biggest listed gold producer, but has endured a bad year in financial year 2012, with a series of production downgrades eroding trust levels with investors. The company originally vowed to produce as much as 2.92 million ounces in the year to June 30, 2012, but was forced to reduce that number multiple times, culminating in April's guidance that gold production would be between 2.25 million ounces and 2.35 million ounces. The company yesterday reported within that April guidance, with full year production of 2.28 million ounces. Problems at the Lihir mine in the New Ireland province – which Newcrest only acquired in September 2010 – were the main reason for that series of downgrades, and Mr Robinson gave analysts cautious hope that the mine's problems were increasingly under control.

"We are getting better at running that mine consistently," he told an analysts briefing shortly before midday yesterday. "But it's a very busy six months ahead as we bring it into commissioning." Mr Robinson said guidance for Lihir was being kept "deliberately very broad" in case more problems emerged in financial year 2013. The upgrades at Lihir are now 91 per cent complete, with the project due for completion by December 2012. The company will be hoping today's guidance puts a floor beneath the company's share price, which has tested multi-year lows recently, even though gold traditionally performs well in times of economic uncertainty. Newcrest yesterday was unable to comment when alerted on the report.

Pacific export value in big fall

Post-Courier 26.7.2012

The Pacific, including the PNG resource sector exports value to Australia have dropped dramatically in the first five months under a recorded inflation rate of 6.3 per cent as a result of the global fi-

financial turmoil. According to the Asian Development Bank (ADB) Pacific economic monitoring reported growth in the Pacific region is expected to run at 6.0 per cent in 2012, but slow to 4.2 per cent in 2013 and the slowdown in 2013 is expected to be mainly due to lower growth in resource exporting countries that weigh most heavily in regional averages. In the report the value of Pacific exports to Australia was 6.1 per cent lower during the first five months of 2012 compared to the same period in 2011 and this is because PNG's main exports to Australia — gold, mineral fuels, petroleum, and petroleum products — dropped by 10.0 per cent, and PNG accounted for 90.8 per cent of total Pacific exports to Australia in the first quarter of 2012. The value of Pacific exports to New Zealand in the first quarter of 2012 rose by 22.2 per cent compared with the same period in 2011, due to rising import volumes of phosphate from Nauru and coffee from PNG.

Director General of the ADB's Pacific Department Xianbin Yao said that Pacific economies are weathering persistent troubles in the eurozone but the need is to broaden and build resilience in their economies. Mr Yao said that ADB is continuing its efforts to assist Pacific economies in making long-term infrastructure investments and undertaking necessary policy reforms to achieve stronger and more inclusive growth in the coming years. Meanwhile Mr Yao said that reforming state-owned enterprises (SOEs), improving the business environment and women's economic empowerment is critical to building a vibrant private sector in the Pacific region. He said that building the private sector is key to ensuring that growth in the Pacific is inclusive by removing barriers and building the right conditions and Pacific policy makers can help develop a strong and dynamic private sector.

Niue Negotiating Gold, Copper Mining With Australian Company

Exploration license expected to be released before year's end

MELBOURNE, Australia (Radio Australia, July 26, 2012) – Niue says it is negotiating with an Australian company about gold and copper mining on the coral atoll. Premier Toke Talagi says his government is negotiating the commercial arrangements for long-term mining. He said the company involved is Australian with connections to New Zealand. He says further exploration is needed to determine the size of gold and copper deposits and their exact location on Niue. Environmental assessments also needed to be done. Premier Talagi says he expects the government will issue an exploration license this year. He says the economic benefits of mining could rival that of tourism for the small nation.

Freeport Mine in Papua to Increase Royalties to Indonesia

Government wants higher royalties, less foreign ownership of mines

WELLINGTON, New Zealand (Radio New Zealand International, July 25, 2012) – Freeport Indonesia has agreed to raise its royalty payment to the Indonesian Government and has also offered to double the country's stake in its huge Papuan mining operation. The coordinating Minister for the Economy, Hatta Rajasa, says Freeport is willing to increase its one percent royalty, but did not specify by how much. The Jakarta Globe says Indonesia has been seeking higher royalties and wants maximum foreign ownership in mining companies cut to less than half. The Tempo website reports that Freeport has also offered Jakarta a 9.36 percent stake in the mine. The Indonesian government already owns nine percent of Freeport Indonesia. The website says Jakarta has offered the additional holding to the local Papua administration.

Government Pressed to Release Solomons Gold Production Reports

PM Lilo claims measures already in place to ensure transparency

HONIARA, Solomon Islands (Solomon Times, July 25, 2012) –The Malaita Ma'asina Forum is calling on the Gold Ridge Mining Limited and Solomon Islands authorities to reveal to the public information on gold exports to Australia. Forum spokesperson Martin Housanau says Solomon Islanders need to know the total tonnage of gold exported since 2011, and the total earnings derived from the exports. He says the details must be disclosed following revelations by a London-based Economics Researcher, Dr. Roger Transaski who had told the media that Gold Ridge Mining Limited may be hiding information about the true figures of gold exports and earnings from them. Dr. Transaski had given some gold production rates and what the gold products could fetch when exported, based largely on website reports he collected two years ago.

The Economics Researcher, Dr. Roger Transaski had also claimed among other things, the gold mining company had stopped producing gold production reports to keep Solomon Islands people in the dark. Mr. Housanau says both the gold mining company and the Government have allowed room for speculation by remaining secretive about the gold exports. He says it is really worrying to note that the Government led by Prime Minister Gordon Darcy Lilo is not doing enough to ensure transparency in the industry. But Prime Minister Darcy Lilo says he does not know how the Forum could have come up with such allegations. "The government has already taken the initiative to ensure that Solomon Islands is a member of the Extractive Industries Transparent Initiative... so there are mechanisms already in place to guard against such practice."

A statement from Allied Gold also says the information the forum has been demanding is routinely released every quarter, "as Allied Gold is a public company and therefore required to report its production on a quarterly basis." It says Gold Ridge started production in the March quarter of 2011, and to date it has produced a total of 86,955 ounces. Allied Gold also reported that since 2011 the company has recorded a cash operating loss of USD\$35.5 million dollars, which is all fully disclosed in the annual report which is available on their web site. The company says that like any other publicly listed company they are being independently audited by an international accounting firm. It says the loss is consistent with the fact that the operation is essentially still in its start-up phase, following investment of approximately USD\$280 million dollars in the Gold Ridge operation.

Landowners call on Basil to amend Mining Act

Post-Courier 25.7.2012

By FRANCO NEBAS

A call has been made to the duly elected member for Bulolo Mr Sam Basil to amend the current Papua New Guinea Mining Act. Golpu Landowners Association president John Nema said when congratulating Mr Basil on his victory to retain his Bulolo seat. Mr Nema said the actions of Basil had proven and convinced the people that he can deliver much needed service for the electorate, province and the nation. "You deserve to retain your seat and continue to implement what you have planned to ensure that tangible services and developments reach much needed villages with the respective local level government council area," he said. He said the Wafi-Golpu project was predicted to be one of the world's largest mines and is currently going through feasibility studies before the actual mining. "This will be a crucial period in the development of our mine which will bring about huge developments and changes to our community therefore seeing the potential in your leadership, we trust that you will truly support our interest.

"We have given mandate to you for a second term so you can look into our grievances to amend the Mining Act laws and to give the resource ownership power back to us the landowners," Mr Nema

said. He said that this would enable Mr Basil to negotiate better benefits and a fair representation in the MOA negotiation. "This is for and on behalf of the legitimate landowners and those neighbouring community who will be impacted by the mine developments including Mumeng LLG, Bulolo and Morobe province," said Mr Nema. He said Papua New Guinea was blessed with so much mineral resources like Gold, Copper, Oil, and Gas. He added however the question where every citizen and leaders of this country asked was, where did all the money go as the country seems to be very poor still.

Ramu: Commission solves two disputes

The National, 25th July, 2012

By PISAI GUMAR

THE Special Land Titles Commission has completed two coastal pipeline landowner disputes relating to the Ramu nickel mine, with 42 disputes yet to be completed. Apart from the landowner cases, there are 70 undisputed applications still pending. The commissioners are chairman George Minjihau, acting chief commissioner Benedict Batata and special commissioner Kutt Paonga who were appointed by the state to hear landowner disputes of the pipeline. Minjihau said they had completed eight cases for inland pipeline landowners but the decisions were still pending. The cases for the coastal pipeline landowners were delayed out of respect for the death of their chairman Charles Okori recently. He said the commission had begun with two disputing parties from Basamuk. "However, the two disputing parties from Basamuk assured the court cooperation so we allowed them to settle outside the court," Minjihau said.

"At Basamuk, there are three outstanding cases but we are not sure because the disputing parties have yet to register their cases. "Otherwise they could be undisputed cases," Batata said. He said they had been appointed to deal with gazetted disputing areas recognised by the National Executive Council. "The NEC gazetted cases relate to customary land areas on which the slurry pipeline runs and 15m from each side of the pipeline. "There are cases pending for 15 areas of the slurry pump stations, with 300 applicants disputing ownership," Batata said. "This case is very sensitive and crucial to us for the best interest of the state, the investor and landowners to benefit all. However, the main factor in the slow progress of hearing is caused by families with a clan disputing each other." Batata said the commission was mindful of recording detailed information before final decisions were handed down. The commission commended the Mineral Resource Authority for setting up a separate building as a court house for hearing cases.

Oil Search spent \$US512 million

Post-Courier 25.7.2012

OIL Search Limited (OSL) has spent a massive \$US512 million (over K1 billion) in expenditure on exploration and oil field development work. OSL Managing Director Peter Botton said in its second quarter report that a number of construction milestones were reached on the PNG LNG Project including the laying of the 407 kilometre offshore pipeline and the deep water pipe lay vessel demobilisation. Mr Botton said at the LNG plant site, the roofs of both LNG storage tanks were raised, the Train 1 propane compressors were set onto the foundations and the jetty trestle construction was completed and by the end of the quarter, most of the steelwork for Trains 1 and 2 had been erected and installation of the piperacks, pipe and heavy equipment on the process trains had also commenced.

He said that route clearance and stringing of the onshore pipeline reached Kutubu during the quarter, with over 180 kilometres of the onshore pipeline welded, trenched and buried as at the end of June and installation of the central processing facility and project interface equipment continued, as

part of OSL-operated associated gas project and the oil fields remain on track to commence delivery of commissioning gas to the Project in the second quarter of 2013. Also earthmoving activities at the Komo airfield continued to make good progress and pavement trials commenced and a contract for the Antonov heavy lift aircraft, which will transport the major heavy items of equipment for the Hides Gas Conditioning Plant construction to site. Meanwhile, its total oil and gas production for the quarter was 1.80 million barrels (mmboe) which was 24 per cent higher than the first quarter of 1.46mmboe despite the 12 per cent global plunge in the price of oil to \$US108.73 per barrel from \$US124.14. Meanwhile the OSL is refinancing its corporate facility and has commenced discussions with a range of banks regarding the refinancing of its undrawn corporate facility, which expires in late 2013.

Irate Mandana landowners

Post-Courier 25.7.2012

By *TRAVERTZ MABONE*

FRUSTRATED landowners of South East Mananda have yet to receive their Infrastructure Development Grants and are demanding payments to be made this week. The chairman of the South East Mananda Projects landowner group Michael Ben said “We were told we were to be paid before the elections however to date we haven’t received our portion despite other areas having received theirs.” “For us, we are left in suspense and don’t know what is happening to our payments. We need the funding to return home and commence the vital projects needed in our area and our people there are already tired of waiting,” he said. He said “We are afraid that the government might misuse the money or even lend it out, therefore we have collectively decided that all IDG grants earmarked for us must be paid either this week or by early next week.”

In an earlier report in this paper on June 18, 2012, the Southern Highlands deputy provincial administrator Dr Bravy Koensong confirmed the IDG payments for South East Mananda and other areas totalling K21.3 million to be paid however it needed to go through the final phase of being endorsed by the government chief secretary and the prime minister. This final endorsement that has been lagging has stirred uneasiness in the landowners. Dr Koensong also outlined that the delay is attributed to vital systems that need to be put in place such as a monitoring and evaluation team that will keep strict control of how the money will be spent after payments are done. Mr Ben however remains adamant that if Hides and Angora had all systems in place then why couldn’t they all have been done at the same time, thus ensuring that South East Mananda also took their piece of the pie.

Landowner company wins Ramu Nico road contract

The National, July 24th, 2012

A LANDOWNER company from the Ramu NiCo project area has won a two-year road maintenance contract from the nickel miner. The deal was signed between Ramu NiCo representative vice-president Pan Hengali and Basamuk Landowners Association chairman Lima Mullung at the Basamuk refinery last Thursday. The contract has been awarded to Basamuk Enterprises Ltd, which is owned by landowners of Basamuk in the Raicoast district of Madang province where Ramu NiCo’s refinery plant is located. Under the contract, Basamuk Enterprises will carry out road maintenance work at the refinery site, covering limestone access road, the road from Ganglau village to refinery site and refinery connection road from water source through the new camp and original camp area.

The total road length is 9.8km. The contract will assure the landowner company a contract price of K47,181 per month for the next two years, totalling more than K1 million. Basamuk Enterprises general manager Leo Andrew and Ramu NiCo’s community affairs deputy general manager George Wang were present to witness the signing. The contract is the first during the operation phase of the

project following other contracts previously awarded during the construction of the Project. Mul-lung said Basamuk Enterprises was technically capable to carry out such work and could do more if given the opportunity. Andrew said road maintenance work would commence next month. All equipment and manpower from local villages are already being mobilised.

McMoRan's Freeport Mine Operations Normalizing In Papua

Relations between mine, workers 'have improved significantly'

WELLINGTON, New Zealand (Radio New Zealand International, July 23, 2012) – Mining giant Freeport McMoRan Copper & Gold in Indonesia's Papua says operations are approaching "normal" levels after a first quarter marked by labor disruptions. Labor unrest at the world's third-largest open-pit copper mine took a toll on Freeport's profitability earlier this year. A shut-down from late February to mid-March saw the company lose about 80 million pounds of copper and around 125,000 ounces of gold production, cutting first-quarter earnings by 49 percent. However chief executive Richard Adkerson says operations at the open pit mine are returning to "normal." Mr. Adkerson says relationships with the workforce have improved significantly adding that the company has "made further progress to improve productivity." He says Freeport continues to work "cooperatively" with the Indonesian government on the review of the company's contract of work agreement and on extending that contract to 2041 from 2021. He declined further details of the talks, as discussions are ongoing.

Why has the report on fish deaths not been released?

Martyn Namorong, The Namorong Report (PNG Mine Watch 23.7.2012)

The Morobe Provincial administration has received the report from the University of Technology, inquiring into the suspicious deaths of aquatic creatures earlier this year. The report is yet to be released to the public. Below is an opinion piece written by a concerned scientist who wishes to remain anonymous.



When large numbers of dead fish littered the banks and mouth of the Markham River, the Labu people brought the issue to the media to demand answers from the Department of Environment and Conservation (DEC), Morobe Provincial Government (MPG), Morobe Mining Joint Venture (MMJV) and other appropriate authorities. Sometimes later, the people of Gabansis found some dead fish in the Zansam tributary to the Markham River and also demanded for investigation by appropriate authorities. DEC responded to the Labu people's demand and carried out an aerial investigation to find answers to this mysterious dead of fishes in the Markham River. However, the answers given by DEC were unconvincing and did not go down well with many NGO groups and right thinking citizens. Oseah Philemon reported in the Post-Courier on the 21st of January, 2012 that DEC attributed the cause of the dead fish to large landslips near the Kumalu, Langimar and Ba-

nir rivers. The logic behind that assumption was that the landslips may have released large amounts of soil into the river systems which depleted dissolved oxygen levels, thus the fish died due to lack of oxygen.

Nevertheless, photographs posted in the newspapers showed that the dead fish in the Markham River were mostly carp, tilapia and eels. Carp, tilapia and eels are known to survive in stagnant water bodies, which usually contained low levels of dissolved oxygen. Moreover, eels are known to burrow into mud banks and live out of the water for some time, as they can breathe oxygen directly from the atmosphere. Therefore, the reasoning that the dead fishes found in the Markham River died from lack of oxygen does not add up because these fish species tolerate low levels of dissolved oxygen under natural conditions. Something more than landslips caused fish in the Markham River to die. DEC mentioned that the department relied on MMJV to supply them with mine water discharge data on a weekly basis. This information not only gave away the department as an ineffective regulator of the environment in PNG, but it also showed how easily DEC could have been fooled by mining companies through the manipulation of mine water discharge data. It does not require rocket science for any ordinary Papua New Guinean to understand this logic.

Two types of water permits are usually administered by the DEC, the Water Extraction Permit and the Water Discharge Permit. In the case of dead fish in the Markham River the most important permit is the mine Water Discharge Permit. This is the permit that allows for MMJV to discharge water and contaminants into the Watut and Markham rivers. Section 82 of the Environment Act 2000 confers the right to any person or organization to release water or contaminants under prescribed conditions and standards into the environment. However, there is no indication in the Act as to what those prescribed conditions and standards are. But the same section of the Act states that the permit confers the right to any person or organization to release water or contaminants into the environment subject to any prescribed conditions or conditions endorsed on it. Therefore, since the Director of DEC is the ultimate authority on the issuance of environmental permits, this suggests that the Director of DEC sets the prescribed conditions and standards on environmental permits.

Several NGO groups have asserted that environmental permits are classified documents and it has been frustrating to obtain copies of these documents from DEC. Consequently, the water permits that were granted to MMJV are classified information as well, so the prescribed conditions and standards on those permits are also classified. Since water permits are classified information and the issuance of permits is the prerogative of the Director of DEC, it was not possible for the public to know the types of water permits that were granted to MMJV. Nevertheless, David Wissink of MMJV confirmed in the Post-Courier of 14th May, 2012 that the company operated on a permanent and a temporary permit, and a copy of that temporary permit is also posted on the Papua New Guinea Mine Watch website. The permit showed that MMJV was actually allowed to increase its water discharge per hour.

That temporary increase in water discharge obviously increased the contaminant level. Thus the dead fish in the Markham River were obviously killed due to a sudden increase in the level of contaminants in the river for a specified period only. It was also reported in the Post-courier of 28th May, 2012 that more dead fish were found at Zansam, and Unitech scientists were tasked by the MPG to investigate the matter. After investigating the scientists stated that their findings were inconclusive because DEC had not done any studies in the area therefore there was no baseline data to qualify their investigation. The Unitech scientists are professionals in their own right and they know that there are many ways to skin a cat, and scientists are trained to use both orthodox and unorthodox methods to conduct scientific investigations. Thus the lack of baseline data should have not been an issue for these scientists, as unorthodox methods could have been used to derive data that would have qualified their findings. Nevertheless, the scientists decided to keep mum and strike a

deal with MPG to continuously monitor discharge from the Markham and Watut rivers so that they could be paid for consultancy services.

The Unitech scientists downplayed the possibility of fish poisoning from MMJV's operations. They admitted there was cyanide in the water samples they collected, but they suggested that the cyanide was possibly washed off from surrounding rocks and soil and attributed the cause of the dead fish to bacterial infection. However, there were no qualifying statements given by the scientists as to why they believed bacterial infection and naturally occurring cyanide could have been responsible for the dead fish. Therefore, bacterial infection and poisoning by naturally occurring cyanide are remote possibilities and could not have been responsible for the dead fish in the Markham River. It is well known that MMJV has a mutual relationship with the MPG, therefore the study carried out by Unitech scientists may have been a censored investigation. Thus the scientists may have been instructed to carry out the investigation as a matter of formality and to appease public outcry, but not to communicate the findings.

From the investigations carried out and the responses given by DEC and the Unitech scientists on the dead fish in the Markham River, it was obvious that impartiality was absent in the environmental investigations that were carried out. MMJV provided helicopter for DEC to do its aerial investigations and the MPG, which has a mutual relationship with MMJV, contracted Unitech scientists to investigate the cause of dead fish in the Markham River. So how could there be impartiality when the investigator was sponsored by the perpetrator of the environmental destruction or its cronies? Dead fish in the Markham River and the non-impartial investigations carried out are typical of the many environmental issues and investigations this country has experienced since the year 2000. Nonetheless, lack of impartiality in environmental investigations and the downplaying of environmental disasters perpetrated by multinational corporations are just branches to a more deeply rooted issue.

The root cause to non-impartial environmental investigations and the pollution of the Markham, Watut, Angabanga and many other rivers by multinational corporations lies in the Environment Act 2000. This is the unleashed animal that has compromised the integrity of environmental protection in this country and has granted immunity to perpetrators of environmental destruction, while rendering customary landowners and other citizens powerless in the fight for their basic human rights. The Environment Act 2000 is totally flawed and provides loopholes for which perpetrators of environmental destruction can escape prosecution, and the fines to be imposed for environmental destruction are pathetic. Therefore, the only viable solution to improving environmental investigations and to resuscitate environmental protection in this country is to repeal the Environment Act 2000 in its entirety. Unless and until this monster is repealed in its entirety, citizens and the environment of this country will continue to suffer in the guise of economic development.

Tolukuma: building on good community relations

Post-Courier 20.7.2012

By PATRICK TALU

BUILDING a good community relations and having common understanding with any project impacted communities is vital for success of any business operations. This principle was reflected yesterday by PNG's national oil, gas and mineral company Petromin PNG Holdings Ltd office when it presented a K600,000 cheque to Yulai Landowners Association (YLA), the principle landowners of Tolukuma Gold Mine (TGM) as part of its community obligation. Petromin Managing Director (MD) and Chief Executive Officer (CEO) Joshua Kalinoe while presenting the cheque to YLA Chairman George Gusi said, "TGM has an obligation to assist the communities and presentation of this cheque is part of the outstanding commitment and obligation," Mr Kalinoe said. The Petromin

MD who is also the Chairman of board of directors of TGM clarified, “this K600 000 cheque is to build capacity for the local communities especially for the three impacted clans.

Petromin is committed to honour its obligation under the revised memorandum of agreement which is to be reviewed soon in September and we recognise the YLA executives who represent the landowners of Tolukuma. We want to continue to maintain and build on the good relationship we have with the landowners through the YLA executives under the leadership of Mr Gusi and also the traditional chiefs,” Mr Kalinoe added. The MD/CEO also commended the YAL for accepting Petromin as the 100 per cent subsidiary owner of TGM and their willingness to work with them on the mine operations. “I commend you also for your kind cooperation and support for the new Management team of the Tolukuma Gold Mine led by Acting General Manager David Laulau.

Bougainville Landowners speak out on latest moves with Rio Tinto mine

Radio Australia, 19 July 2012

Landowners are meeting on Papua New Guinea's island of Bougainville to pave the way for the return of mining giant Rio-Tinto. Bougainville Landowners speak out on latest moves with Rio Tinto mine (Credit: ABC) Rio's Panguna copper mine was the spark that ignited a decade-long civil war which left thousands dead and the economy of the island on its knees. Two decades on, there is a growing consensus among landowners about re-opening the mine.

Correspondent: Jemima Garrett

Speakers: John Momis, President of the Autonomous Government of Bougainville; Chris Damana, interim chairman of the Panguna Landowners Association; Bernadine Kiraa, Chairwoman of the Panguna Lower Tailings Landowners Association

GARRETT: Reconciliation is now the name of the game between landowners and Bougainville Copper - the Rio Tinto subsidiary that owns the Panguna copper mine. It has been a long hard road. Landowners have been holding talks among themselves and with the Autonomous Bougainville government for more than 2 years. Earlier this month, there was something of a breakthrough - a three-way meeting between landowners, the Autonomous Bougainville government and Bougainville Copper. Bernadine Kirra, is Chairwoman of the 3000 strong landowner group that suffered most during mining - the lower tailings landowners.

KIRAA: The meeting with BCL was a step forward. it was a very good meeting because we agreed at once some decisions that BCL has to meet before it decides to come to Bougainville.

GARRETT: And what is the feeling amongst the women and the other landowners. do they want to see the mine re-opened, eventually?

KIRAA: Uh, yeah! Most people in mine-affected areas and all of Bougainville, we would very much want BCL to come back.

GARRETT: Why?

KIRAA: To help us with our economical recovery on Bougainville.

GARRETT: Bougainville's President John Momis says the meeting with BCL was very significant.

MOMIS: It was the first time that all the landowners were represented in the group that talked with us. In the past we had other big meetings but not all landowner groups were represented. But this time it was good.

GARRETT: And did the landowner groups include mekamui and some of the landowner groups that have been hostile to Bougainville copper?

MOMIS: The landowner groups represented all the groups that have been listed as the legitimate landowners, which includes Mekamui, of course, yes.

GARRETT: Were you surprised at the broad representation of landowners that turned up for the meeting?

MOMIS: I was not completely surprised. I was very happy because we had been doing a lot of work, the administration has been doing a lot of work liaising and talking with the landowner groups and insisting that landowners must come to an agreement to work together.

GARRETT: Bougainville President John Momis.

Landowners took charge of the agenda at the meeting with Bougainville copper.

Chris Damana, Interim Chairman of the key umbrella group, the Panguna Landowners Association, says the BCL representative acquitted himself well.

DAMANA: Mr Paul Coleman, during our 13 agendas that we presented, gave us a positive ..all of them positively answered us. BCL will come and re-open the mine but need to tidy up a lot of things before they come and re-open the mine. We all agree that BCL will come back because they have learned their mistake. We have learned our mistake and, maybe, we can start on a new slate.

GARRETT: So the landowners want to see the mine re-opened?

DAMANA: Of course we need Panguna mine to re-open, definitely!

GARRETT: Landowners told Bougainville copper that before any more moves could be made towards formal negotiations for the re-opening of the mine the company must take part in a reconciliation ceremony and pay what is known as belcol money. Respecting tradition is crucial to the success of future talks. This week, landowners have been holding a series of meetings to draw up some instructions so that BCL gets it right.

DAMANA: We are discussing it now, this morning, in a meeting. we want to put it in black and white to BCL because as you know BCL will see it from the Western cultural perspective. we see it from the Melanesian cultural perspective so we need to explain properly to BCL what this belcol money is and what will meet our purpose, that BCL will do before we go into serious talkings with BCL.

GARRETT: Chris Damana, interim Chairman of the umbrella organisation, the Panguna landowners Association. Landowners are still discussing exactly what the belcol should entail. Bernadine Kiraa, from the lower tailings landowners association does not want to pre-empt the outcome, but she is clear on what her people want.

KIRAA: We really want something that will benefit the whole of Bougainville but, especially myself, I am really looking for BCL to build maybe some good schools for a better standard and maybe better hospitals for Bougainville for a start because we really have a problem with good standard of education and the health facilities here on Bougainville at the moment is very low.

GARRETT: If the mining does go ahead, would all of Bougainville benefit or would it only be the landowners from around the mine?

KIRAA: No, No, this time we are looking from a different perspective. All people of Bougainville should benefit because they have all suffered due to the landowners conflict so we are looking forward to a new complete agreement that will benefit all of Bougainville.

Kalinoe's Tolukuma underground mine operation visit hailed Post-Courier 19.7.2012

A VISIT by the managing director of the country's mining and petroleum company Petromin PNG Holding Ltd to the underground mining operation at the Tolukuma Gold Mine (TGM) has been hailed as a morale booster and a show of confidence to the workforce, the mines operations and its management team. Esau Kairi, a spokesperson for 600 plus all Papua New Guineans workforce told the Post-Courier on Tuesday after the underground mine visit, "it's a moral boost for the workforce when the Managing Director Joshua Kalinoe himself took time out to visit the workers. At least the MD himself knows the environment in which underground miners work as well. Its first of its kind for such a person like Mr Kalinoe to visit the underground mine operation and we are confident that at least he knows the plight of the worker force so that when he as the chairman of TGM can make correct decisions, it will be from his own experience," Mr Kairi, a senior employee with the mills division said.

Mr Kairi said the Managing Directors visit was a positive step that there is more positive things to happen for the mine. “The MD’s consistent visit to TGM sends out positive signals for this mine. We are encouraged by the Mr Kalinoe’s underground and that the miners are motivated to increase and maintain our production targets,” Mr Kairi added. Mr Kalinoe in turn expressed gratitude to the underground miners for being vigilant and giving their utmost best to produce ounces despite working under very risky and hush environment. “I commend all underground miners for their commitment to work and producing result despite the risky working environment,” Mr Kalinoe told miners during the visit to the various underground production sites.

Tolukuma locals want the money

The National, July 19th, 2012

By SARA BICE

YOU are unlikely to find an accountant beside the banks of the Tolukuma River in remote Papua New Guinea. But the locals farming alongside the polluted waters are very interested in how much money an international gold mining company pays to their government. And whether they will ever see a toea of it. On July 1, the Commonwealth government launched a 12-month pilot of the extractive industries transparency initiative (EITI). The EITI promotes full disclosure of resources companies’ payments to governments and revenues received by those governments. Countries and companies committed to EITI aim to create revenue transparency down to a local level. It is early days for the Australian EITI pilot. But recent events in other countries, only slightly ahead of Australia in their EITI implementation, sound a warning bell for advances in corporate financial transparency, and about possible roadblocks to come. Last month, big global miners joined up to voice reluctance to disclose payments made to governments on a project-by-project basis.

In a joint letter published on June 6 by the Financial Times, eight companies – including BHP, Rio Tinto and Xstrata – asserted that project-by-project financial disclosure, the public airing of monies paid according to mine site, will be misleading and is not aligned with tax structures in certain parts of operation. The companies stated that the best way to allow communities to “follow the money” is to require reporting of payments made to different levels of government, not site-by-site. The figures pursued through “publish what you pay” initiatives are not trivial. The eight mining companies, which signed the Financial Times letter alone, generate more than US\$90 billion in global corporate tax payments and royalties to the countries in which they operate. That is almost twice the GDP of Costa Rica or seven times greater than the GDP of Iceland, should you prefer a cooler climate. Australia’s commitment to EITI follows years of debate involving public, non-profit and interest group pressure to regulate financial transparency in the extractive industries.

The timing of the government’s pilot scheme is well aligned with related moves by other OECD countries. In the United States this year, resource companies will, for the first time, make public the tax and royalty payments made to the governments of the countries in which they operate. Eight of the 10 most successful global miners fall under the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which also covers 90% of the major internationally operating oil and gas companies. The companies writing to the Financial Times face similar requirements in the United Kingdom. There is talk in the European Union of “Dodd-Frank Plus”. But returning to the riverbank: Why would poverty-stricken individuals who struggle to achieve life’s basic necessities take interest in the tax structures of huge multinationals? Because, in many instances, Goliath companies operate in the back gardens of people who may harvest very little of the wealth extracted from their communities. Increasingly, this is not because mining companies fail to provide community investment, infrastructure or services.

Many global miners, particularly those that operate within and from Australia, demonstrate progressive commitments to corporate social responsibility and have advanced leaps and bounds from the inglorious days of PNG's Ok Tedi mine and similar community disasters. Instead, the danger lies in funds which are shuttled by corrupt governments into individual pockets or projects which never filter back to the communities they were intended to assist in the first instance. Transparent financial reporting is a two-birds one-stone practice. In making their expenditures public, major miners clarify their actions and their reputations – especially in the murkier of countries – while illuminating government tills. As the EITI is piloted in Australia, project-by-project disclosures must be recognised as vital to better position mine-affected communities to negotiate with companies on more equal footing. In these instances of massive power imbalance, hard information provides communities with much-needed capacity and leverage.

The companies themselves would also safeguard their reputations against corrupt governments through clear financial reporting which provides as much granular detail as possible. Concerns about site-by-site reporting must also be considered. Misleading information helps no one. And where taxes or royalty payments are made at the country level, they should be reported as such. But project-based taxation and payments do occur, and in large amounts. Take Rio Tinto's US\$700 million payment to the Guinean government for its Simandou iron ore project, for example. Before unmoving refusal to report on individual projects crystallises, it would be better to reach agreement to provide site-based information wherever feasible with a view towards increasingly detailed disclosures as the practice matures. Such a compromise now acknowledges a future in which the progressive adoption of anti-corruption regulation, a range of multilateral initiatives and a growing capability among social media savvy communities to voice concerns, will make site-based reporting both expected and demanded. Meanwhile, the women and men of far-flung mining communities wait to be shown the money. – The Conservation

Australian mining boom brings wealth

Post-Courier 18.7.2012

Australian wealth has moved from leafy waterside suburbs of Sydney and Melbourne to outback towns as the mining boom generates massive salaries across the country's west and north. New census data shows a remote coastal area in northern Western Australia has the country's highest incomes, with average annual earnings of more than £68,000 (K216,767). And the town with the greatest number of high-earners is the small mining port of Dampier, where almost a quarter of households bring in more than £140,000 (K446,286) a year. The 13 richest towns in Australia are all in Western Australia, the centre of the mining boom. Sydney's highest-earning suburbs on the city's lower north shore have average annual incomes of about £45,000 (K143,449). Melbourne's are lower still, at around £40,000 (K127,510). The list, compiled from the recently released 2011 census figures, shows the dramatic impact of China's thirst for Australian resources. The economist who compiled the report, Craig James, from CommSec, admitted that he had never heard of the towns at the top of the list.

BHP considers withdrawal from aluminium and nickel

Post-Courier 18.7.2012

AUSTRALIAN-based mining giant BHP Billiton- the world's largest diversified miner- is considering a withdrawal from aluminium and nickel operations as part of a general retreat from non-profitable side projects by key mining players. This was according to the to Mining .com as posted on its news page on Monday. Mining.com quotes "The Financial Times" as reporting that unnamed sources say BHP is one of a number of major mining companies pushing for a "retreat to the core," seeking to divest itself of non-essential operations. This development comes only months after BHP consolidated its aluminium and nickel assets into a single Perth-based division, which aluminium,

nickel and corporate development CEO Alberto Claderon said was significant of the company's long-term confidence in these areas. Given the current state of the market, industry observers wonder if this is a propitious time for the big mining companies to be divesting themselves of non-core assets, with one source observing that "it is difficult to get good prices now." Aluminium and nickel aren't the only business divisions that are getting a hard look, with BHP Billiton having confirmed that it was shedding a number of divisions. Last week it announced it was looking at losing its aluminium and nickel assets, and in April the company said it was reviewing its diamond business with an eye to a sell off.

Former Australian Judge To Arbitrate PNG Solwara Mineral Dispute

PNG government allegedly failed to honor investment agreement

MELBOURNE, Australia (Radio Australia, July 18, 2012) – A former Australian chief justice has been appointed to resolve a dispute between the Papua New Guinea (PNG) Government and mining company, Nautilus Minerals. The dispute is delaying the opening of the world's first seafloor gold and copper mine. The PNG Government signed an agreement with Nautilus last March to take a 30 percent stake in the firm's Solwara 1 site in the Bismark Sea. Since then environment groups have waged a vociferous campaign against seafloor mining, and PNG has failed to pay its share of the initial investment. Nautilus and PNG both accuse each other of breaching the agreement. In a statement, Nautilus says the parties have agreed to the appointment of Australia's former chief Justice Murray Gleeson as arbitrator. Arbitration will take place in Sydney and is expected to take several months. Nautilus hopes to start mining gold and copper deposits off the coast of PNG next year.

Wafi mine remains shut

Post-Courier 18.7.2012

By FRANCO NEBAS

WAFI mine in Morobe province still remains shut as landowners demand immediate response from developer Morobe Mining Joint Venture (MMJV) on their petition. The mine has gone into its third week shut by disgruntled landowners over certain issues they claimed are not being addressed by the developer MMJV. President of Golpu Landowners Association John Nema said the mine would remain shut for an indefinite period until all issues raised are addressed. Mr Nema claimed that the response by MMJV did not address the issues raised by the landowners. He said the agreement claimed by Morobe Mining Joint Venture (MMJV) between Yanta, Hengambu and Babwaf to authorise the portal development of the mine tunnel was instigated in the interest of MMJV. He claimed that the local leaders were taken to Port Moresby and accommodated in high class hotels where they were influenced with meeting Babwaf leaders and Mineral Resources Authority without the landowners consent. Mr Nema said there was no proper agreement authorising the development of the portal therefore it was improper and in contempt of court orders already in place so all developments on the portal must cease.

He said initially there were two separate landowner associations which are Hengambu Landowner Association and Yata Development Association representing their respective interests. He said however with the project developing into mining stages they felt that their interest would be properly represented through one voice which formulated Golpu Landowners Association. This he said is in the best interest of moving the project forward. He said there were no reasons why MMJV is disputing and not recognising the association. "MMJV has been manipulating our two associations to pursue their own interest because of our leaders' incapability," he said. He said the association would ensure that their customary landownership rights for Yanta and Hengambu people are well protected. "The interest of our people should be fairly represented so that they get maximum benefits from the current project status through to mining development. "MMJV must not dictate our in-

terest, this land is our birthright so they cannot manipulate and control our rights to have easy access to our resources, this will never eventuate," he said.

Review mine closure plan, say Misima landowners

The National, July 18th, 2012

LANDOWNERS of the Misima mine in Milne Bay are calling on the state to review their mine closure plan and memorandum of understanding on its closure. EGUMA Landowner Group Inc of Misima chairman Tauleia Mosibe yesterday said the people had asked that the state honour its commitment to conduct a socio-economic feasibility study before the end of this year. He claimed no socio-economic study had been completed after the mine closure. "The people's standard of living has not improved despite the good things that the mine brought when in operation such as agriculture, transport, electricity, banking services and international standard airport," he said. Mosibe said since 1989 the Misima Mine had earned more than K9.9 billion but had not provided any sustainable developments for the people to improve their living standards. He said the EGUMA Landowner Group of Misima was taking the initiative to spearhead a Misima Island project that aimed to assess the island's socio-economic, environmental and cultural issues affecting the people.

Malaita Forum Demands Solomons PM Deal With Gold Mine Issues

Gold mining company reportedly not complying with laws

By Ednal Palmer

HONIARA, Solomon Islands (Solomon Star, July 17, 2012) – The Malaita Ma'asina Forum (MMF) has given the Solomon Islands Prime Minister seven days to respond to issues they raised in the media or take drastic action. MMF's General Secretary William Gua and his communications officer Henry Daukalia yesterday delivered a letter they said was sent to the Prime Minister last Thursday. They said the seven days ultimatum started when the letter was delivered to the Prime Minister last Thursday therefore should lapse this Wednesday. The letter urged the PM to address act on the issues immediately. "We urge that your office address the issues raised on behalf of the people of Solomon Islands and desire that the respond and cause of action taken by your office be made within seven clear working days. An initial meeting with you is of essence," the letter addressed to the PM stated. The letter stated that the breaches and non-compliance of the laws of Solomon Islands by Gold Ridge Mining Company Ltd. (GRML) continuously, despite the revelation of the illegal gold export, GRML made no interval and redirection and fail to admit their failures. "There is total deliberate ignorance of the sovereignty of this nation and a clear implication of an attitude of convicts by GRML in not complying with our laws."

As a result, MMF demanded that the following actions be taken:

- "That GRML be prosecuted for breaching the Customs and Mines Act;
- "That all exports of gold by GRML from April 2011 to this date be confiscated;
- "That the chairman of the Central Bank of the Solomon Islands (CBSI) Board and the CBSI to make an immediate arrangement for the foreign exchange account offshore to be kept in the CBSI;
- "The Permanent Secretary of the Ministry of Finance must be removed for misleading the public and for his carelessness in not monitoring the gold exports since April 2011 up to this date;
- "This nation has experienced that the Minister of Finance is very weak and therefore should also be removed."

They further demanded 'on behalf of the financial members' of the National Provident Fund (NPF) for the Minister of Finance to immediately amend the NPF Act to allow:

- "Members to have a full say about their own money, in other words they must be consulted;
- "Cease lending NPF funds to foreign companies and consider lending to members only;
- "NPF members must be given share benefits by the investors who borrowed funds from NPF;
- "Financial members are lifetime members up to their first nominee;"
- "We demand that you give us your harmonious decision and respond to these within seven days."

The letter was signed by MMF president Charles Dausabea, Vice President Jessie Bobby, General Secretary William Gua Treasurer Daoga, assistant treasurer Dickson Waimora and Media officer Henry Daukalia. A Government insider last night said the Government had already explained its stand on the issues. "The Government had made it really clear in its initial responses," the insider said. He said there are mechanisms in place on the Gold Ridge issue and the Government had also clarified that. "On the offshore account, the CBSI had also clarified the issue. "There is nothing new to explain here, except that one of the MMF members is trying to run a smear campaign against the Finance Minister Rick Hou because of political interest – probably in the next election." The insider said the Prime Minister cannot step on other people's responsibilities just because he is the Prime Minister.

Gold Ridge Mining Limited last night in a statement said it has not had any contact whatsoever from anyone at MMF. "At no stage have they sought any facts regarding these matters. Gold Ridge has at all times operated in accordance with the laws of the Solomon Islands, and with the full knowledge of the government. We have complied with all directions and requests by Customs in relation to the export of gold by GRML," the company said. It explained that each shipment has been cleared by customs officials prior to export. "Under the Mining Agreement we are specifically allowed to maintain an offshore account for risk management purposes and to facilitate settlements of transactions. The company has paid all taxes, royalties and duties required at all times. As a publicly listed company we seek to maximize our production for the benefit of our shareholders, and we operate in full accordance with the law at all times."

Nakuwi landowners determined

Post-Courier 17.7.2012

By FRANK RAI

THE Nakuwi Landowner Association of Hidden Valley Gold mine in Bulolo district, Morobe Province are adamant in their to request for a new negotiation for a Special Mining Lease (SML) for the mine. The request for the new negotiation has come about when the landowner association learned that the seven-year mine life time has exceeded to more than 20-years. The association, representing the local Watut and Biangai natives will put in proposal for a new SML negotiation during the review of the Hidden Valley Memorandum of Agreement (MOA) later this year. Association president Rex Mauri made this known yesterday saying the lifetime of the mine has been extended and it was proper for the landowners to negotiate with the government for a SML.

Mr Mauri said the current MOA signed between the developer, Morobe Mining Joint Venture (MMJV), the government and the landowners was according to the seven-year mine life of the project. He said the MOA was four-year old and the mine life was seven-years under the Mining Lease (ML) granted by the government and this has to be extended by a SML. The president said it has come to their understanding that since the mine life has been extended, it was on that consideration, the landowners would request for a new negotiation for Hidden Valley SML. Mr Mauri said the

SML will level the status of Hidden Valley with Pogera, Lihir and OK Tedi mining, giving much benefit to the landowners, developer and other stakeholders.

He said when the SML is granted, there would be adequate funds to build up Wau town, establish the housing program, rehabilitation of roads in Wau town and the current fly-in-fly-out arrangement would be phased out. Mr Mauri said other impact projects and business benefits that the local landowners have missed out within the last five-years would fall in place once the SML was granted. He added that the SML was the solution to the issues currently bombarding the developer, MMJV and the landowners. The president said the SML would address all the issues and bring back confidence for the good of the mine and the surrounding communities around the vicinity of the mine.

PNG scares off miners: report

Post-Courier 17.7.2012

PAPUA New Guinea has reportedly scared off another Canadian based junior mining and exploration company. Frik Els, writer and editor of *Minning.com*, wrote last week, “as Papua New Guinea’s sometimes shambolic elections drag on into a third week, already nervous miners with projects in the country would not have been encouraged by news on Friday of another miner falling foul of the country’s authorities. “Aldridge Minerals, a junior gold explorer, announced on Friday that for no apparent reason the company’s exploration licence renewal application – submitted 18 months ago – for its 340 square kilometre Kili Teke tenement had been denied by the Registrar of Tenements in PNG. Aldridge said it would not be appealing the decision and plans to exit the region entirely because the country is too “volatile”,” Mr Els wrote. When the Post Courier contacted Mineral Resources Authority (MRA) for comments on this as well as for issues on Nautilus Mineral Solwara 1 Project, an officer from MRA said MRA does not have any comment after initially advised this newspaper to get back with comments for all the queries raised.

Aldridge Minerals may have come off lightly compared to embattled seabed miner Nautilus Minerals and its shareholders who have seen the value of their investment halved over the last six weeks. *Minning.com* said the Canadian mine developer has been locked in a dispute with the government of Papua New Guinea since the start of June over ownership of a mining project located in its territorial waters in the Bismarck Sea. The underwater mining facility is already 50% built was slated to begin production in the fourth quarter of 2013, but appears to be in limbo for the foreseeable future. *Minning.com* further reported “copper and coal giant Xstrata also appears to have soured on the island nation. Xstrata in June said it was looking for a buyer of its 82% interest in the Frieda River copper project; not saying anything more than the decision is part of an “ongoing review of operations.”

The report said the Swiss miner has spent more than \$250 million (over K500 million) on the project and is walking away from one of the richest copper-gold deposits on the planet. Frieda River with a resource of about 12 million tons of copper and 18.5 million ounces of gold puts even Harmony Gold and Newcrest Mining’s massive Wafi Golpu project in PNG to shame. The online news said other majors operators in the country have not signaled that the country is becoming too difficult to operate in. “Apart from Wafi-Golpu, for which a pre-feasibility is expected soon, Newcrest also operates the Lihir mine in PNG. Barrick Gold is also active in the country with its Pogera gold mine, while China Metallurgical Group’s \$1.4 billion Ramu nickel mine is set to go into production by the end of the year. “A leading copper producer before both BHP Billiton and Rio Tinto were forced to abandon two massive mines over land and environmental disputes, PNG is one of the poorest countries in the world,” Mr Els wrote.

Canadian explorer scorns PNG

Post-Courier 16.7.2012

PAPUA New Guinea as an investment destination for mining and exploration has been scorned by a Canadian junior explorer after its application for exploration licence has been rejected. The news about the scorning of Papua New Guinea's mining and exploration regulatory authority has been published widely in various newswires abroad. Canadian junior explorer Aldridge Minerals exploration licence has been reportedly rejected by the Mineral Resources Authority (MRA). One headline that standouts on miningweekly.com is "Junior scorns Papua New Guinea following regulatory denial". The same headlines have been posted on YouTube, twitter and other social media. Miningweekly.com reported "Aldridge Minerals, signals displeasure with Papua New Guinea's government as its exploration licences are denied. Mineweb.com also reported in detail that the scorning amounted to an exasperated "whatever" to the Papua New Guinea government from the Canadian based junior explorer.

"After the Papua New Guinea government denied renewal of its exploration licenses on a recently drill-active project, Aldridge Minerals said it would drop exploration in the country entirely and that it wouldn't even bother putting up a fight to get its licenses back. Instead of appealing the decision, Aldridge said it would rather "avoid any litigation costs to seek redress." In a statement condemning the stability of the country as whole, Mario Caron, Aldridge president and CEO, said, "The rejection of our renewal application supports current management's position that PNG is too volatile." Aldridge is not alone in signalling frustration with the Papua New Guinea government or plans to get out of projects in the country. Aldridge's Caron could not be reached as of presstime to comment on the specifics of the permitting denial, Minewen.com posted. Meanwhile, Mining.com online has also posted that Papua New Guinea has reportedly scared off potential mining and exploration companies.

Petromin's Ipi River project success story

Post-Courier 16.7.2012

PAPUA New Guinea's national oil, gas and minerals company, Petromin, on Friday announced that the second drill hole PDH002 in its 100% owned Ipi River prospect in the Central Province has intersected porphyry mineralization from 10m to end of hole at 461m east of hole PDH001. Preliminary assay results from its first drill hole PDH001 are currently being received and compiled for analysis and reporting. Best gold, copper and molybdenum assay in the hole was 0.558 g/t, 0.47% and 0.11% respectively. Copper and molybdenum assays from 276m to end of hole depth of 427m are not yet available. Petromin's exploration team is expecting better copper grades in the deeper parts of the hole close to the potassic core or centre of the mineralization.

The initial assays for PDH001 and more than 450m of mineralization observed in PDH002 continue to confirm the geochemical sampling and 3D IP geophysical survey and interpretation carried out by Petromin exploration team in 2011, identifying the porphyry target zone area of 1.63km by 1.27km and a depth of 0.6km. A third hole, PDH003 is being designed to further test the centre of the porphyry system as hole PDH001 stopped 200m short of reaching the modelled centre of the mineralization to the west. The company plans to announce all the results of drill hole PDH001 and PDH002 over the coming months as final assay results are received. The Ipi River prospect at EL-1352, is about 50 kilometers North-West of the Company's current Tolukuma gold mine, on the foot hills of the Owen Stanley range, not far from Bereina on the coast in the Kairuku diistrict sharing the border with Goilala district.

In making the announcement, the Managing Director and Chief Executive Officer of Petromin, Joshua Kalinoe said the accelerated exploration and drilling program at the Ipi River prospect is part of Petromin's overall growth strategy, consistent with its mandate of meaningfully participating

in the mining and petroleum industry for the collective gain of all Papua New Guineans. He said the initial assay results from drill hole PDH001 are indeed very encouraging and confirms our geological and geophysical modelling that the Ipi River prospect is a genuine porphyry target. He said the PDH002 has now confirmed that the mineralisation in the porphyry system extends and is still open to the East for more than 230m. Core samples for PDH002 are being processed for assay. The exploration program is being undertaken by Petromin's wholly owned upstream Exploration and Production (E&P) company, Eda Minerals Limited and is lead by Petromin's Chief Exploration Geologist, Dr. Wilfred Lus and a national team of geologists and drilling personnel.

Treasury: LNG proceeds won't impact in leaps and bounds

The National, July 13th, 2012

DESPITE all the hype, proceeds from the liquefied natural gas (LNG) project will not impact the economy significantly in the short to medium term, according to the Treasury Department. The economy will continue to grow between 2013 and 2016 but not in the "leaps and bounds" fashion many associate with the advent of the first gas in 2014. Total revenue is projected to grow from K8.9 billion next year to K11.8 billion in 2016. Recurrent expenditure is projected to grow by K1 billion a year from K6.06 billion next year to K9.15 billion three years later. Development expenditure – that money to develop the country – will actually be stagnant over the period and indeed will recede. Anticipated development expenditure for 2013 is K4.29 billion. Come 2016 this expenditure will be only K4.1 billion. A paper was presented recently by Nancy Lelang, acting assistant secretary for the forecasting branch of the Economic Policy Division.

The outlook for government's total revenue is to remain stable over the indicates that mining revenues are likely to decline with the forecast closure of Ok Tedi in 2015. She said the first lot of the PNG LNG project dividends which are expected in 2015 are only "sufficient to replace the Ok Tedi mine and the depleted oil field revenues". PNG will continue to depend on grants to the tune of K1.2 billion over the next three years. It is critical that government expenditure be kept stable in line with projected revenue over the medium term. Any uncontrolled spending by the incoming government this year will impact significantly in future. Government expenditure is expected to be stable in line with projected revenue over the medium term. This is the scenario before budget strategists as they await NEC approval of a budget strategy paper and agencies' submissions to prepare the budget.

Landowner group's claims denied

Post-Courier 13.7.2012

By *FRANCO NEBAS*

THE Wafi Golpu Joint Venture (WGJV) has brushed aside claims made by the Golpu Landowners Association Inc that the mine had not recognised landowners. The newly established landowners association issued a press statement on Wednesday claiming that they missed out on benefits and had not been recognised by Wafi Golpu JV. The Golpu Landowners Association stated the mine would remain shut until their demands were addressed. However, in a statement released by Wafi Golpu JV yesterday, they had been unaware of the existence of a lawfully-constituted Golpu Landowners Association. The Wafi Golpu JV recognises the rights of all landowners in the Wafi project area which does include land currently held by the Yanta, Hengambu and Babuaf groups as well as others who have laid claims to various portions of the project area.

According to Wafi Golpu JV, the Hengambu Landowner Association and Yanta Development Association were recognised. "The claims that there has been unfair treatment given to any group over another is false as we seek to work amicably with all landowners in the Wafi – Golpu Project area," the mine said. Wafi Golpu stated that substantial assistance had been given to the Hengambo Land-

owners Association and Yanta Development Association as well as the Wale Babuaf Association which did own land on part of the proposed project area. The Mineral Resources Authority and the Morobe Provincial Government have undertaken to complete a land demarcation exercise in the project area after the National Elections, supported by all groups.

Panguna to open

Aloysius Laukai, New Dawn, PNG Mine Watch 12.7.2012

The three stakeholders in the Panguna Mine issue last week agreed to work together towards consensus on re-opening the mine closed since 1989. This was revealed by ABG President Chief John Momis in Buka yesterday. He said that last week's meeting agreed that if the mine does re-open it must be primarily for the benefit of all Bougainvilleans. Also it must be entirely under a new mining agreement that must ensure that the world's best practices are followed by whoever is selected as the new operator. President Chief John Momis said that BCL and the Papua New Guinea Government have already agreed that any Panguna negotiations must involve the ABG and the landowners. He said that last week's meeting also agreed that negotiations must be based on principles of fairness, integrity and transparency. Chief John Momis also said that the landowners also agreed that because of the suffering during the Bougainville conflict all Bougainvilleans interest must be taken into account in all negotiations.

Panguna landowners assure Bougainvillians

Aloysius Laukai, New Dawn, PNG Mine Watch 12.7.2012

Panguna landowners have assured Bougainvilleans that this time they would make sure that all Bougainvilleans benefit from the Panguna mine if re-opened. This was revealed by the ABG President Chief John Momis in a news conference yesterday. Chief Momis said that the Chairman of the Panguna Landowners Association Chris Damana made the assurance at the meeting last week between the landowners the ABG and a representative of BCL Paul Coleman. Mr. Momis said that he was happy the landowners have made this assurance to the people. He said despite this assurance the ABG represents all Bougainvilleans in any of its dealings.

Bougainville Copper invited into Arawa

By Aloysius Laukai, New Dawn, PNG Mine Watch 12.7.2012

Representatives of the Panguna Landowners last week invited BCL to open a liaison office in Arawa the former mining town on Bougainville. This was also made know by ABG President Chief John Momis in Buka during a press conference yesterday afternoon. He said the land owners last week when inviting BCL into Arawa said that this liaison office will from this office facilitate important cultural practices that would prepare for possible reconciliation amongst various stakeholders of the Bougainville conflict.

Bougainville mineral resource ownership recognised

Post-Courier 12.7.2012

THE news on resource ownership especially mining and petroleum in the Autonomous Region of Bougainville (ABG) is widely published and already applauded at the intentional market front. One of these potential investors which already has interest in the region is Canadian Mineral and Oil Company Morumbi Resources Inc. In a statement posted on the Toronto Stock Exchange yesterday, the company announced the Autonomous Bougainville Government has moved to introduce Bou-

gainville mining policy to start mining exploration on Bougainville, Papua New Guinea. “Morumbi is pleased to announce that on June 7, 2012 before a packed House of Representatives in Buka, Bougainville, a motion was presented from the floor to introduce a Mining Policy to start exploration on the Autonomous Island of Bougainville. The motion was passed unanimously by the 39 member House.

The action was described in Papua New Guinea’s (PNG’s) leading daily newspaper as “a positive step since its (ABG) installment in 2005 for a young government.” It further stated that exploration is “a right that every Bougainvillean has been waiting for and have fought the Bougainville crisis for,” Thomas Loch, President and Chief Operating Officer said. “Of significance, as part of the motion, a Draft Mining Policy was commended to the House reaffirming that the ownership of mineral and oil & gas resources reside with the Landowners, and that mineral exploration licenses on Bougainville will be registered only to Landowner Companies and their qualified partners. The motion called for the Government to instruct the Administration to act in 2012 to review and finalize the draft, and present it to the House for passage,” Mr Loch added. Mr Loch also announced that Morumbi, through special purpose subsidiaries, entered into two additional memoranda of understanding (MOU) with Landowner Companies over two areas regarded as being highly prospective as indicated by early historical geological surveys.

The said the final boundaries are to be determined by a Morumbi survey crew that will travel with the customary landowners to identify the streams, ravines and mountain ridges that typically define their customary land. The crew will utilise mobile GPS recording technology which will be transferred to detailed maps. Eruupia Mining & Development Ltd., a Morumbi PNG subsidiary, has entered into an MOU with Eruupia Resources Ltd., a Landowner Company. The mining and development MOU establishes Morumbi as the mining and development partner for the Landowner Company. He said although there has been limited geological work done in this isolated area known as Kawatsia 18km North West of the historical Panguna Mine, geological interpretation and the presence of widespread alluvials in the streams set this as a property of significant geological merit for epithermal and porphyry mineralization. The Eruupia MOU covers approximately 8,000 ha. Further, Karato Mining & Development Ltd., a Morumbi PNG subsidiary, has entered into an MOU with Karato Resource Holdings Ltd., a Landowner Company. The mining and development MOU establishes Morumbi as the mining and development partner for the Landowner Company.

Wafi remains shut
By *FRANCO NEBAS*

Post-Courier 12.7.2012

THE Wafi – Golpu mine project in Bulolo, Morobe Province, has been shut down for almost two weeks now by local landowners. More than 2000 employees from the Wafi mining site were evacuated last week after workers complained for better pay. In a statement released by Golpu Landowners Association Inc executives yesterday, all operations on site would remain shut indefinitely until issues were addressed. Landowners claimed the mine has been shut so that developer Morobe Mining Joint Venture (MMJV) can address the issues. However, landowners claimed the company was too busy with development plans and had not addressed the issues on the paper. “We want to emphasise that we will not tolerate any disrespect, pretence, ignorance until you respond positively, then work will commence,” they stated. The issues demanded by landowners are:

- * Pay rate increment, training and promotion, employment and localisation.
- * Training and promotion
- * Employment and localisation.

The landowners demanded 50 per cent increase in pay rates for the local workforce employed by MMJV, Travers Drilling and other contractors operating on the site. Training and promotion was an issue where landowners say was long overdue. The landowners demanded that locals have to be given priority before outsiders were recruited, including foreigners. They claimed there were more expatriates engaged on jobs which could be done by locals. The landowner grievances were also highlighted including ceasing of all operations on portal development. Landowners claimed MMJV has operated under Exploration Licence according to the Papua New Guinea Government Mining Act. The landowners say MMJV has also failed to respond to their petition dated March 12, 2012 which frustrated them. The landowners also claimed that MMJV conducted meetings with non – Wafi-Golpu landowners. The demands were signed by John Nema (president), Seli Tau (vice president), Levai Bing (secretary) and Pastor Kipusing Ngawae (treasurer) of Waif – Golpu Landowners Association Inc. Meanwhile, attempts to get comments from MMJV were unsuccessful yesterday.

The Autonomous Bougainville Government moves to start mining exploration

Draft Policy calls for Licences to be granted to Landowner Companies – Morumbi signs Mining & Development MOU's over two new areas on Bougainville

PNG Mine Watch 11.7.2012

Morumbi Resources Inc. is pleased to announce that on June 7, 2012 before a packed House of Representatives in Buka, Bougainville, a motion was presented from the floor to introduce a Mining Policy to start exploration on the Autonomous Island of Bougainville. The motion was passed unanimously by the 39 member House. The action was described in Papua New Guinea's leading daily newspaper as "a positive step since its (ABG) installment in 2005 for a young government." It further stated that exploration is "a right that every Bougainvillean has been waiting for and have (sic) fought the Bougainville crisis for." Of significance, as part of the motion, a Draft Mining Policy was commended to the House reaffirming that the ownership of mineral and oil & gas resources reside with the Landowners, and that mineral exploration licenses on Bougainville will be registered only to Landowner Companies and their qualified partners. The motion called for the Government to instruct the Administration to act in 2012 to review and finalize the draft, and present it to the House for passage.

Two Additional Mining & Development Memoranda

Morumbi, through special purpose subsidiaries, entered into two additional memoranda of understanding (each, an "MOU") with Landowner Companies over two areas regarded as being highly prospective as indicated by early historical geological surveys. The final boundaries are to be determined by a Morumbi survey crew that will travel with the customary Landowners to identify the streams, ravines and mountain ridges that typically define their customary land. The crew will utilize mobile GPS recording technology which will be transferred to detailed maps. Eruupia Mining & Development Ltd., a Morumbi PNG subsidiary, has entered into an MOU with Eruupia Resources Ltd., a Landowner Company. The mining and development MOU establishes Morumbi as the mining and development partner for the Landowner Company. Although there has been limited geological work done in this isolated area known as Kawatsia 18km North West of the historical Panguna Mine, geological interpretation and the presence of widespread alluvials in the streams set this as a property of significant geological merit for epithermal and porphyry mineralization. The Eruupia MOU covers approximately 8,000 ha.

Karato Mining & Development Ltd., a Morumbi PNG subsidiary, has entered into an MOU with Karato Resource Holdings Ltd., a Landowner Company. The mining and development MOU establishes Morumbi as the mining and development partner for the Landowner Company. Although the outlying boundaries are yet to be determined, much of this historically regarded and highly prospective area lies outside the former Panguna area of interest and lies 14 km west of the historic

Panguna Mine. Various independent assessments have identified a porphyry occurrence 8 km in diameter over the Karato lands as well epithermal structures that warrant further intensive geological investigation. The Karato MOU covers approximately 14,000 ha. Under the terms of each of the MOU's, Morumbi has paid Kina 10,000 (approximately CDN\$5,000) on signing and has committed to pay a further Kina 3,000 (approximately CDN\$1,500) per month to the Landowner companies to help them carry out their corporate functions. In addition, Morumbi is committed to carry out social development programs in line and in conjunction with the programs it is delivering to its other four areas under agreement.

Grant of Options

Morumbi also announced that on July 10, 2012, in accordance with its stock option plan, the board of directors of the Company approved the grant of an aggregate of an aggregate of 200,000 incentive stock options to a director of the Company. The options are exercisable on or before July 10, 2017 at an exercise price of \$0.47 per share. The granting of the options is subject to regulatory acceptance of applicable filings.

About Morumbi

Morumbi Resources Inc. is a public company with a light oil property in northwest Alberta as well as early stage mineral exploration licences in PNG. Morumbi is also currently evaluating resource opportunities in Bougainville, PNG by forming strategic relationships with local Landowner companies with the view to securing mineral exploration licences on their traditional lands. The Company trades on the TSX Venture Exchange under the symbol "MOC". For more information about Morumbi and the Company's plans visit our website at www.morumbi.ca.

Oil Search mark 20 years of overseas sales

Post-Courier 11.7.2012

OIL Search Limited and Papua New Guinea have achieved another significant milestone in the history of the country's petroleum industry at the end of June. June 27th, 2012 marked 20 years since the first oil from Kutubu was loaded onto the Japanese tanker, the Ten-ei Maru, which set sail for Japan on July 3, 1992. At first oil, Oil Search was a minor joint venture participant in the Kutubu Petroleum Development Project, with equity of 7.7 per cent. However, it was a significant event for the company as, together with the Hides gas-to-electricity project which had commenced production six months earlier, it provided the company's first revenue stream, after investing in PNG for more than 60 years.

Over the 20 years, PNG has produced 480 million barrels of oil, and the industry has paid more than K9.5 billion in various taxes to the State, provided more than K800 million to the affected provincial and local level governments; distributed almost K400 million to project area landowners in cash benefits; and delivered more than K2 billion in indirect non cash benefits to the community. Oil Search Limited has come a long way since first oil, now being the largest interest holder in the PNG oil fields. The company has added substantial reserves and extended the production lives of Kutubu, Moran and Gobe since assuming operatorship of all producing oil fields in 2003. As well as a major equity owner in PNG LNG, Oil Search is also the largest explorer for gas and oil in the country. The Company will spend over K4 billion in PNG this year, investing in all our futures.

Australia: The world's richest woman

The National, 10th July, 2012

By NICK BRYANT

THE richest woman in the world, according to a respected business magazine, is not Oprah Win-

frey, Queen Elizabeth II or L’Oreal heiress Liliane Bettencourt. It is a relatively unknown Australian mining magnate. So, who exactly is Gina Rinehart? Asked once to sum up her concept of beauty, Rinehart did not point to the pearls that so often adorn her neck. Nor did she rhapsodise about the ochre landscape of her beloved Pilbara, a beautiful, if unforgiving, expanse of land in the northwest corner of Australia. Instead, she spoke of the unlovely commodity that has made her family rich, and the giant holes in the ground from where it came. “Beauty is an iron mine,” she famously remarked. When her father, Lang Hancock, discovered one of the world’s biggest reserves in the early 1950s, the export of iron ore was banned in Australia because it was deemed such a scarce and finite resource.

Tens of thousands of iron ore shipments later, royalty payments from that Pilbara mining field in Western Australia continue to swell her coffers. The Hancocks were not the sole beneficiaries. The multi-billionaire fervently believes that her father’s discovery also made Australia prosperous, which partly drives her recent quest for influence, gratitude and respect. It is partly borne of a life-long sense of grievance – that Australia’s traditional east coast elites have not recognised her family’s contribution to the country’s development, nor the local media. With an estimated net personal wealth of A\$29 billion, Rinehart has in recent years gone from being Australia’s richest woman to Asia’s richest woman to arguably the world’s.

Australian business magazine BRW has named her the world’s wealthiest woman, and Citigroup has also predicted that the 58-year-old businesswoman will soon top the global rich list, with more than US\$100 billion of assets to her name. The royalty stream from that initial discovery – the “rivers of the gold” as it has been called – still contributes to her wealth, but it pales alongside the value attached to her mining interests in Western Australia and Queensland. She hates being called a mining heiress because she considers herself a self-made businesswoman who turned her company around after her father’s death in 1992. From a worldwide perspective, her spiralling wealth illustrates the shift in economic activity from the west to the east. From an Australian one, she embodies the shift from the east to the west. – BBC

Aldridge to exit PNG

The National, 10th July, 2012

ALDRIDGE Minerals Inc announced at the weekend that it plans to exit Papua New Guinea following receipt of a formal notice from the registrar of tenements in PNG that the company’s licence renewal application for its non-core Kili Teke property was denied. “Since Aldridge began to implement a change in management in the fall of 2011, our focus has been to advance our Yenipazar project in Turkey given the significant size of its mineral deposit, access to skilled labour and modern infrastructure, and support from local stakeholders,” Mario Caron, president and chief executive of Aldridge, said. “The rejection of our renewal application supports current management’s position that PNG is too volatile and that our efforts, as evidenced by recent progress, will deliver greater rewards if concentrated in Turkey.” Aldridge has had a limited presence in PNG since announcing the results of its first drill campaign at Kili Teke, which was completed in 2011 and affected by technical problems and poor drilling conditions. As announced on Feb 24, Aldridge has been actively seeking partners or transactions that would allow the company to realise the maximum value from its investments in Kili Teke. Given the uncertain political climate in PNG and the recent volatility of the capital markets, no discussions with potential partners progressed beyond the preliminary stage. Aldridge submitted its licence renewal application in January last year as required by local mining laws and was operating under such renewal application. With the receipt of the formal notice, Aldridge has determined that it will take no further action in PNG, and avoid any litigation costs to seek redress.

A Gold Rush in the Abyss

By WILLIAM J. BROAD, New York Times, July 9, 2012

Tom Dettweiler makes his living miles down. He helped find the Titanic. After that, his teams located a lost submarine heavy with gold. In all, he has cast light on dozens of vanished ships. Mr. Dettweiler has now turned from recovering lost treasures to prospecting for natural ones that litter the seabed: craggy deposits rich in gold and silver, copper and cobalt, lead and zinc. A new understanding of marine geology has led to the discovery of hundreds of these unexpected ore bodies, known as massive sulfides because of their sulfurous nature. These finds are fueling a gold rush as nations, companies and entrepreneurs race to stake claims to the sulfide-rich areas, which dot the volcanic springs of the frigid seabed. The prospectors — motivated by dwindling resources on land as well as record prices for gold and other metals — are busy hauling up samples and assessing deposits valued at trillions of dollars. “We’ve had extreme success,” Mr. Dettweiler said in a recent interview about the deepwater efforts of his company, Odyssey Marine Exploration of Tampa, Fla. Skeptics once likened mining the deep to looking for riches on the moon. No more. Progress in marine geology, predictions of metal shortages in the decades ahead and improving access to the abyss are combining to make it real.

Environmentalists have expressed growing alarm, saying too little research has been done on the risks of seabed mining. The industry has responded with studies, reassurance and upbeat conferences. The technological advances center on new robots, sensors and other equipment, some of it derived from the offshore oil and gas industry. Ships lower exploratory gear on long tethers and send down sharp drills that gnaw into the rocky seabed. All of this underwater machinery is making it more and more feasible to find, map and recover seabed riches. Industrial powers — including government-supported groups in China, Japan and South Korea — are hunting for sulfides in the Atlantic, Indian and Pacific Oceans. And private companies like Odyssey have made hundreds of deep assessments and claims in the volcanic zones around Pacific island nations: Fiji, Tonga, Vanuatu, New Zealand, the Solomon Islands and Papua New Guinea. The International Seabed Authority, a sleepy United Nations body located in Jamaica that presides over mineral rights on the high seas, an area its officials like to characterize as 51 percent of the earth’s surface, has found itself besieged with sulfide queries. “We are entering a new stage,” Nii Allotey Odunton of Ghana, secretary general of the authority, told a meeting in November.

Since the Pacific islands control mineral rights in their territorial waters, they can negotiate mining deals more easily than the seabed authority, which tends to plod along by international consensus. Odyssey Marine Exploration, which recently expanded from shipwreck recovery into deep prospecting, began scouring the Pacific waters in 2010, discovering far more gold, silver and copper than expected. “There’s a lot at stake,” Mr. Dettweiler said. If metal prices go up, he added, “a billion-dollar deposit can turn into a hundred billion.” Scientists once thought the main source of wealth in the deep sea lay in beds of potato-size rocks that could be mined for such common metals as iron and nickel. In the 1960s and ’70s, entrepreneurs tried to scoop them up, but the rewards never offset the high cost of exploration, retrieval and transportation. Things began to change in 1979 with the discovery of “black smokers”, sulfurous mounds and towers that gush blistering-hot water. The smokers turned out to dot the 46,000 miles of volcanic fissures that gird the global seabed like seams on a baseball.

Scientists found that the smokers formed as hot water rose through the volcanic rocks, hit icy seawater and shed a variety of minerals that slowly coalesced into eerie mounds and chimneys. One, found off Washington State and nicknamed Godzilla, stood more than 15 stories high. The first wave of discovery showed that the volcanic springs harbored riots of bizarre creatures, including thickets of tube worms. The second wave showed that the mounds and chimneys — hot and cold, new and old, active and inactive — were composed of complex minerals that contained surprising

amounts of copper, silver and gold. Today, increasingly, mines on land lack rich supplies of copper, a staple of modern life found in everything from pipes to computers. Many commercial ores have concentrations of only a half a percent. But seabed explorers have found purities of 10 percent and higher — turning the obscure deposits into potential bonanzas. The same turned out to be true of silver and gold.

Fifteen years ago, would-be underwater miners staked the world's first claim: Nautilus Minerals won title to about 2,000 square miles of the Papua New Guinea seabed rich in volcanic features. The company, based in Toronto, inched toward mining but quickly expanded its prospecting to hundreds of Pacific sites and has since identified dozens of areas as potential candidates for seabed mining. Last year, Nautilus won a 20-year lease to mine a rich deposit in the Bismarck Sea, in the southwestern Pacific. The mounds are a mile down. The company says the site holds about 10 tons of gold and 125,000 tons of copper. Nautilus plans to start mining next year but also cites possible delays. It is building robots up to 25 feet tall that are to collect sulfides and pump them to the surface. Barges are then to carry the seabed minerals to Rabaul, a Papua New Guinea port some 30 miles away. "We're making good progress," Stephen Rogers, the company's chief executive, recently told analysts.

Critics say the plan is potentially dangerous for fisheries, islanders and ecosystems. In a 32-page report, "[Out of Our Depth](#)," an international group of environmentalists that calls itself the Deep Sea Mining Campaign noted that the volcanic sites shelter hundreds of species previously unknown to science. The group said information gaps should be filled and mitigation plans developed "before mining begins." In an interview, Mr. Rogers called the group's analysis unfair. "We're developing detailed environmental plans and have an obligation to do that," he said. "We're very proud of what we've done." He added that his company was working closely with some of the world's leading oceanographers and that its operations were shedding light on the sulfide mysteries. "We're advancing the science," he said. Experts around the globe are watching Nautilus closely to see how it navigates the perils of environmental politics, novel technologies and unpredictable markets. "Any success will work as a trigger for other mining companies," said Georgy Cherkashov, a Russian marine geologist and president of the International Marine Minerals Society.

China, the world's largest consumer of gold, copper and many other industrial metals, has shown little interest in waiting for declarations of success. When the seabed authority adopted rules for sulfide prospecting in May 2010, Beijing's representative filed the country's application on the same day. China does its mineral hunting from ships. It is also developing a submersible known as Jiaolong, after a mythical sea dragon, that can carry three people down deep enough to investigate the sulfide areas. Last year, it signed a contract with the authority for exclusive sulfide rights to 3,860 square miles, about the size of Puerto Rico, on a volcanic rift nearly two miles below the Indian Ocean. Jin Jiancai, secretary general of China's ocean mineral resources agency, told reporters that such deposits "will help China meet the increasing demand" for refined metals.

Meanwhile, Tong Ling, China's largest importer of copper concentrates and one of the world's largest copper smelters, recently signed a deal with Nautilus for more than a million tons of Pacific sulfide ores per year — an amount equal to about 5 percent of the world's copper production. Russia joined the high-seas rush in 2011, and France and South Korea in May. Recently, Seoul also cut a deal for sulfide prospecting in the waters of Fiji, letting it tap the mineral bounty of Pacific volcanism. John R. Delaney, an oceanographer at the University of Washington who has studied the volcanic springs for decades, said the threat of environmental harm from seabed mining probably centered less on the high-seas projects of developed states than those in the territorial waters of the Pacific islanders. "They're more worried about their economies than the environment," he said in an interview. Dr. Cherkashov of the minerals society played down the environmental concerns, saying one reason for the global rush is that seabed mining has a relatively low impact compared with land

operations. “It’s first come, first get,” he said of the multiplying claims. The wide maneuvering for the most promising sites, he added, represents “the last redivision of the world.”

PNG economy expands in Quarter 1

The National, July 9th, 2012

By MALUM NALU

THE domestic economy continued to grow in the first quarter of 2012, mainly driven by the continuation of the construction phase of the PNG LNG project and high government expenditure, according to the Bank of PNG’s March Quarterly Economic Bulletin released last Friday. This develops as the kina continued to appreciate against most major currencies, and the level of gross foreign exchange reserves decreased from K8.794 billion (US\$4.283 billion) at the end of March 2012 to K8.58 billion (US\$4.196 billion) as at June 29, 2012. Bank Governor Loi Bakani said continued credit to the private sector, strong private sector activity and increase in the level of employment in the private sector were all indicative of this growth. “Domestic demand pressures associated with the strong economic growth continue to prevail and its potential impact on inflation has been a concern,” he said. “However, the inflation outcome was lower than expected mainly due to lower imported prices and the appreciation of the kina, especially against the US dollar. “Annual inflation to March 2012 was 4%, compared to 6.9% in December 2011.

“The strong kina had the effect of lowering landed prices of imports, including food and fuel products, than otherwise would be. “The bank is still mindful of the domestic demand pressures associated with the strong growth and therefore, maintained a tight stance of monetary policy by keeping its official rate, the Kina Facility Rate (KFR), at 7.75% in the March quarter of this year.” Bakani said data from the bank’s business liaison survey (BLS) show that the total nominal value of sales in the private sector increased by 3.1% in the December quarter of last year, compared to a decline of 0.2% in the September quarter, same period. “Excluding the mineral sector, sales declined by 1.4% in the December quarter, after increasing by 3.4% in the previous quarter,” he said. “Sales increased in the mineral, building and construction, manufacturing and retail sectors, while there were declines in the agriculture/forestry/fisheries, wholesale, transportation and financial/business/other services sectors.

“By region, Momase and Southern regions experienced increases, while NCD, Highlands, Islands and Morobe recorded declines. “Over the 12 months to December 2011, total sales declined by 5.4%.” Bakani said the bank’s employment index showed that the total level of employment in the private sector increased by 1.1% in the March quarter of this year, compared to an increase of 1% in the previous quarter. “Excluding the mineral sector, the level of employment also increased by 1.1% as the change in the mineral sector was negligible,” he said. “The level of employment increased in the building and construction, manufacturing, financial/business/other services, and mineral sectors, while it declined in the agriculture/forestry/fisheries, transportation, wholesale and retail sectors. “By region, only Momase experienced a decline while all the other regions recorded increases. Over the year to last March, the total level of employment increased by 5%, but excluding the mineral sector, the level jumped by 4.7%, Bakani said.

Marengo to raise K37m for Yandera project

Post-Courier 9.7.2012

MARENGO Mining Ltd, the owner and developer of the Yandera project in Madang is reportedly on track to raise up to \$C20 million (\$A19.23 million) (over K37 million) through a share offer in Canada to help it finalise the long-awaited feasibility study for its vast Yandera copper- molybdenum-gold project. According to PNG Industry news, the Perth-based Australian explorer recently

filed the final prospectus for the offer with regulatory authorities in seven Canadian provinces. The capital raising aims to offer 133.3 million ordinary shares at 15c each for gross proceeds of about \$20 million (about K40 million). Outside of feasibility work, Marengo said the funds would be used for permitting and other pre-construction activities. The completion of the feasibility study was once flagged for completion in mid-2012. Located about 95km southwest of the provincial capital of Madang, the Yandera project is initially expected to produce 100,000 tonnes of contained copper plus 15,000t of contained molybdenum a year over a 20-year life but there is scope for expansion.

Marengo previously estimated mining approvals could be made in the September quarter of 2013, construction was tipped to start 24 months later and the project was targeting production in 2016. Marengo wholly owns Yandera but in 2010 struck a non-binding deal with China Nonferrous Industry's Foreign Engineering and Construction Co over possible financing, construction and offtake aspects of the project. The Offering is being led by Paradigm Capital Inc. and includes Casimir Capital Ltd. According to marketwarenews, the fund would be as well used for permitting and other pre-construction expenditures relating to the Yandera Project. It was reported that the offering is scheduled to close on or about July 11, 2012 and is subject to the approval of the Australian Securities Exchange, the Toronto Stock Exchange and applicable securities regulatory authorities. Marengo is an exploration and feasibility stage mining company with its principal asset being the Yandera Project. The Company's primary focus is to complete the FS and to continue a district exploration program focusing on the area surrounding the Yandera central resource.

Good prospects for Wafi-Golpu project

The National, July 9th, 2012

MOROBÉ Mining Joint Ventures general manager - sustainability and external relations David Wissink says prospects for its proposed new Wafi-Golpu copper-gold mine in Morobe province look very good. "It's a very exciting prospect," he told The National during a short site visit by helicopter on Saturday. "It looks very good. "It looks to be a long-term, large-scale project for Papua New Guinea." A mineral resources estimate as at June 2011 estimated that Wafi-Golpu deposits contained 26.6 million ounces of gold and three million tonnes of copper. The project contains one of the highest grade porphyry copper systems in Southeast Asia with average grades in excess of 0.5 grams per tonne gold and 0.9% copper, making the resource comparable with other world-class systems. The project comprises a major epithermal gold structure known as the Wafi gold deposit with two porphyry copper-gold deposits, Golpu and Nambongu North, in close proximity.

Now in pre-feasibility stage in a joint-venture with Newcrest Gold of Australia, Wafi-Golpu is set to follow South African miner Harmony's Hidden Valley copper-gold mine that came into production in September 2012, also in a joint-venture with Newcrest. "With Wafi project right now we're in the pre-feasibility stage," Wissink said. "That means we're defining a lot of the studies. "Hopefully, we should have a pre-feasibility document done by the end of July, sometime in August. "So right now there's a lot of drilling on site to define what the resource is." Wissink said MMJV was talking with the government to comply with all requirements and environmental permits. The Wafi-Golpu project is located 80km from Lae and is easily accessed by sealed road to Timini-Demakwa and then via a 38km dirt base track to the project. The site is 4km from the broad Watut and Markham Valley plains.

Explorer gets licence for gold, copper ops

The National, July 9th, 2012

Coppermoly has finally been granted an exploration licence on the south coast of New Britain. Significantly, the Makmak tenement, covering 280sqkm is only 9km south of the company's Nakru tenement where drilling intersected 190.85m at 1.01% copper and 0.36 gram per tonne gold at Nakru-1. The company expects to announce a maiden inferred mineral resource for Nakru-1 and an upgraded estimate for Simuku this month. During reconnaissance sampling in 2010, Coppermoly collected surface rock float samples at the 'Pulding' prospect including 10.7% copper and 15.5 gram per tonne silver, 1.18% copper, 0.64% copper, 2.91% copper and 0.65% copper. The licence is located on the highly prospective Kulu Awit on the island province, transfer structure host to gold-silver and copper, gold, molybdenum and silver systems with access available via 4WD from New Britain Island's provincial capital, Kimbe.

Frieda's Ok Tedi connection: exclusive

Blair Price, PNGIndustryNews.net 6 July 2012

OK TEDI mine owner PNG Sustainable Development Program might consider buying a considerable stake of the Xstrata Copper-led Frieda River project in Papua New Guinea, going by its favourable views of the project. The Frieda River office was recently overburdened with media calls after Xstrata signalled it was assessing the interest of other potential investors for its major stake in the \$US5.3 billion project. "No decision has been taken yet and this could result in a full divestment of our 81.82% interest in the Frieda River project, a partial divestment or no divestment at all," the Frieda River spokesperson told *PNGIndustryNews.net* last week. PNGSDP, the parent company of Ok Tedi Mining Limited, appears to be a likely investor candidate. It recently agreed to buy up a 13.04% stake of Frieda River partner Highlands Pacific through a yet to be finalised capital raising.

The decision comes as PNGSDP considers other revenue-making opportunities this decade as the Ok Tedi mine is due to scale down production in 2016-2020. With the Frieda River project located about 75km northeast of Ok Tedi, there is even the prospect the project may provide opportunities for the Ok Tedi mining town of Tabubil. "Frieda is one of the world's great copper-gold prospects," an OTML spokesperson told *PNGIndustryNews.net*. "If developed, there are many potential synergies with Ok Tedi Mining Limited and with PNGSDP's development efforts in the North Fly. "The latter include use of power from the gas-based generation that we are planning for the North Fly region in our joint venture with Origin Energy; the use of Tabubil town facilities; the use of some infrastructure; and the use of the education and training facilities at the Star Mountains Institute of Technology." SMIT is funded by PNGSDP, while Highlands' Star Mountains copper-gold project, located just 20km northeast of Ok Tedi, was another drawcard for PNGSDP investment.

"Highlands' Star Mountains exploration prospects look very promising," the OTML spokesperson said. "The natural pattern of their development would rely heavily on access to Tabubil township, the amenities it provides, as well as the facilities and infrastructure at the Ok Tedi mine." It's not yet clear if PNGSDP will consider running another mine through its subsidiary OTML to maintain Ok Tedi-scale revenues in future years. "Any decision on OTML having a role in operating a mine other than the existing one will be a joint decision of its two major shareholders, PNGSDP and the independent state of PNG, and not for PNGSDP alone," the spokesperson said. "We do not have a firm view on the matter at this stage. "PNGSDP's long-term fund will remain a portfolio investor in a range of activities within and outside of PNG, with an overall low-risk profile."

But PNGSDP is keenly aware of the importance of mining for PNG's development goals. "The social and economic contributions of the mineral industry to the PNG economy are significant," the

spokesperson said. “It provides direct and secondary benefits to society through the creation and provision of jobs, the purchase of goods and services, the delivery of sustainable development initiatives, and the payment of taxes and royalties. “We support socially responsible investment and the advancement of projects that are properly structured such that environmental effects are managed and benefits reach local people.” Xstrata remains committed to the 2012 work schedule and to finishing off the Frieda River feasibility study in December.

The Frieda River prefeasibility study was based on a 20-year mine life. The open cut project is targeting 930,000 tonnes per annum of concentrate containing 246,000t copper and 379,000oz of gold in the first eight years of its life at C1 cash operating costs of 43c per pound or \$1.12 a pound without gold credits. There is also plenty of drilling ahead for the Star Mountains project. The last hole of the campaign at the Olgal deposit struck a 586m intersection grading 0.61% copper and 0.85 grams per tonne gold. Only two out of 14 holes drilled for the Olgal drilling program missed copper and gold mineralisation and rigs are moving to target two other prospects in the project area. Highlands owns 18.18% of Frieda River and 100% of the Star Mountains project. PNGSDP owns 63.4% of Ok Tedi while the PNG government owns the remaining stake (36.6%).

Private sector raise concern

Post-Courier 6.7.2012

By PATRICK TALU and KONOPA KANA

THE private sector or the business community in Papua New Guinea has expressed concern over the events unfolding the 2012 General election especially the alleged foul play and maladministration especially by the candidates. Ernie Gangloff, the President of Business Council of PNG BCPNG said, “BCPNG is concerned about the allegations of maladministration by candidates and officers involved with the conduct of the 2012 National Elections and remind all stakeholders that there are procedures to deal with all legitimate complaints.” “We also call on the Judiciary and the PNG Law Society to establish under the Alternative Dispute Resolution framework (ADR) a process to review all preliminary claims of electoral maladministration. This will ease the burden on the Court’s time and resources,” Mr Gangloff added.

Mr Gangloff’s organisation which represents the voice of the private sectors said the issues faced in this election do not vary significantly from those in previous elections. “We have witnessed in the 2012 elections the positive impact of social media which has ensured that issues are now relayed immediately across the nation and to the wider global community. BCPNG has taken comfort from both the Government and Opposition that major investment promotion policies will not be altered by the incoming Government. We look forward to working with the Government to finalise a number of important documents including the Trade Policy, Sovereign Wealth Fund Framework and Small to Medium Enterprises Policies to ensure economic development is not impeded in any way.

The Business Council will work with the incoming Government to continue to address impediments to business as we work in partnership towards achieving the nation’s objectives set out in Vision 2050,” he added. Syd Yates the Chief Executive Officer of Kina Asset Management Limited also said Investor confidence in the country is lacking because of the prolonged election period that has caused all the investment opportunities come to a halt. Mr Yates said there is a need for a stable political environment which is vital for the investor to have confidence in doing business in the country. He stressed that the most important project in the country is the Multi-Billion Kina Liquefied Natural Gas (LNG) project and it’s important for the election to be over and the new government formed to drive the project forward.

LNG landowners: No talks, no work

The National, July 6th, 2012

By EMMANUEL MAIPE

GULF province landowners from the liquefied natural gas project areas will not allow an outside company to exploit their commercial opportunities. In a meeting in Port Moresby yesterday, representatives from landowner groups from the Kikori's Paia inlet waterways, Elk4 and Antelope 1 and 2, and from the proposed Purari Hydro project, raised their concerns in response to a report about the Paia Inlet Development Company Ltd, which was tasked to help develop the multibillion infrastructure crucial for the operation for the Gulf LNG train. The representatives said they wanted the company to negotiate first with them before any development work started in the respective areas. They said no proper consultation or negotiation ever took place between the landowners, and the company and the State, leaving many landowners worried about what sort of benefits they will get from an outside company coming in to develop project areas in the province.

Chairman for Elk 4 and Antelope 1 and 2's Seare Paera landowners association Apaea Koivi in a statement said: "we do not know of this company. None of us have entered into any negotiations with such a company or the State. "What about our little landowner companies? We did not incorporate them to play a spectator role but to participate meaningfully in developments taking place in our respective areas." Joe Kailao, acting chairman for Urama Holdings Ltd, an umbrella landowner company for the Urama tribe of the Paia waterway, expressed similar concerns. He said in his area they were about 16 clans and their needs had to be looked at, and their own companies must carry out development in order to benefit from the spin-offs so that they could look after their own people. "No outsider company will be allowed into our area," he said. "We have over 16 clans to look after. Our own company will carry out all development in the area. "If this unknown or foreign company wants to participate in the spin-offs then the best thing for them is to negotiate with us. This is business." He said the people of Gulf are capable of developing and managing their own affairs and did not need an outside company exploiting their commercial opportunities in the province.

Misima mine group gets govt funding

The National, July 6th, 2012

By AGNES FIFI UKI

THE government has released funds to the EUGUMA Special Mining Lease Business Group Inc in Misima, Milne Bay province, to carry out feasibility studies after the mine closure. Tauleia Mosibe, chairman and managing director of the EUGUMA landowner group of Misima, said after a meeting with the chief secretary Manasupe Zurenuoc in Waigani that it would be a first in the country. After the Misima mine closure in 2004 the people noted a decrease of services to them and a turndown in economic activities in the area. Mosibe said the Misima mine was closed in an orderly process by the project owners but they did not leave much in terms of business opportunities and prospects to sustain developments for landowners.

He said caretaker Prime Minister Peter O'Neill and his deputy Belden Namah last year had shown great consideration and foresight in agreeing to allocate K8.8 million for the study. "The funding has gone through several processes for screening and is now ready to be released to carry out the study," he said. "The funds will be used to establish the landowners group's administration and economic infrastructure for development of Misima Island and the region." Thanking the national government for giving the EUGUMA landowners the opportunity to manage the funds to undertake these activities, he called on the Milne Bay provincial government and the district's new member

who will be elected to support the group so that the study would bring positive impacts to the lives of the people.

Ramu: Madang into rice farming

Post-Courier 6.7.2012

THE Ramu NiCo Mine in Madang Province is not into mining only but is also focusing on other sectors such as agriculture to help the people there. The recipients of rice training conducted by the Ramu NiCo agriculture specialists at Bom village in the Astrolabe Bay area of Madang in November 2011 are now reaping the seeds of what they have sowed. The report from the company's report from March- April this year stated that a total of 560 kg of paddy rice were harvested by the farmers and a total of 303 kg of milled rice was produced. The seven small-scale rice farmers were assisted by Ramu NiCo with transport to bring bags of paddy rice to Madang to mill. They included, Wagi Thomas, Thomas Wanopai, Wagi Marus, Abel Knox, Wambu Masab, Tarauba Denmark and William Wagem. Wagem who spoke on behalf of the farmers said the training by Ramu NiCo officer, Aldam Bande was very helpful. During the training last year, Ramu NiCo provided 40 kg of rice seeds to the farmers. Today, there are about 103 active rice farmers in the village and they are being encouraged to increase their rice production for food security and income generation. Ramu NiCo agriculture section monitors the farmers from time to time and provides continuous support in increasing their production.

\$23 billion Queensland LNG project gets go ahead

Post-Courier 5.7.2012

SYDNEY: The owners of the Australia Pacific liquefied natural gas (APLNG) project in Queensland have made a final commitment to the \$23 billion project. Origin Energy on Wednesday said it and its joint venture partners ConocoPhillips and China Petrochemical Corp (Sinopec) had approved a final investment decision on the second of two development stages of the project. APLNG consists of coal seam gas (CSG) fields in Queensland's Surat and Bowen basins, and a pipeline to an LNG plant on Curtis Island off the coast of Gladstone. First production of gas is expected in 2015. "As one of Australia's largest LNG export projects, the Australia Pacific LNG project stands to deliver significant value to Origin shareholders and to Australia, as well as jobs for the Australian community," Origin managing director Grant King said in a statement. The final investments by the joint venture partners will result in Origin's stake in APLNG dropping from 42.5 per cent to 37.5 per cent. ConocoPhillips also owns a 37.5 percent stake, and Sinopec the remaining 25 per cent. Origin's remaining share of the cost of the project was about \$3.6 billion, which the company expects to fund from existing loans and cash resources. The final investment decision follows confirmation last week of a 20-year supply contract with Japanese power company Kansai.

Election affect Solwara1 project

Post-Courier 5.7.2012

SHARES for the developer of Solwara 1 project Nautilus Mineral has dropped 9.7% to \$0.93 in late-afternoon trade on the Toronto Stock Exchange on Thursday, hurt by news of violence, kidnapping, vote rigging, delays and incomplete electoral rolls after the first week of general elections in Papua New Guinea. The Canadian mine developer who is to develop the first underwater or deep sea mine has been locked in a dispute with the National Government since the start of June over ownership of a seabed mining project located in the territorial waters in the Bismarck Sea. According to Radio Australia reports, among many other incidents, "in one province, police arrested a group dressed as policemen, one of who was armed with a gun, after they tried to remove ballot boxes from a polling station," while The Australia News Network reports of villages being torched and roads being blocked with heavy machinery and logs.

A leading copper producer before both BHP Billiton and Rio Tinto were forced to abandon two massive mines over land and environmental disputes, PNG is one of the poorest countries in the world. It is the impoverished country's eighth poll since it gained independence from Australia in 1975 and most observers now expect the balloting to continue beyond the initial deadline of July 6. Shareholder in Nautilus have seen the value of their investments plummet by more than half since the company initiated the legal battle on June 1 over the copper-gold-silver project. A week ago Nautilus Chief Executive Officer Stephen Rogers told Reuters that he expects to settle things with PNG's nominee Petromin PNG Holdings within "months" once the election is over, but that now seems a more remote possibility. Nautilus says PNG undertook to help fund the Solwara 1 project – almost half built – as part of an agreement signed last year that gave the country 30% ownership, but the government appears to be digging in its heels over the issue.

In a response last week it alleges that Nautilus is the party that breached the terms of the deal and that the state is "therefore entitled to terminate the agreement". Not long ago, the future looked promising for Nautilus, the first company to explore the ocean floor for polymetallic seafloor massive sulphide deposits. In late April, the company announced it had signed China's Tongling Non-ferrous Metals Group as the first customer for its pioneering Papua New Guinean sea-floor mine. The undersea mine was slated to begin production in the fourth quarter of 2013, but Nautilus is also facing funding problems concerning its German partner building the \$160 million surface vessel which is the base for the entire underwater operation. Nautilus still has some \$100 million cash in the bank. Petromin when contacted could not comment and referred the Post-Courier to the Treasury Department and the National Government. Also attempted contact to Nautilus Country Manager Mel Togolo was unsuccessful.

PNG: 90% deprived of financial services

The National, July 4th, 2012

By GYNNIE KERRO

A "FINANCIAL inclusion day" is planned for later this year, following a 2008 World Bank report which found out that only 8% of the population of PNG has access to financial services while a whopping 90% are "financially excluded". The Consultative Implementation and Monitoring Council's informal economy committee, realising the seriousness of the problem, held a meeting yesterday to start planning for the day. According to a CIMC concept paper presented at the committee meeting yesterday, PNG ranked at the bottom of the table among Asia-Pacific countries, when it came to "financial inclusion". "Some degree of financial exclusion exists in all countries, even wealthy ones, but PNG is at the bottom of the league table among countries in the Asia-Pacific region," it said. "Even allowing for the relatively low population densities and rugged topography that make the provision of any services difficult in PNG, the country has performed very poorly in providing access to formal financial services for its people.

"Only about 8% of its population is 'financially included', or 92% excluded. "This compares unfavourably with other Pacific countries, for example, the Solomon Islands (15%), Samoa (19%) and Fiji (39%). "In Asia, levels of inclusion range from 98% (Singapore) to 1.2% (Pakistan). "PNG's level of financial inclusion was actually higher in the 1980s, when there were many more bank branches and agencies than it is today." The paper said the National Informal Economy Policy 2011-15 aimed to have the informal economy grow in size and in the diversity and quality of the goods and services it produced. "The policy nominates two 'arms' for action to achieve these goals: the first is 'financial inclusion', or giving people access to formal financial services," it said. "Only 8% of its people are 'financially included' at present, making PNG one of the worst-performing countries in this important indicator of development. "The policy identifies six 'roads to financial inclusion' for PNG.

“Most of these rely on private sector investment in the financial and telecommunications systems. “This investment will be forthcoming over time if government can provide the enabling policy and regulatory environment for it to occur.” The paper noted that there had been a big improvement in this area, given the reforms undertaken within the telecommunications industry. “Competition was introduced in the form of the arrival of Digicel PNG and the rollout of their services of innovative products in partnership with existing service providers such as PNG Power (EasiPay), commercial banks and financial entities (mobile and SMS banking), Eda Ranu (water vending system) and Post PNG (Salim Moni Kwik). “Nevertheless, the knowledge gap is an ongoing problem that is preventing ordinary Papua New Guineans to have access to these products that are provided.” “This is an area that service providers and the government will need to work in partnership through providing financial literacy training, introducing financial literacy curriculum into the schools, and through regular awareness.”

Morobe miner gives to landowners

The National, July 4th, 2012

THE benefit sharing agreement (BSA) between Hidden Valley Joint Venture and Nakuwi Landowner Association is delivering results. In the past two months, the impacts of the agreement have seen the Nauti and Winima landowners receiving a truck and sawmill each, funded by the Hidden Valley Mine Benefits Sharing Trust. Kwembu landowners celebrated the delivery of their truck and sawmill last Friday. Kwembu leaders, LLG representatives and communities came together at Kwembu Elementary School and praised the success of the BSA and HVJV, operator of the Hidden Valley gold mine. Nakuwi Association executive for Kwembu Wayang Kawa said his people had always wanted to see such programmes take place and commended the BSA leaders, comprising three landowner groups, for working together for the peoples’ benefit.

BSA chairman Rex Mauri thanked the committee and HVJV, saying the benefits received through the trust fund had strengthened the relationship between leaders from communities. HVJV representatives, community and the Nakuwi leaders encouraged the people to take care of the property and use them for the intended purpose of improving and developing their villages. The event saw neighbouring communities from Winima and Nauti attending and pledging their full support towards further sustainable projects. The BSA was signed in late 2011 and created a Trust Deed, following extensive consultation with the Nakuwi Association (Nauti, Kwembu and Winima) and mine area community leaders.

Money from the trust fund provides additional socio-economic benefits to the mine landowning communities and is tied to the continuing successful operation of the Hidden Valley Mine. Starting with an initial contribution of K3 million in November 2011, trust proceeds will be used on community infrastructure, capacity building, education, training, community development and business development projects and programmes nominated by the respective village planning committees. Ongoing funding to the trust is anticipated to be approximately K1.5 million per annum based on fixed and variable amounts tied to mine revenues. The trust is governed by a board of governors consisting of representatives from the Nakuwi Association, Nauti, Kwembu, and Winima villages, Morobe provincial government, Mineral Resources Authority and HVJV.

Grow non-mineral sector, PNG urged

The National, July 3rd, 2012

By MALUM NALU

THE key challenge associated with PNG’s economic outlook is to grow the non-mineral sectors of

the PNG economy, according to Treasury acting assistant secretary – forecasting branch Nancy Lelang. She said looking ahead over the horizon, prices of PNG’s major export commodities would continue to be volatile, with the world economy still suffering from the impact of the uncertainty in global growth and stability. Because of this, it may take time for a global economic recovery to gain a foothold and stabilise conditions over the medium term. Lelang said for the medium term (2013 to 2016), the PNG economy was expected to grow strongly. She told the monthly economic and public sector programme seminar at the Holiday Inn last Friday that these non-mineral sectors included agriculture, forestry and fishing sectors; electricity, gas and water sectors; transport, storage and communication sectors; wholesale and retail sectors; construction sector; finance, real estate and business services sectors; and the community, social and personal services sectors.

Lelang said the growing of these sectors could be accomplished through policies such as:

- g Enhancing competition;
- g Developing more effective and efficient markets;
- g Reducing impediments to businesses and investments;
- g Supporting of microfinance;
- g Pursuing reforms to secured lending arrangements;
- g Continuing the National Land Development Programme; and
- g Accomplishing the housing policy.

“The growing of the non-mineral sectors can also be accomplished through reviews of industries,” she said. “Such industries that need to be reviewed regularly include Companies Act 1997, sugar prices, PMV and taxi fares, agriculture commodity pricing, as well as pricing reviews for services offered by state-owned enterprises such as electricity, water, postal and ports prices and for specific regulated products like petroleum by Independent Consumer and Competition Commission (ICCC). “Equally important are the agriculture, forestry and fishing sectors which comprise a vast majority of our people. “These can be supported with the government continually maintaining basic infrastructure like roads, bridges and ports, as well as, providing microfinance. “The onus is also on the private sector and all stakeholders engaged in these non-mineral sectors to operate effectively and efficiently to grow these non-mineral sectors of the economy. “The benefit of growing the non-mineral sectors of the PNG economy is ultimately to improve the quality of life of all Papua New Guineans, as well as to grow the PNG economy.”

Lihir looks to rice

The National, July 3rd, 2012

By ALISON ANIS

LIHIR Island in New Ireland province is best known for its gold mine operations. Behind the scenes, an alternative commercial success story is growing. In August 2011, subsistence farmers from the Lihir mining area embarked on a commercial rice farm project as part of the “Lihir Destiny” aimed to achieve a sustainable livelihood for local people after the mine closes. Lihir rice project coordinator Henry Baraka said that farmers from Zuen, Masahet Island, Kinami, Sale-Kosmayun, Pangoh and other villages recently harvested their first rice crop and are looking forward to another harvest this month. Baraka said the project had received a positive response from other farmers in the area who were now considering the establishment of rice plantations on their land. “The growing of rice is now being introduced to Putput villages and Lihir High School and the neighbouring Tanga and Tabar islands,” he said.

Baraka is currently spearheading the agriculture project, a non-mining component of the Lihir Sustainable Development Plan (LSDP) in which rice farming is just one of the many positive and successful initiatives introduced under the LSDP. An initiative of the Lihir Mining Area Landowners

Association (LMALA), the LSDP is targeted towards achieving the Lihir Destiny of self-reliance and financial independence for all Lihirians once the mine ceases operations. The project began as a three-month pilot programme in August last year and has seen remarkable results despite the problem of insufficient funding assistance which also affects other LSDP projects. As part of the project,

LMALA has purchased a mini-rice mill and restored an old micro-mill that were used at a recent demonstration at the Londolovit town field to show farmers how to mill the rice locally. "The people were impressed with the results and loved the idea of having their own rice," Baraka said. "It's a good thing to see locally grown rice, harvested and milled here, cooked and straight onto the plates." Baraka said they are looking next at implementing fruit and vegetable projects including poultry farming as a result of the success seen with the rice farming initiative. Baraka said the farmers have come to realise that to ensure a sustainable life after the mine, they must participate in the development programme for the future of all Lihirians.

Ramu Nico targets next two production lines

Post-Courier 3.7.2012

THE Ramu Nickel operations is well underway with its first load commissioning of ore mining and beneficiation at Kurumbukari (KBK) Mine with the slurry sent to Basamuk Refinery. With operational experience gathered in the load commissioning and an impressive safety records, Ramu NiCo is now moving confidently with the commissioning of the other two production lines, in order to bring the project into full official operation. The commissioning was carried out according to the Commissioning Plan adopted by the company and approved by the Chief Inspector of Mines at MRA. The Commissioning Plan document was circulated to every section prior to the commencement of load commissioning. Public Relations Officer of Ramu Nico Nick Zuo said that the full loading commission is yet to be done with only two trains (auto claves) is not yet fully functioning to process the nickel that is extracted from the KBK using the ore and water to obtain the final product from the refinery.

In a report from the Ramu Nico after 16 days of continuous load commissioning the production of the first batch of nickel and cobalt hydroxide intermediate products was achieved at the end of the product filtration system. According to the report operational experience gathered in the load commissioning and an impressive safety records, Ramu NiCo is now moving confidently with the commissioning of the other two production lines, in order to bring the Project into full official operation. The mine operations has also the up to date safety requirement of the Ramu NiCo employees from all three sites, KBK Mine, Basamuk Refinery and Madang Office join other mining operations in PNG by participating in the first Apex National Mining Safety Week in March. The National Mining Safety Week is an initiative of Mohan Singh, the Chief Inspectorate of the Mineral Resources Authority (MRA) as a lead up to the Second National Emergency Response Challenge scheduled later this year.

The week-long activities from March 5 to 11 saw employees at the three sites participating in the events with enthusiasm, and applied their talents in quiz shows, parade, safety drills, safety poster drawing and safety song competitions. Ramu NiCo Chief Operating Officer, Gao Yongxue opened the Safety Week on March 5 at a mobilization conference attended by managers of all three sites. Mr. Gao said that in organizing the activities, Ramu NiCo is hoping to raise the safety awareness across the Company as safety is everybody's priority. He urged all MCC employees at all sites to ensure safety is maintained at every level and after a one week's event, HSE (Healthy, Safety and Environment) General Manager, Wayne Basson thanked all employees who participated with enthusiasm, and applied their talents in the organised activities. "Without you these events would not have been fantastic and successful as we've enjoyed. I trust that this experience will enhance safety

awareness each and every day in the coming years, and look forward to seeing if we can make this an even bigger and better event next year,” Mr Basson said.

Allied Gold merge Post-Courier 2.7.2012

THE future of the Simberi gold mine in New Ireland Province has been underpinned by a proposed merger of the mine’s owner, Allied Gold PLC (Allied Gold), with Australian gold company, St Barbara Ltd (St Barabara). The merger will create a major diversified gold company, with four mines in operation in the Solomon Islands, PNG and Australia, producing approximately 435,000 ounces of gold per year, and with a sharemarket value of approximately \$A1 billion (over K2 billion). Simberi will be one of the key assets of the merged group, and St Barbara has indicated it intends to invest in the long term growth and expansion of the operation. “We believe that Simberi is a great operation,” said St Barbara Chief Executive Officer Tim Lehany. “We can see significant opportunity to grow that operation over time, and we look forward to working closely with the local communities of Simberi, and the PNG government. We are also enthusiastic about the potential for further exploration which may lead to development of other mines within PNG.

“We have an absolute commitment to operating in a highly ethical fashion at all times, as well as to responsible environmental management and community engagement,” he said. St Barbara and Allied Gold last week announced they had agreed to merge through a Scheme of Arrangement, under which St Barbara will acquire Allied Gold through an offer that values the company at A\$560 million (over K1.5 billion). The merger requires the approval of Allied Gold shareholders at a meeting to be held in the coming weeks, and the merger partners said that 54% of shareholders already had indicated they would agree to the merger. Allied Gold directors have unanimously recommended the merger to shareholders. Allied CEO Frank Terranova said the transaction was good news for Simberi’s 600 employees and for the people of New Ireland and PNG.

“The new company created through this merger will be a bigger, stronger company, with multiple mines producing strong cashflows. Simberi will be a key asset of the new company, and our employees will benefit from being part of that bigger organisation. “We are satisfied that St Barbara is an excellent company, well managed, a good employer, and with a demonstrated track record of positive engagement with local communities,” he said. If the merger is approved by Allied Gold shareholders, it then requires court approval before taking effect, so there are unlikely to be any changes made to the operations for some months. St Barbara is a publicly listed company in Australia. With a sharemarket value of approximately \$A700 million (K1.44 billion), it is one of Australia’s larger and more profitable mid-tier gold producers, developers and explorers.

Lihir parties sign agreement Post-Courier 2.7.2012

THE fifth meeting of the Lihir Agreements Review has resulted in a significant outcome of the signing of an agreement between Lihir Mining Area Landowners Association (LMALA) and Nimamar Rural Local-Level Government (NRLLG) and other parties that will pave the way for implementation of the 2012 Integrated Benefits Package (IBP) projects and programs. The two groups will now need to meet and agree on how the IBP social programs will be delivered. The fifth meeting was held in Kavieng, New Ireland Province from June 19 to 23. The meeting was attended by all key parties including the New Ireland Provincial Government (NIPG), LMALA, NRLLG, local churches representatives in Lihir, Bishop Ambrose representing the Catholic Diocese of Kavieng & Manus and the United Church Reverend at on Lihir, the various departments representing the State led by Minerals Resource Authority (MRA) and Lihir Gold Limited.

Independent Chairman of the Lihir Agreements Review Brown Bai in welcoming the groups asked all parties to remain committed to the agreed process and work together to ensure all issues are properly addressed and resolved. The revised agreements signed in 2007 require all the parties who are signatories to the IBP and the Memorandum of Agreement (MOA) to convene and review these agreements within a five-year period of the date of the signing. The agreements provide a road map to achieving long term sustainable development for the Lihirian population through ensuring an efficient mine operations that is able to generate benefits for all stakeholders. Mr Bai said: “The parties have clearly communicated their expectations of this current round of review and that is to ensure the disputes that have prevented the effective implementation of the Lihir Sustainable Development Plan (LSDP) are fully resolved in order to realise the Lihir Destiny; failure is not an option”

To support the work of the Independent Chairman a secretariat has been established to maintain minutes and records of the meetings as well as co-ordinating logistics for the parties. A sub-committee comprised of representatives from each of the parties above have been working under the Independent Chairman to progress issues raised at the main review committee level. The sub-committee has the important role of negotiating and resolving many of these issues prior to full endorsement by the main review committee. Mr Bai paid tribute to the traditional landowners of Lihir stating, “I acknowledge the support provided by the traditional landowners. This support needs to remain strong in order for us to conclude the review as agreed by all stakeholders by the end of October 2012”

Tolukuma mine nationalises workforce

Post-Courier 2.7.2012

By PATRICK TALU

FOR the first time in the history of Papua New Guinea’s mining industry, 100 per cent nationally owned Tolukuma Gold Mine (TGM) has 100 per cent nationalised its workforce of over 600 employees. From the top of General Manager’s position headed by David Laulau as the Acting General Manager down to heads of departments and the general workforce is all Papua New Guineans. And Joshua Kalinoe, Managing Director for Petromin PNG Holdings Ltd, the owner of TGM has no doubt about the whole Papua New Guinean workforce, especially the management team headed by Mr Laulau. “I have huge confidence in Mr Laulau and his team of dedicated HODs and the general Papua New Guinean workforce as a whole,” Mr Kalinoe said this when commending the workforce at the TGM site at the weekend. “This is a record and for the first time a mining company has 100 per cent all Papua New Guinean workforce. This demonstrates the level of confidence in Papua New Guineans who are capable of managing and running their own mine.”

Mr Laulau, a mining engineer by profession with wealth of industry experience both locally and abroad at management level expressed gratitude to Petromin for the confidence in his management team and the general Papua New Guinean workforce. He said the current team of HODs and general workforce would do their best to produce the results expected of them. The acting general manager appealed to his workforce to get behind him and give their utmost support to bring the level of production to the next height so as also to prove that they were capable of running a mine. Meanwhile, Mr Kalinoe as the Chairman of the Board of TGM, assured the workforce to have their remuneration increase to 10 per cent starting with 5 per cent increment this year while another 5 per cent is expected next year, depending on the mine level production. “If you can produce more, then you get increment as you have agreed.” the chairman also reminded the workforce that any other increment will be subject to increased production.

Spokesperson for workforce Esau Kairi welcomed the good news on behalf of the workers and assured Mr Kalinoe and Mr Laulau to get behind their management team to lift the mine to a next level. “We have gold here; we can produce even more than 2000 to 3000 ounces per day. We can also

produce ourselves. We are capable of lifting Tolukuma to the next level,” Mr Kairi said. Mr Kari later told the Post-Courier, “all we lacked was a good management team that will truly look into the real issues by coming down and checking for him or herself what needs to be done. Check the conditions of the equipment and machineries, the working conditions and the level of production”. “We had lack of management and now that we have Mr Laulau, we have more than confidence in him to run this mine not only successfully but take ownership of the mine,” Mr Kairi said. “Mr Laulua has proven to us in the last few days that he is the man that can put Tolukuma with par with rest of the mines.”

World Bank: PNG must spend better

The National, July 2nd, 2012

By MALUM NALU

THE passing of the boom in PNG government revenues will challenge authorities in the coming years, according to the World Bank. This is according to its latest PNG Economic Briefing The Challenge of Transforming Today’s Boom Into Better Living Standards for Tomorrow, which was presented by World Bank country economist Tim Bulman at the monthly economic and public sector programme seminar at the Holiday Inn last Friday. The report said meeting the community’s expectations of improving services would require “spending better as much as spending more. Important policy steps are being taken in this direction, but the pressures to meet short-term demands, and PNG’s social needs, are great”. “Before the revenues from the LNG and the potential additional projects start flowing late this decade, government revenues are expected to stagnate, especially relative to rising costs of skilled employees, and of materials and the demands of a population growing by around 2% each year,” it said.

“At the same time, the community will continue to expect the government to provide more and better services, towards benefitting from the boom occurring in parts of the economy.” The report said to manage these opposing pressures, it would be essential for the government to better ensure that spending from the government was translated into education, health and other services delivered to the end user with fewer leakages en route, or that investments in infrastructure were appropriately maintained. “This will require both better planning and implementation,” it said. “The establishment of the sovereign wealth fund and the government’s move towards multi-year budgets for capital projects are steps in this direction. “More effective, especially in the short term, will be reducing leakages. “Strong institutions of governance, throughout the public sector, and developing a pervasive culture of accountability can help achieve this.”

The report said translating economic wealth of the scale enjoyed by PNG into better living conditions for all citizens was a great challenge. “Some countries have successfully managed the challenge of the ‘resource curse’,” it added. “Already, PNG has created a climate that attracts investment in its resource production, and it is developing the institutions to ensure that this wealth supports a stable macro-economy. “For long-term development and prosperity, it will be essential to design PNG institutions that ensure political leaders have the incentives to turn the nation’s wealth into long-term, broad-based development, rather than maximising the potential for it to generate short-term private rents. “Failure to do this may undermine the gains of the past decade and the potential ongoing boom, working its way through the project planning and preparation pipeline.” The report said Standard & Poor’s warned of this risk in February this year when it shifted the outlook for the country’s long-term sovereign debt from stable to negative. “The challenge will be for the leadership that emerges from the mid-year elections to replicate these efforts in the public realm,” it said.

Growing opposition to seabed mining

Patrick Matbob, Islands Business July 2012

Discussions between Nautilus Minerals and the state of PNG have failed to resolve a dispute that has halted the progress of experimental Solwara 1 seabed mining in PNG waters. Nautilus has reported that a number of meetings have been held between senior representatives of the two parties and discussions would continue until a conclusion was reached. Meanwhile, opposition to experimental seabed mining plans is growing in PNG and the Pacific region. One of PNG's vocal local environment group, Mas Kagin Tapani Association (known as Makata), has called on Nautilus to stop exploiting the pristine Bismarck and Solomon Seas with its experimental seabed mining. It has also called on the PNG state not to pay Nautilus the 30% equity which it was taking up in the project. National coordinator for the local not-for-profit group Wenceslaus Magun said: "There is no justification for the PNG government to pay 30% to Nautilus. "This foreign-owned corporation does not own the resources by birth right. They cannot ask the PNG government to make such a contribution to help develop their experimental seabed mining project.

"By doing so, would imply that Papua New Guineans will remain beggars on our own land: that we cannot determine our own destiny but allow outsiders, particularly the multi-billion dollar corporate industries, to dictate our future." The Canada-based Nautilus Minerals is in dispute with PNG as to the state's obligations to complete the agreement reached in March last year for its Solwara 1 copper project. Nautilus warned the dispute could delay or cancel the project which it is experimenting with in PNG waters. The company is the first to explore the ocean floor for polymetallic seafloor massive sulphide deposits. PNG had exercised its option to acquire 30 percent of the Solwara 1 project, located in the Manus basin of Bismarck Sea. As part of the agreement, PNG has to pay its share of the development cost for the mine. Nautilus said: "Unless and until the dispute is resolved, completion will be delayed or may not occur and Nautilus must continue to carry these costs". However, PNG says Nautilus has not met certain obligations on which completion is dependent and that it has breached the agreement. Nautilus, however, has refuted the assertions.

The dispute has resulted in a dramatic 40% plunge in Nautilus shares. The company also suffered another blow when its partner—European ship builder Harrens—announced it will no longer be able to contribute its full part to the financing of the mining support vessel as agreed in April 2011. Harrens' decision is a reflection of the debt crisis in Europe and the tighter bank lending rules and also the depressed shipping market. Local and regional environmental groups and advocates have continued to oppose the development of seabed mining. Author of a recent report *'Out of Our Depth: Mining the Ocean Floor in Papua New Guinea'* Dr Helen Rosenbaum said that very little was understood about the possible impacts of the Solwara 1 project. "They say they've continued to do research that addressed a lot of the concerns that we addressed in that report. But every time we've gone back to them to say, well can you share this research with us, we've been unsuccessful. So we're totally unconvinced that this research has been conducted." Dr Rosenbaum said the campaign's concerns were similar for the many projects in which deep-sea mining exploration was starting throughout the Pacific.

Recent discoveries by scientists of the National Institute of Water and Atmospheric Research (NIWA) in New Zealand have shown that life was plentiful on the deep seabed despite arguments to the contrary. The scientists have found more than 5000 samples and footage of never-before-seen undersea volcanoes after a three-week voyage in waters off Bay of Plenty and north-east along the Kermadec Ridge. The NIWA scientists studied four different undersea habitats—seamounts, hydrothermal vents, continental slope and canyons within a 10,000-square kilometre area. They found that life was plentiful on the seamounts, particularly around the hydrothermal vents. Little life was seen on the surface of the soft sediment on the seafloor of the canyons, but within the sediment were large numbers and many different types of worms. Meanwhile, it's been suggested that Pacific

Islands Countries and territories wishing to make use of resources on the deep seafloor for economic returns must adopt a 'precautionary approach'. This can simply be interpreted as "in any development where there are threats of serious harm to the marine environment, the lack of full scientific data shall not be used as a reason for postponing that development," said Dr Russell Howorth, director of the SOPAC Division of the Secretariat of the Pacific Community (SPC).

But, that particular development, he added should use cost-effective measures to prevent environmental degradation. The 'precautionary approach' has been in existence in Rio Declaration Principle 15 for 20 years but hardly used in the context of bringing economic benefits of the resources of Pacific islanders to improve their livelihoods, said Dr Howorth while addressing Oceans Day at the Rio+20 conference in Rio de Janeiro last month. Under Principle 15 of the Rio Declaration on Environment and Development (1992), the application of the Precautionary Approach is defined as: "In order to protect the environment, the precautionary approach shall be widely applied by states according to their capabilities. "Where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation." Dr Howorth also revealed a ground breaking advisory opinion by the International Tribunal of the Law of the Sea Seabed Disputes Chamber which ruled that the precautionary approach is a legal requirement for states sponsoring deep sea mining activities.

Intervention of the Pacific Caucus, Rio+20

DRAFT: Establishing an Independent Regional Indigenous Peoples Monitoring Authority for the implementation of regulating agreements impacting pacific peoples and our resources.

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United Nations Conference on Sustainable Development

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The Pacific Caucus from the UN Permanent Forum on Indigenous Issues welcomes the opportunity given by the UN Conference on Sustainable Development to comment on the impact of the Fukushima reactor spill, large scale resource exploration, degradation and depletion by transnational corporations on indigenous peoples' land and territories, affecting our environments and livelihoods, undermining our economic, cultural and spiritual life and threatening the existence of many indigenous peoples of our region. Recognition and protection of core indigenous rights are critical to REDD+ projects taking place in indigenous territories and must be effectively addressed by the UN-REDD.

We have four recommendations:

We, respectfully, ask the Permanent Forum to urge all States to recognize our right to our lands, oceans and resources, and that any military, industrial or mining uses be first approved by the free, prior and informed consent of our Pacific Peoples.

We, respectfully, request that a percentage of the taxes and royalties States receive from companies who profit from our resources to be proportionately allocated to fund the establishing of an Independent Regional Indigenous Peoples Monitoring Authority.

We, respectfully, call upon the United Nations Conference of Sustainable Development to urge all States to work with Indigenous Peoples to ensure the full implementation and the legal application of the Declaration of the Rights of Indigenous Peoples and recognize our human rights and fundamental freedoms to self-determination and self-governance.

We, respectfully, call upon the United Nations to assist with the creation of a region wide, independent and indigenous stakeholders-led agency to review and regulate the environmental and economic impact of resource depletion in our region. We seek an agency whose principal stakeholders are the cultural and traditional practitioners whose economic livelihoods are most impacted by ex-

exploiting our economic and environmental resources. The very survival and future of Pacific Island Peoples is linked directly on the policies and practices of States and of international institutions and organizations.

The World Bank, the International Finance Corporation, the Inter-American Development Bank and the Asian Development Bank[1]; have projects funded that have been negative and counterproductive to the interests of indigenous peoples and have often contributed to violating our fundamental rights by creating conditions of debt and poverty. The World Bank has an operational policy on indigenous peoples that states that for any proposed projects that affect indigenous peoples, the borrower is required to engage in the process of free, prior and informed consent and that the projects include measures to (a) avoid potentially adverse effects on the indigenous peoples' communities; or (b) when avoidance is not feasible, to minimize, mitigate or compensate for such effects.[2]

1) New Caledonia, a new nickel refinery belonging to Brazilian mining giant Vale is due to start full production next year.[3] Vale has brokered a so-called Sustainable Development Agreement with New Caledonia's Kanak leaders in 2008. The company aims to become the largest nickel producer. In 2009, more than 40,000 litres of 98% pure sulphuric acid was released into a river leading into the mouth of Prony Bay, a UNESCO World Heritage bumper zone.[4] This resulted in peoples who depend entirely on the farming and fishing to survive are forced to endure serious ramifications to their health and their ability to sustain themselves in the territories belonging to the Thio, Kouaoua, Wawilu and Poum, among others.

2) Pacific Island countries and territories that have leased out swathes of the deep seabed in their Exclusive Economic Zones for exploration of minerals to transnational mining companies.[5] The Solwara 1 Project owned by Nautilus Minerals, a Canadian company, operates in Papua New Guinea and is the only deep seabed mining project that is in full operation. As the technology develops for the acquisition of lucrative gold, silver, copper, nickel, and rare-earth deposits, we are concerned that small island nations will be at a tremendous disadvantage in protecting themselves from potential accidents and mishaps resulting from these large transnational mining projects. As of yet, there has been no Environmental Impact Study that has conclusively shown the mitigation of the impact of the mining process on ecology of the deep seabed, on fisheries closer to shore, or on the fragile reef system that is home to the greatest diversity of life on the planet.

3) In Rapa Nui, our people are struggling against a tidal wave of developments proposals by the Chilean government in conjunction with international investment regimes, such as TransOceanica, for mining projects, airfields, ports, casinos, and hotels. Rapa Nui has been engaged in an unresolved decades long land rights and self-determination struggle with Chile. Now, Rapa Nui is at risk of being crushed under the weight of a regional free-trade agreement, the Trans Pacific Partnership Agreement, which Chile ratified in 2005. This free-trade agreement and proposed development projects will irreparably damage a UN World Heritage site, to the detriment to Rapa Nui, while primarily benefitting the Chilean government and the non-Rapa Nui investment regimes.

4) We are deeply distressed by the growing radioactive plume engulfing the Pacific Northwest region from the ongoing Japanese Fukushima nuclear disaster. We must participate in the development and implementation of a comprehensive plan, based on reliable scientific data, to assist Pacific peoples in monitoring and protecting health, food and regional resources due to this nuclear disaster. The impact of Fukushima on Pacific island peoples[6] whose health and resources have already been compromised by international nuclear testing and experimentation cannot be ignored. As evidenced by the continued negative health indicators and unusually high cancer rates of those living in the islands in Micronesia where massive nuclear testing was conducted fifty years ago. The States and corporations responsible for nuclear proliferation in the Pacific must be held accountable

for impacts and remediation to health, economic and the environment of the indigenous Pacific peoples.

For many years, indigenous peoples have advocated at the UN for the full recognition of core collective rights, such as full ownership rights to their lands and natural resources and the right to self-determination. Recognition and protection of these core rights is critical to REDD+ projects taking place in indigenous territories, and must be effectively addressed by the UN-REDD. The UN Declaration entailed a process of more than 30 years in which indigenous peoples and States forged common ground on the need of protecting indigenous territories and governments. The UN Declaration is a global statement of the law concerning indigenous peoples, which enjoys today full support from the world community. It is by virtue of these rights that indigenous peoples can control, use, manage and benefit from their lands and natural resources according to their governing institutions, laws and customs.[7]

Yet, currently, UN-REDD has no policy specifically protecting indigenous peoples' territories and governments, which are indispensable for survival as distinct peoples within existing nation-states. The obligations of human rights and climate agreements, we have not seen a UN-REDD policy in which larger economies, implementing agencies or investment regimes are fulfilling these obligations; governments negotiate regional trade agreements that are reinforcing investor-state frameworks, often with the support and encouragement of our sub-regional institutions and without consultation or approval by indigenous peoples. SOPAC, the geo-science and technology subsidiary of the Secretariat of the Pacific Community (SPC) has secured funding to draft a framework that would enable Pacific Island nations to mine the deep sea for minerals, and this SPC-authored framework would disenfranchise Pacific Island communities, impacting the livelihoods of Pacific Islanders without their free, prior and informed consent.[8]

With respect to mining and other industrial investments among Pacific islands, negotiations and agreements are often kept secret from public purview. Citing limited negotiating time limits, inadequate access to legal representation, or governments who are not aligned with indigenous interests, Pacific Islanders require an agency that would enable farm and fish practitioners and our cultural stakeholders to participate from the initiation of such negotiations and agreements, and have access to the legal resources and adequate time to adequately represent our interests. Decisions over the ocean environment cannot be made by governments or investment regimes, or even by regional organizations like the Pacific Island Forum, without free, prior and informed consent of the indigenous community. An independent regional body comprised of indigenous peoples adversely impacted by the decisions of governments, trade representatives, and corporate stakeholders to develop a specific policy aimed at protecting the rights contained within the UN DRIP, must be established and funded.

We, the Indigenous Peoples of the Pacific respectfully request the United Nations Conference on Sustainable Development implement our requests to ensure that policies enacted will provide protection of indigenous peoples' substantive rights, especially the rights of self-determination and permanent sovereignty of our natural resources.

[1] Special Rapporteurs, U.N. Permanent Forum on Indigenous Issues, Tenth Session, "Study on indigenous peoples and corporation to examine existing mechanisms and policies related to corporations and indigenous peoples and to identify good practices." New York, 12-27 May 2012, Item 3 (a) of the provisional agenda.

[2] World Bank, Operational Manual. OP4.10-Indigenous Peoples (<http://web.worldbank.org/WBSITE/EXTERNAL/PROJECTS/EXTPOLICIES/EXTOPMANUAL/0,,contentMDK:20553653~menuPK:4564185~pagePK:64709096~piPK:64709108~theSitePK:502184,00.html>)

[3] Gooch, Nicole. "Nickel and Maligned". 2012, Apr, 27. The Global Mail. (<http://www.theglobalmail.org/feature/nickel-and-maligned/214/>)

[4] Radio Australia, "Thousand of fish dead after acid leak at New Caledonia Nickel plant." April 6, 2009.

(<http://www.radioaustralia.net.au/international/radio/onairhighlights/thousands-of-fish-dead-after-acid-leak-at-new-caledonia-nickel-plant>)

[5] ACT NOW! and PANG Joint Media Release, "Economics of experimental seabed mining don't add up for Pacific island countries." May 15, 2012. Papua New Guinea Mine Watch,

(<http://ramumine.wordpress.com/2012/05/15/economics-of-experimental-seabed-mining-dont-add-up-for-pacific-island-countries/>).

[6] U.N. General Assembly, Fourth Committee (GA/SPD431). "Fourth Committee delegates urge more funding for scientific committee to enable it to assess emerging risks of atomic radiation on human health, environment." 16 Oct. 2009. (<http://www.un.org/News/Press/docs/2009/gaspd431.doc.htm>)

[7] Crippa, Leonardo A. & Gretchen Gordon. "Comments on the UN-REDD Programme Guideline on Free, Prior and Informed Consent." Indian Law Resource Center. January 2012. (<http://www.indianlaw.org/content/centers-redd-related-comments-fpic-guidelines-benefit-and-risk-assessment-tool>)

[8] Papua New Guinea Perspective. <http://www.pngperspective.com/news/pacific-deep-sea-mining-framework-under-fire>

[8] Papua New Guinea Perspective. <http://www.pngperspective.com/news/pacific-deep-sea-mining-framework-under-fire>

Top-Bergbaukonzerne Ranking der Rohstoff-Riesen

Handelsblatt - 21.06.2012

Sie schürfen Tausende Tonnen Eisenerz, Kohle, Kupfer oder Gold und profitieren vom Aufstieg der Schwellenländer. An der Börse sind sie Milliarden wert. Die größten Minengesellschaften der Welt im Überblick.

- **Platz 5: Glencore/Xstrata**

Der Minenkonzern Xstrata ist der größte Zinkproduzent der Welt und schließt sich mit dem berühmtesten Rohstoffhändler Glencore zusammen. Xstrata hat an der Börse einen Wert von 41,6 Milliarden Dollar. Beide Unternehmen aus der Schweiz waren bereits eng verflochten. Glencore hielt fast 40 Prozent an Xstrata.

- **Platz 4: Anglo American**

Das südafrikanisch-britische Unternehmen verdient sein Geld vor allem mit Gold, Diamanten, Platin - und Kohle. Der Konzern erreicht einen Börsenwert von 45,2 Milliarden Dollar. Zu dem Portfolio gehört etwa auch der Diamantenschürfer De Beers. Anglo American ist der größte Platinförderer der Welt.

- **Platz 3: Rio Tinto**

Der britisch-australische Gigant rangiert auf Platz zwei der Eisenerzförderer. Das Traditionsunternehmen mit zwei Hauptsitzen, in London und Melbourne, kommt auf einen Börsenwert von 87 Milliarden Dollar. Zudem betreibt Rio Tinto wichtige Kupferminen, wie etwa in West Australien. Die Anglo-Australier übernahmen sich 2007 fast am Kauf des kanadischen Aluminiumkonzerns Alcan und wurden später selbst Ziel eines Übernahmeversuchs.

- **Platz 2: Vale**

Der brasilianische Rohstoffkonzern Vale kommt auf einen Börsenwert von 99,9 Milliarden US-Dollar. Das einstige Staatsunternehmen verzeichnete ein rasantes Wachstum und stieg zum weltweit größten Förderer von Eisenerz auf. Zudem betreibt Vale die weltgrößte Eisenerzmine in Brasilien. In der Ferr Carajas-Mine werden 110 Millionen Tonnen Erz pro Jahr gefördert. Der Grundstoff für die Stahlerzeugung wird über rund 900 Kilometer per Eisenbahn in den nächsten Hafen gefahren.

- **Platz 1: BHP Billiton**

Ein echtes Schwergewicht an der Börse mit einer Marktkapitalisierung von 161,7 Milliarden Dollar ist der britisch-australische Gigant BHP Billiton. Das Unternehmen betreibt Eisenerz- und Kupferminen, erweitert aber auch sein Geschäft etwa auf Schiefergasressourcen in den USA.

Die spektakulärsten Maschinen der Welt

Handelsblatt, 13.12.2011



Kohle, Erz, Kupfer - der Liebherr T 282 C fühlt sich im Tagebau so richtig wohl. Rund 370 Tonnen transportiert der gigantische Muldenkipper in den größten Minen der Welt. Der Truck hat den stärksten Antrieb für Nutzfahrzeuge überhaupt: Sein MTU 20-Zylinder Dieselmotor schöpft mit 3000 kW (4023 PS) aus 95,4 Litern Hubraum. Und trotz seiner fast 15 Metern Länge beschleunigt er auf über 64 km/h.