

**Pressespiegel – 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>

Gold pour at Simberi

The National, October 31st 2011

ALLIED Gold Mining has reached a minor milestone at its Simberi gold mine in New Ireland province last week after pouring the 250,000th gold ounce. Production began three years ago, with the initial plan indicating an eight-year mine life. The mine life had now been extended, with the company eyeing a 100,000oz annual production from middle of next year – with the boost coming from expanded operations and efficiency initiatives. The cash costs were targeted at US\$850 to US\$900/oz. The company has speculated that a sulphide processing circuit could potentially further increase output to 250,000oz from 2015. A bankable feasibility study on the potential ramp-up in production was due for release middle of next year. Across all of the Allied Gold projects, the company had resources of 8.6 million ounces (moz), inclusive of 3.4moz of reserves, with an extensive exploration programme continuing. Meanwhile, a social impact study on the people of Simberi was officially handed over to the Mineral Resources Authority last Friday by a team led by University of PNG social scientist Vincent Warakai.

Prefacing the presentation at the MRA office, Warakai said that such social impact studies had been done by foreigners like Colin Filer in the past and this was the first time that a local team of consultants were hired by MRA to map out clan boundaries, look at disputes among landowners how ownership of land was passed down through the matrilineal system where a woman is the landowner. Members of his team were George Wrondimi, Terrence Simbiwen and Kenneth Cornilius. The team walked the bush with village elders to get their stories on landownership and disputes and how land was acquired and passed down the generation. Warakai said MRA now had the resources to be able to conduct independent social mapping of mining project areas instead of waiting for developers to do the job and pass on their reports to the government, as in the case of Ok Tedi Mining. MRA acting managing director Kepas Wali agreed that this was the first of its kind and would look at facilitating social mapping reports on other mining projects in future.

Ramu: Parties to show genuineness at lands commission hearing

The National, October 31st 2011

DISPUTING parties of Kurumbukari, Madang, where the Ramu NiCo mine project is located, will now reveal to the state and developer if they are genuine landowners when the interim hearing by the Land Titles Commission hearing begins tomorrow. After nearly a decade of indecision by any government department into issues affecting locals, several confrontations and threats have prompted the Land Titles Commission to arrive. Benedict Batata, Kutt Paonga and Joseph Gabut have been appointed special commissioners for the hearing. The hearing will be scheduled at the newly renovated IPA Building within the Madang headquarters area. Anyone with queries relating to the hearing or with any enquiries about the Ramu Nickel Cobalt Project can call the Port Moresby office on 323 1927, 325 1491 or 325 8755. Before the hearing, Governor James Gau committed a total of K10 million to the four landowner umbrella associations.

Potape lauds LNG payments

The National, October 31st 2011

LOCAL government representatives and community and landowner leaders in Southern Highlands' Hides and Komo areas have praised the national government for fast-tracking payments related to the multi-billion-kina liquefied natural gas (LNG) project. According to reports at the weekend, the Department of Finance and Treasury had started paying approved ministerial commitments. Payments would continue this week. Leaders said the government's positive attitude to landowner issues would ensure the LNG project deliver its first gas shipment as scheduled in 2014. "With the general election about six months away, there is no more time for our politicians to throw mud around and blame each other. "The political competition can continue after next year's general election," local level government president for Komo and chairman of Mining and Gas in the provincial assembly Thomas Potape said. "This government must be allowed to complete all outstanding matters, including those committed and promised to the people by the previous government."

He said the East Sepik Supreme Court reference, now before court, should not be seen as an opportunity for politicians to continue with their witch-hunting. "Only the high court will rule on that and, when it does, that decision must be respected," Potape said. "For our national, provincial and local politicians, the time for games and competitions is over. "We must work to complete what has been left outstanding and prepare new grounds for more work after the general election next year," he said. Potape also commended Treasurer Don Polye and Petroleum and Energy Minister William Duma for their understanding and commitment to dealing with landowner issues. "In the three months that they have been in government, the Hela people have seen many commitments fulfilled. "They have done an excellent job as is evident in the on-going settlement of outstanding LNG

commitments," Potape said.

INDONESIAN COPS ON FREEPORT PAYROLL IN WEST PAPUA

Authorities admit to taking "millions" for security

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 30, 2011) – Police in Indonesia have admitted that they accepted millions of dollars from the US company Freeport Indonesia to provide security for the miner's operations in Papua. The national police chief General Timur Pradopo has told the Jakarta Globe that the money has been accounted for, describing the payments as lunch money. This comes as the Commission for Missing Persons and Victims of Violence has accused the police of siding with Freeport in a strike by thousands of workers, now in its seventh week. The group says the Timika police chief Denny Siregar called a local Freeport union leader and made a death threat. The unionist, Haris Azhar, says police have also leveled accusations of treason at striking workers and their union organizers. The strike has disrupted production and last week, Freeport invoked force majeure as contractual gold and copper deliveries were no longer guaranteed.

[PIR editor's note: New Zealand's role in training Indonesian police personnel has been placed under scrutiny in the wake of the many accusations of human rights abuses and mistreatment of protesters by police and paramilitary forces in West Papua.]

WORLD WATCHES PAPUA UNREST WITH GROWING CONCERN

Five are dead as strike continues at Freeport mine in Grasberg

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 28, 2011) – International pressure is mounting for Indonesia to address growing unrest and violence in its Papua region. The call comes after a week in which a Police Commander in West Papua province was killed, and three more people were shot near the Freeport mine in Timika, bringing the death toll during an ongoing strike there to five. It comes a week after at least five Papuans were killed and many more injured when Indonesian security forces broke up the Third Papuan People's Congress which had declared independence. Among the congress delegates remaining in police custody, facing charges of treason is Forkorus Yaboisembut for proclaiming an independent West Papua state. The declaration triggered a swift response by the hundreds of Indonesian security forces deployed at the congress.

The United States Congressman Faleomavaega Eni Hunkin says the forces committed serious violations. "I'm very very concerned that the meeting that was held amongst the West papuan people in terms of trying to... I guess out of frustration, you now the leaders got so tired where they weren't even allowed to dialogue with the Indonesian government to talk about the Special Autonomy Law that was passed over ten years ago and has never really been implemented by the Indonesian government. So out of all this, the Indonesian government sent in soldiers and security forces." It's not just American lawmakers applying pressure for change in Papua. Australian Greens senator Richard Di Natale has urged his government to send a fact-finding mission to Papua and to immediately suspend all support for the Indonesian military.

The convener of a New Zealand parliamentary support group for West Papua, MP Catherine Delahunty, says Wellington should review its role in training Indonesian police in Papua. Show some leadership as we have done in places like Bougainville, and help broker a conversation about ending the injustices, the human rights abuses and the deaths because yes there needs to be a democratic police force in West Papua but we're a long way from that, until we have a peace process and a recognition of the rights of the people of West Papua." Meanwhile, violence

continues to plague Freeport's mine where an ongoing strike by thousands of employees has forced the company to declare force majeure on shipments from the mine.

Freeport is Indonesia's largest corporate tax payer and it has never faced such major industrial trouble in its long history in Papua. A commodities analyst says the market impact of industrial action will be limited if the dispute is resolved quickly. Bart Melek from TD Securities says the longer production stays offline the tighter the market will get. "But in an environment where demand is seen to be somewhat better or at least expectations are somewhat better than they were before and at the same time you get supply disruptions, one could say with a fairly high level of comfort that price pressures are to the upside because of that."

A cultural anthropologist focussing on West Papua Eben Kirksey from Columbia University New York says that many Papuans oppose the mine because its history is linked to their region's incorporation into Indonesia. He says the labour dispute has galvanised employees from other parts of the archipelago. "There's both an amazing alliance that has emerged there but also there are broader issues: under the Special Autonomy programme, the lion's share of revenue generated by Freeport is supposed to hit the ground back in West Papua. But even though West Papua is the biggest province of Indonesia, the most resource rich - in addition to gold and copper, they have timber, natural gas - the fact of the matter is that despite all these resources West Papua remains poor; West Papuans are the poorest people in Indonesia."

Eben Kirksey says the legality of the entire Freeport operation in Papua is uncertain given the agreement under which the company came to develop the Grasberg was signed with Indonesia before it had legally taken over the territory of Papua. However the strike which began in mid-September has made the Indonesian public more sensitive towards the Papuans situation. "I think there's great potential to negotiate a much more fair just and fair contract of work that protects labour rights, and protects the environment, and that also isn't perpetuating post-colonial inequalities. I think a lot of Indonesians and West Papuans alike feel very unhappy that their resources are being sucked away, and that they are channeling a lot of profits into corporate boardrooms and portfolios of distant stockholders but are not directly reaping many of the benefits themselves." Meanwhile, rights groups such as Human Rights Watch and Amnesty International have called for investigations into violence in Papua. Although the Indonesia Human Rights Commission is said to be looking at the violence at the Congress, international disquiet over the trouble in Papua is demanding more.

LNG: landowners give 7 day ultimatum

Post-Courier 28.10.11

By ANDREW ALPHONSE

MORE than 500 Tari airport landowners yesterday staged a peaceful protest outside the airport. The landowners are giving the state and the multi-billion kina PNG LNG project developer ExxonMobil an ultimatum of seven days to answer to a series of their demands. Two sets of demands are from the Tari airstrip landowners working committees for the entire land at which the airport is located while another petition is from Piribu Kia Kopiria clans of Portion 107 at the south-west end of the airport. Interim Tari airport landowners chairman Benson Angobe said the peaceful protest is to draw the State and ExxonMobil's attention to a list of their prolonged outstanding demands. Mr Angobe said after the seven days lapse and if the State and ExxonMobil fail to address their demands favourably, they would have no option but move onto the airport runway and physically stop all flights from using the airport.

In the demand letter addressed to the Prime Minister, National Executive Council (NEC), Southern Highlands provincial government and the Hela Transitional Authority, the landowners want the

State to recognize Tari airport landowners as another ‘facility owners’ in the LNG project just like landowners from Napanapa and Lealea in Port Moresby, the proposed Komo LNG international airport and the Kobalu camp near Hides. They also demand the State to provide direct funding for landowner mobilisation, social mapping, land demarcation, incorporated landowner groups (ILG) registrations, land survey and registering of land tiles. The landowners also demand the immediate release of K30 million out of the K270 million secured from the LNG umbrella benefit sharing (BSA) agreement for the Tari airport development. They also demand that Tari airport be properly tendered with occupational health and safety standards and regulations met by ExxonMobil.

The Piribu Kia Kopiria clans also ordered the indefinite closure of the newly constructed lay-down at the portion 107. Portion 107 is currently used by ExxonMobil to fly in its supplies for the LNG project from Nadzab in Lae via two giant Hercules 100 aircrafts belonging to Lynden Brothers Aviation in Canada. The portion 107 landowners demand ExxonMobil to stop using the current fly-in arrangement and storage of their supplies at the lay-down until they are paid K6.6 million as land compensation and loss of business. They also want landowner business participation in providing services like security with two incorporated security companies to be engaged for the lay-down security operations. Portion 107 landowners have formed the Wapima and Tiri security services and are baffled at how ExxonMobil is making them spectators in their own land while security business for the lay-down is awarded to others. The portion 107 landowners want all spin-off businesses associated with the lay-down awarded to them while the State equally recognise them as facility landowners in the LNG project. The landowners and Tari town residents also complain about the loud noise from the giant Hercules 100 aircrafts while dust and pollution of fume from the aircrafts are unbearable and sickening.

The landowners said while they appreciate that the LNG project is beneficial for the entire country, they are raising their concern as they want recognition and participation as customary landowners instead of becoming spectators in their own land. Hela provincial police commander Supt John Anawe met with the landowners’ yesterday morning and warned the landowners that their protest was illegal and unauthorized. However, the landowners persisted with more than 500 men, women and even children holding placards to protest outside the airport premises. All flights to Tari yesterday were not interrupted as the protests were not staged at the runway. HTA chief executive officer Mr William Bando asked the landowners to follow the right procedures and not to do anything illegal or take law into their own hands. Mr Bando said the submission for their Tari airport is before the NEC and it was important for the landowners to allow normal government process to follow. Mr Bando also called on the developers to identify genuine landowners and deal with them.

Central Province: Ilimo Farms in ruins

The National, October 28th 2011

By YEHIURA HRIEHWAZI

ILIMO Farm, the once thriving and enterprising supplier of chicken and eggs throughout PNG, lies in ruins outside Port Moresby today. It is ironical that some 40km to the west of Ilimo Farm, the PNG LNG project will be requesting up to 65,000 meat birds and 80,000 eggs every day from about the middle of next year. The abandoned farm is owned by Central provincial government business-arm, Central Province Development Corp (CPDC). A large supermarket like RH Trading requires up to 55 tonnes of chicken a week, according to CPDC. The only two local suppliers, Niugini Tablebirds and Zenag – both based in Morobe province, are not able to meet the market demand which had forced Mainland Holdings Ltd to open a K80 million chicken processing plant in Gerehu on Wednesday. Mainland Holdings chairman and Managing Director of National Development Bank (NDB) Richard Maru, said even the Port Moresby factory may not produce enough meat and eggs for the country’s needs and urged the government to look at reviving the Ilimo Farm. Maru com-

plained bitterly that chicken was being imported from Malaysia and Australia to meet the market demand.

The National yesterday visited the farm and saw it in a sorry state. Agriculture Minister Sir Puka Temu said it was embarrassing to see it lying in waste. One of the largest feed mills in the South Pacific region, which used to produce up to 500 tonnes of stock feed (in a single staff shift) sits idle with all its electrical wirings vandalised and stolen for scrap-metal dealers. Some buildings had been burnt and iron roofing sheets had been removed from other buildings. A Goilala man, Charlie Bawai, and his family were occupying (as caretakers) a building which used to sell fresh farm eggs and chicken. "Governor Moroi asked me to look after the building because he is looking for investors to come in," Bawai told The National. Ilimo farm caretaker manager is Jehu Alapa'a Ore and his boss David Jerram, managing director of CPDC, said they were excited about comments by Maru and Sir Puka and would like to meet with them and discuss a way forward for the farm. They had prepared a 270-page report on agricultural fresh produce for the whole Central province and one section of the report was specifically on reviving Ilimo Farm (see next page).

NATIONALISTS CALL FOR TAKEOVER OF PAPUA MINE

Indonesian group says Freeport stealing nation's resources

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 27, 2011) – A group has called on Indonesians to occupy the Freeport office in Jakarta and demand the deportation of foreign workers from the country. The group, Freeport Nationalization Movement, has told the Jakarta Globe that the U.S. company Freeport-McMoran has grabbed at Indonesian sovereignty and stolen Indonesian resources. It also accuses Freeport of hampering local people in Papua from living prosperously. The group's coordinator, Ida Bagus Arif, says the goal is to nationalize the assets owned by foreigners. Negotiations to end the strike have been unsuccessful. Freeport has declined to accommodate the government's wish to review its long term contract, which does not end expire until 2041.

Panguna future uncertain

PNG Mine Watch 27.10.11

We will not take away all the guns. But there needs to be a priority set by the government in getting those arms out before the reopening of the Panguna Mine.

By Catherine Wilson

Whether the world's largest open-cut mine on this island territory of Papua New Guinea will resume copper and gold production, after being mothballed for 22 years, will depend on how satisfied matrilineal landowners are with the proposals. The women landowners are already raising issues about the potential impact on their land and communities if copper mining resumes at the site in the central mountainous district of Panguna. "What sort of mining and with what process will it reopen?" asks Patricia Tapakau, president of the Panguna Women in Mining, an organisation which represents women in 13 mining affected villages. "We need to know, because we don't want any more destruction. We have had enough of that." The Panguna copper mine opened in 1969 when Bougainville was under Australian colonial administration and customary landowners were excluded from the Bougainville Copper Agreement between the Australian government and the mining company, Conzinc Rio Tinto Australia.

For 20 years, the Barapang, Kurabang, Basikang and Bakoringku clans, customary landowners of the mine pit, endured devastation of their land and waterways by waste from what was the mine, community evictions and negligible share in profits. In 1989, following BCL's refusal to pay the

landowners' demand of 10 billion kina (454 million dollars) compensation, the Bougainville Revolutionary Army (BRA) forced the mine to close. The PNG government, a major owner (19.06 percent) of the operating company, Bougainville Copper Ltd (BCL), alongside British multinational, Rio Tinto (53.58 percent), imposed a blockade on the island and a 10-year civil war followed during which 20,000 people died, communities suffered human rights abuses and infrastructure was destroyed.

Helen Hakena, director of the Leitana Nehan Women's Development Agency, a local NGO, counsels women victims of violence and develops leadership capacity and awareness of land rights in communities. She said a significant achievement since the 2001 Bougainville Peace Agreement was the formation of the Autonomous Bougainville Government (ABG) in 2005. "We have our own government in place and a lot has been achieved in terms of peace-building and the laying down of arms," Hakena recounted. "The setting up of businesses here has been a good thing, and schools and other institutions have been opened." However, the population of Bougainville has doubled from 175,000 in 2000 to over 300,000 now, and with the island's current revenue deriving mainly from international aid donors, public services remain limited. Many villages lack electricity, clean water and adequate medical services.

The ABG views potential mining revenues as vital to developing services and attaining economic self-sufficiency for the second pillar of the Peace Agreement, a referendum on independence from PNG within the next 5-10 years. In May, BCL chairman Peter Taylor visited Bougainville with a business delegation and held preliminary discussions with Bougainville President John Morris about reopening the Panguna mine, which the company estimates has reserves of 3.5 million tonnes of copper and 12.7 million ounces of gold. Taylor stated publicly that he expects the ABG and landowners to lead in mining negotiations. However, women landowners remain concerned that the customary value of land as a source of livelihood will give way to corporate interests that see land as an expendable resource.

"The important thing about the land is that, to us, it is like a mother, because we feed on the land," said Joanne Dateransi. "We always depend on land; it cannot be compared to money." The women say the economic potential of local industries, such as cocoa, copra and tourism must be fully explored first and unresolved issues, following the mine's abandonment, must be addressed, including financial compensation and environmental damage. "The first thing, the government and the company, they have to pay that 10 billion kina, which is part of the (landowners') demands, then the killings and the damage has to be paid. Then we talk about the mining issue," said Panguna landowner Lynette Ona. "The chemicals are still there in the river," she said. "No one drinks the water, there is no fish there, it is still the same," said Ona who promotes the participation of women in local politics and plans to be candidate in the 2012 Bougainville elections.

An environmental report on the Panguna mine by Applied Geology Associates (1998) spoke of thousands of tonnes of tailings including toxic metals such as mercury, lead and zinc. Tailings flowing into the nearby Jaba river decimated fish and contaminated water supplies and crops. "It (BCL) has to come up with a very good plan on how to dispose of toxic waste," stated Coleman. What has happened as a result of the mine being closed is the (improved) fertility of the soil. We never had coconuts (during the mine's operation) in our own village, now you can see trees full of coconuts."

Long-term political and social unity is also a key issue with reconciliation and weapons disposal incomplete. A survey, supported by PNG's 'Post Courier' newspaper, of 500 families in Central Bougainville affected by the civil war death toll of 1,629, showed households still in possession of weapons. "We will not take away all the guns," Hakena said. "But there needs to be a priority set by the government in getting those arms out before the (possible) reopening of the Panguna mine."

However, a decision on whether the mine will reopen is still to be made by the ABG, landowners, the PNG government and BCL. ABG's chief mining officer, Stephen Burain, said new mining laws were being drafted with assistance from the World Bank, but a review of the Bougainville Copper Agreement, a precondition to mine negotiations, awaits unification of all landowners in mining affected areas under the Panguna Landowners Association and an independent environmental audit made. The Panguna community also includes the Mekamui hardliners, comprising many former BRA fighters, who control access to the Panguna mine and have not yet agreed to any mining proposals. What is clear is that the mine's future is in the hands of Bougainville people who want to see strategies of economic development that preserve human rights, social cohesion, environment and culture. "We want to develop, but to redevelop from the mistakes, not to repeat the mistakes (of the past)," said Tapakau.

Law on Pacific seabed mining eyed

The National, 27th October 2011

By SINCLAIRE SOLOMON

LAWYERS are hoping to prepare a new law within three years to protect Pacific marine environments, including those of Papua New Guinea, from possible damage caused by new deep-sea mining projects, Radio Australia reported on Monday. Deep seabed minerals had the potential to be a major economic resource for PNG and other countries across the Pacific but there had been growing concerns about the lack of laws governing the practice. Canadian explorer Nautilus Minerals planned to have the world's first seabed mining project, Solwara1, in waters off PNG's New Ireland and East New Britain provinces, which was expected to begin in 2014. And Tonga and Nauru had sought exploration licences in international waters in the east Pacific through their sponsorship of companies Tonga Offshore Mining Ltd and Nauru Offshore Resources Inc, Radio Australia reported. Nautilus also had sea floor exploration leases in the Solomon Islands, Vanuatu, Fiji and New Zealand.

Radio Australia said that Hannah Lily, a lawyer for the Secretariat of the Pacific Community's Deep Sea Minerals Project, was working with 15 Pacific nations, including PNG, to establish the regional framework before mining begins. Lily told the radio's Pacific Beat that a regional standard would be developed that every country could agree to. "Once we've developed some regional standards that we think we can apply, which will be quite high level, they're going to need to be implemented in quite different ways in each of the countries," she said in an interview. "That's why I am really looking forward to working with the government and legal communities to ensure that what each country ends up with suits their context and it will be quite different for each. "It's about making sure the Pacific region is working together and setting standards that the rest of the world can follow."

Commenting on this yesterday, Nautilus Minerals PNG country manager Mel Togolo said Nautilus Minerals was leading the world in the development of the seafloor resources industry, which had the potential to deliver major economic benefits to countries in the Western Pacific and elsewhere. "As the industry leader, we are very conscious of the need to ensure that we work with governments in the region to develop a regulatory framework that fosters the growth of the industry in a way that is economically, socially and environmentally sustainable," he said. "We have been working with governments in the region, and at a global level through the International Seabed Authority, to develop that framework, and we have been making excellent progress. "We are grateful for the work of people like Hannah Lily and others, who recognise the great potential of the industry to lift the standard of living in the region and create lasting benefits for future generations". The government this year granted the seabed mining licence to Nautilus Minerals for the Solwara1 project, about 50km north of Rabaul, saying that it would take its full 30% stake in the project – about US\$103

million. In what will be the first in the world, Solwara1 was expected to produce around 800,000 tonnes of copper and up to 200,000 ounces of gold a year.

Locals to mine own gold

Post-Courier 27.10.11

By *GRACE TIDEN*

FENI islanders in the Tanir Local Level Government area of New Ireland Province have been struggling for the last couple of years to organise the registration of their four Incorporated Landowner Groups. However, the Babamais Landowners Association which consists of the four ILGs who own the mining resource area on the two Feni islands of Ambitle and Babasa said they would soon be able to get their ILG certificates. Principal Landowners and Chairman of Babamais Landowners Association Johnson Pilailo said surveyors from John Bavul Surveys Ltd were currently carrying out surveys in the area and once registered, would enable the release of the ILG certificates. He said exploration was done in the 1980s by six different exploration companies who drilled over 100 holes which had damaged their land.

The landowners put a total stop to any further exploration in 2006 after claiming that a number of those companies were selling gold without their knowledge and so decided to get themselves organised before any mining company could come into their area. Mr Pilailo said those companies did not even provide any official report of their exploration work on the island but they were able to download some of the reports on the internet posted by various geologists who had carried out exploration work on the island years ago and said the two Feni Islands had major gold deposits. He said there was no form of development in terms of Government services in the island community and essential services such as hospitals, schools and roads infrastructure were lacking. The only way services could come into their area was through this project. Preparatory work is now underway, including ILG registration, survey work plan, social impact awareness and financial support. Mr Pilailo said all work should begin by the beginning of next year once they had completed everything.

Hidden Valley: leadership tussle continues

Post-Courier 27.10.11

By *FRANK RAI*

The leadership tussle between landowner groups from the Hidden Valley Gold mine in the Bulolo District of Morobe Province is far from over. And this time Nakuwi Landowners Association president Rex Mauri took a broad side attack on one of his executives Wayang Kawa, an executive in the association from Kwembu village. Mr Mauri challenged Mr Kawa to a public debate where both will explain to the three landowner groups - Winima, Kwembu and Nauti - on what they had done for the people and the issues relating to the association. Last week, Mr Kawa challenged Mr Mauri in the media to step down as the president because there had not been an election for the president in Nakuwi Landowners Association since last year. Mr Kawa also dismissed that the president should not speak on behalf of the Nakuwi Landowners Association, noting that the bulk of the population was with the developer, Morobe Mining Joint Venture.

However, Mr Mauri challenged his executive, saying Mr Kawa was collaborating with MMJV to destabilise the unity of the three landowner groups. Mr Mauri said it was improper for Mr Kawa to make such comments in the media while his people were suffering from lack of benefits from the Hidden Valley gold mine. But in another twist, a letter was presented to Mr Kawa by his own Kwembu villagers on October 7, asking him to voluntarily step down as the executive representing the Kwembu village. The letter read: "We your immediate family members with the majority of Kwembu village community have closely scrutinised your performance as a leader representing us

and we are not satisfied.” The Post-Courier obtained a copy of the letter signed by more than 17 leaders which further went on to say that Mr Kawa was using his leadership to cause disunity among his own villagers. The leadership tussle between the Kwembu village had led to the voting out of Mr Kawa and appoint of the son of Late Wali Kawa as executive to the association.

Exorbitant rentals affect nationals

Post-Courier 27.10.11

By Luana Paniu

The high cost of accommodation has left many average and minimum wage income-earners barely ‘scraping’ through to their next pay packet, the situation more severe for those with families. In fact for urban PNG, entire families are resorting to renting rooms in houses and sharing a common kitchen, ablution and laundry area with other tenants in the same situation. An example of this is John and his partner Cheryl (not their real names) who are renting a room in a four-bedroom house with their two small children aged three and two, in one of Port Moresby’s notorious suburbs ‘with floor space that barely accommodates for a queen size mattress that they all sleep on, a miniature table and just enough floor space for clothes, provided they are stacked neatly in a pile. The cost of catering for their children’s needs coupled with the cost of K300 rental is a stark reality to the cost of accommodation that has seen dramatic increase in the past three years as opposed to the slow and gradual increase in the past 10 years with marked gradual increases to rent fees. “When it comes to our fortnight, we go by with nothing sometimes because of our average income earned on forth-nights,” said John.

But the situation is not any better for single men or women as is the case with Rachel Kewe, who is renting a room at Rainbow for K600 a fortnight and shares the same basic accommodation with other single women. “I believe the Real Estate Prices are so crazy because not many people can afford that amount, the cheapest cost for a room is going for K400 plus per week for single women and with the money that I earn, it’s hardly enough to sustain me till the next fortnight,” she said. “With bills to pay, sometimes I have to live on borrowed money and when the next fortnight comes, I pay back that money and then have to borrow and borrow ... and so the cycle continue ... sometimes it’s surprising because even families with grown up children are also living in rooms.” According to a source within the Real Estate industry, it is a sad case for many PNG nationals which also include those working in the Real Estate agencies as well. “In most cases it’s the expatriates that are given good accommodation while the nationals struggle for accommodation,” she said.

The source, who works for an industry whose services include property evaluation, said the prices had hiked somewhat due to proprietors need to retain monies lost through construction and maintenance of properties with most needing to offset loans they had obtained for materials and construction services. “Most times they have to off-set that loan which is one reason why there is a high increase in prices,” she said. “This is where ICCC should step in and address some of these issues as a price regulator.” But although ICCC Commissioner & CEO Thomas Abe was not available to make comment, the Commission has released a report about the PNG Housing and Real Estate Industry Review released on the 20th of January, 2010 highlighting all issues surrounding Real Estate and Building including a first draft in the report about the “Code of Conduct for the Real Estate Industry in PNG.” Reliable sources have said that the Government is currently forming a Housing Implementation Policy Committee to be chaired by the Secretary for the Department of Treasury Simon Tosali, with the Commission recommending that a critical approach be made on accommodation issues and for the control of rental rates but a date has yet to be released on when that will happen.

Bougainville's case may proceed in US

Post-Courier 27.10.11

BOUGAINVILLEANS being represented in a class action case in California, the United States of America, have won a major victory on Tuesday this week when an appeals court ruled that their case may proceed in US courts. Brent Walton of Hagens Berman told the Post-Courier from the United States that "unless the US Supreme Court steps in and stops the case, Bougainvilleans will get their day in court in the USA. That is the upshot of the whole opinion." The Bougainvilleans who allege mining company Rio Tinto (RIO) worked with the Papua New Guinea Government to destroy their culture and commit genocide, took the mining giant to court and since 2000, it has been on-going in the US. Last year the case was dismissed and the lawyers representing the Bougainvilleans appealed against the decision.

On Tuesday this week the lawyers representing the landowners won a major victory when the court ruled in their favour allowing the case to proceed in U.S. courts. The Bougainvilleans include Alexis Sarei, Paul Nearu, Thomas Tamausi, Aloysius Moses, Raphael Niniku, Gabriel Tareasi, Linus Takinu, Leo Wuis, Michael Akope, Benedict Pisi, Thomas Kobuko, John Tamuasi, Norman Mouvo, John Osani, Ben Korus, Namira Kawona, Joan Bosco, John and Magdalene Pigolo. Hagens Berman has represented the residents of Bougainville, since the late 1990s. Rio Tinto operated a mine on the island. After an uprising by the residents of Bougainville forced Rio to close the mine, the company allegedly provided transportation for PNG troops who were brought in to reopen it. When these tactics failed, the PNG government instituted a military blockade, which the plaintiffs allege lasted 10 years and led to the deaths of nearly 10,000 people.

In a statement from the managing partner for Hagens Berman and attorney for the residents of Bougainville Steve Berman could not wait to commend his team for the case decision. "We are obviously very pleased with the ruling today by the Court of Appeals," said Berman. This has been a marathon of a case, and Rio Tinto has been using every tool available to delay answering for their actions." The residents of Bougainville allege that Rio Tinto's mining operations on the island resulted in the dumping of billions of tons of toxic waste, heavily polluting previously pristine waters. According to the lawsuit, this resulted in the exposure of dangerous chemicals to local residents, dispossessing them of their ancestral lands and destroying their culture.

The case was originally filed on September 18, 2000. The case was sent to the Court of Appeals when Rio Tinto questioned the District Court's ruling that the plaintiffs were entitled to pursue claims of war crimes and genocide in U.S. courts without exhausting legal options in PNG first. By a vote of seven-to-four, the Court of Appeals affirmed the District Court's ruling. The court also ruled that the Alien Tort Statute (ATS) does not preclude the charging of corporate defendants for genocide and war crimes. Rio Tinto had claimed that only individuals could be charged under the statute. "Rio has already delayed this case for over a decade, and many of its victims have passed on," said Steve Berman. "We look forward to taking this case back to the District Court and holding Rio responsible for its actions."

PAPUA MINER CITES 'FORCE MAJEURE' TO AVOID LIABILITY

Claims strike has resulted in drop of production

WELLINGTON, New Zealand (RNZI, Oct. 27, 2011) - The US miner Freeport-McMoRan has declared force majeure on shipments from its strike-hit Indonesian gold and copper mine so it can avoid liability on existing customer orders.

[PIR editor's note: "Force Majeure" is a standard disclaimer or clause in a formal contract that releases one or the other signatory on the basis of an unpreventable crisis, such as war, strike or some other disaster.]

About 8,000 of its 23,000 workers have been on strike for more than a month in Papua, demanding significant wage increases and better working conditions [workers are paid US\$1.50 per hour]. Freeport says the labor action and resulting drop in production at its Grasberg mine has taken a toll on its ability to make good on some promised shipments to customers. The declaration means Freeport can avoid the usual liabilities for failing to meet its contractual obligations.

AUSSIE MINING COMPANY ON TRIAL FOR BOUGAINVILLE WAR

Prosecution of Rio Tinto for ‘genocide and war crimes’ sets precedent

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 26, 2011) – The lawyer for a group of Bougainville landowners using the United States legal system to prosecute Rio Tinto for genocide and war crimes says today’s ruling allowing the case to proceed sets a precedent. The suit, filed in 2000, claims that the London-based mining company conspired with the Papua New Guinea government to quell civil resistance in the autonomous province to its Panguna copper mining operation, causing thousands of deaths. One of Rio Tinto’s arguments was that the Alien Tort Statute allows only for the prosecution of individuals. But Steve Berman, the managing partner of the Seattle firm Hagens Berman, says the court has ruled that corporations are also liable. "It is a precedent setter and it’s an important one. I think what the court said was that it would be unjust to punish individuals and allow corporations to retain the profits of violating international law." A Rio Tinto spokesman says the company will defend itself vigorously against what it calls improper claims. [PIR editor’s note: Earlier this year, ex-prime minister Michael Somare signed an affidavit that accused Rio Tinto of holding such substantial financial influence in Papua New Guinea that it *controlled the government and drove the war.*]

LNG: O’Neill urged to intervene

Post-Courier 26.10.11

By ANDREW ALPHONSE

PRIME Minister Peter O’Neill has been urged to intervene on the K140 million ministerial commitments to be paid out to landowners by the Department of Petroleum and Energy (DPE) and Finance and Treasury. Member for Koroba Lake Kopiago John Kekeno yesterday made the call after his office was inundated by frustrated landowners from Hides PDL 1, Hides PDL 7, Juha and Angore gas project areas, who claimed that they are likely to miss out on the ministerial commitments. Mr Kekeno said the landowners also claim that their submissions for the ministerial commitments have been ignored while the two departments, DPE and Finance and Treasury, were entertaining some Port Moresby based landowners. Mr Kekeno, whose electorate shares the border with Komo-Margarima electorate where Hides PDL 1, Hides PDL 7, Angore and Juha gas fields are located, is concerned that ministers, departmental heads and few selfish landowner leaders are likely to disburse the K140 million amongst themselves at the expense of the landowners back home.

He said many of the legitimate landowner groups of Hides PDL 1 would be contributing more than 80 per cent of the natural gas in the LNG project have also missed out while only one landowner group has been listed for payment. He described the manner in which DPE and Treasury is handling the payouts as ‘very serious and sinister’ and called on Mr O’Neill to order a stop-payment while proper consultation and a transparent payment process involving the entire landowners involved in the BSA signing are notified of the payouts. Mr Kekeno fears that millions of kina would evade without any developments and infrastructure including spin-off businesses like the K120 million business development grant (BDG) paid out last year.

PEACE BRINGS PROSPERITY TO BOUGAINVILLE

Per capita income up dramatically since 1983

By Estella Cheung

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Oct. 26, 2011) - Survey findings have shown evidence that there is economic recovery in post-conflict Bougainville following a window of peace made possible through an international peacekeeping operation.

[PIR editor's note: [The Bougainville conflict](#) was one of the most serious conflicts in the Pacific region since World War II. Disputes over the environmental impact, financial benefits, and social change brought by the Panguna mine renewed a secessionist movement from Papua New Guinea. In 1988 the Bougainville Revolutionary Army increased their activity significantly. Some thousands of people died as a direct or indirect result of the conflict. At one point 70,000 of a population of approximately 200,000 were displaced in care centers or camps. On 30 April 1998, the parties agreed on a permanent ceasefire agreement. And on 30 August 2001, a comprehensive Bougainville Peace Agreement was signed in Arawa.]

The survey conducted in the four urban centres; Buka, Selau, Buin and Arawa showed that income per capita was 3, 863 kina [US\$1,700] at 2010 prices, while it was 783 kina [US\$350] at 1983 prices. Dr. Charles Yala, a researcher with the University of New South Wales in Australia and a research associate at the National Research Institute (NRI) said from 1999 to 2003, a series of international interventions took place. "It is the first evidence of economic recovery following the window of peace provided through an internationally sponsored peacekeeping operation that ended the decade long conflict," Dr. Yala said when presenting the findings from the survey. "Given that peace, they (people of Bougainville) invested in prosperity, which is a change in the level of income and welfare improvement," he said. Dr. Yala said in the survey the research team found that people were beginning to invest in permanent housing, and this was a sign that they wanted to maintain peace.

"Investment into permanent housing signals perceptions of sustained peace," he said. Dr. Yala said after the conflict there was rebound in economic activity. He said the Buin market was a hub of activity, even gold smelting and cocoa production had become some of the main activities the people of Bougainville took part in. Dr. Yala said the six-year window of peace provided room for the community to be drawn into the economy and for trade to grow amongst communities. He said more research still needed to be done. Director of NRI, Dr. Thomas Webster said when people are engaged in economic activity, when they see their incomes to meet their basic needs; there is an incentive to maintain peace. "So the suggestion is infighting has stopped and people have started to engage in some economic activities but the research was on the basis of trying to find out what are the economic activities that are going on and whether there's an opportunity to identify those so the governments can intervene for more permanent peaceful environment," Dr. Webster said.

Hidden Valley: Locals want mine debate

Post-Courier 26.10.11

By FRANK RAI

The Nakuwi Landowner Association of the giant Hidden Valley gold mine in Bulolo district of Morobe Province has called for an open forum to debate with the developer and government authorities on issues affecting landowners from the mining area. Association president Rex Mauri made the call last Friday saying the developer, Morobe Mining Joint Venture (MMJV) was bluntly ignoring landowner issues and should tell the people at the forum. Mr Mauri said General Manager for Hidden Valley gold mine Mark Mitchell, General Manager for Sustainability and External Relations David Wissink, Morobe provincial government, Mineral Resource Authority (MRA), Department of Mining, Morobe governor Luther Wenge and Bulolo MP Sam Basil would be present at the

forum. He said Hidden Valley landowner representatives will present and debate on certain landowner issues which have been deliberately ducked by the government and the developer.

The president said the proposed open forum will be held at the Wau town oval where the memorandum of understanding (MOA) was signed for the mine to get off the ground. "All the people of Wau and Bulolo will be there to see and witnesses who was at fault to deliver services coming as the benefits of the mine. Landowners have missed out on many projects and spin offs benefits. Now they will hear and see for themselves during the open forum," Mr Mauri said. He added that a date would be set and those involved in the project would be invited for the open forum which he claimed has been long overdue. "This will be a healthy debate for the good of all the parties involved in the project like MRA, Mining Department, Morobe provincial government, Bulolo district, MMJV and the local landowners," Mr Mauri said. He added that people had been pressuring him within the last couple of months on outstanding issues and this would be the avenue for them to ask questions to relevant authorities and get answers. Mr Mauri said as the president for the association, he would spearhead the open forum and ensure that necessary arrangements were in place for the event.

Ramu: Landowners receive K10 million

Post-Courier 26.10.11

By *ROSALYN ALBANIEL-EVARA*

LANDOWNERS of the four impact areas of the Ramu Nickel project had every reason to smile over the weekend and especially yesterday when they finally laid hands on the K10 million seed capital cheque. The cheque was delivered personally by the Prime Minister Peter O'Neill to Madang Governor and Raicoast Member for James Gau on Saturday during the official opening of the Maternity Wing of Mugil Health Centre. Yesterday, in what was a small yet significant ceremony, the beneficiaries were able to not only lay eyes but hands on the cheque. The K10 million is part of a K20 million commitment which the Somare Government had made to the landowners to help them establish their landowner companies so that they can meaningfully participate in the multi-million kina project. Mr Gau, when he handing over the cheque, said it had taken nine years for the promised funds to be delivered and it had happened with the new Government. He said the Prime Minister and his Finance Minister Don Polye had to be thanked for making the presentation possible.

He said the landowners could rest assured that balance owing to them would be captured during the November session of Parliament when the Budget proper was handed down. Mr Gau in making these remarks also issued a challenge to the landowners to ensure that the funds delivered and those they would receive later are spent wisely and within the laws for the benefit of their respective areas. He said the cheque had been written out to the provincial treasury office and therefore, the funds would be kept there until drawdown. Chairman of the Kurumbukari LOA David Tigavu took the opportunity to extend his thanks on behalf of his other colleague chairmen from Basamuk, Coastal and Inland Pipeline to the O'Neill/Namah Government for delivering the cheque and also to Mr Gau for his support and persistence which had resulted in the presentation. Meanwhile, it is understood that the Ramu Nickel project Memorandum of Agreement Review has been adjourned for a week and is set to resume next week. It is understood that when it resumes, high on the agenda for discussion will be some demands which have been put through by the KBK LOA association.

NEW LAWS IN WORKS TO REGULATE DEEP-SEA MINING

Pacific legal experts seek regional framework within three years

MELBOURNE, Australia (Radio Australia, Oct. 25, 2011) – Legal experts hope to have new legislation in place within three years to protect Pacific marine environments from possible damage caused by new deep sea mining projects. Deep seabed minerals have the potential to be a major economic resource for countries across the Pacific but there is concern about the lack of laws governing the practice. The world's first seabed mining project in waters off Papua New Guinea is expected to begin in 2013. And Tonga and Nauru have sought exploration licenses in international waters in the east Pacific through their sponsorship of companies Tonga Offshore Mining Limited and Nauru Offshore Resources Inc. Hannah Lily, a lawyer for the Secretariat of the Pacific Community's Deep Sea Minerals Project, is working with 15 Pacific nations to establish the regional framework before mining begins.

[PIR editor's note: Nautilus Minerals, based in Canada, plans to *mine sulfide off coastal New Ireland* in Papua New Guinea within two years, helping to spur lawmakers to establish rules and regulations to ensure marine environments are properly maintained.]

Lily told Pacific Beat a regional standard would be developed that every country could agree to. "Once we've developed some regional standards that we think we can apply, which will be quite high level, they're going to need to be implemented in quite different ways in each of the countries. That's why I'm really looking forward to working with the government and legal communities to ensure that what each country ends up with suits their context and it will be quite different for each. It's about making sure the Pacific region is working together and setting standards that the rest of the world can follow." Radio Australia: www.abc.net.au/ra

West Papua Well Hits Gas, Condensate

E&P, Oct 25, 2011

A new gas and condensate discovery in the North Klalin-1 exploration well drilled in the Kepala Burung PSC (Basin PSC) in the Sorong area, West Papua, Indonesia, by Petrogas Basin Ltd. and RHP Salawati Basin BV, wholly owned subsidiaries of RH Petrogas. Recent drillstem tests conducted on the well produced 5.87 million standard cubic feet per day of natural gas on a 24/64-in. choke, with 137 barrels per day of condensate. The well was spudded in June and completed in September. The discovery will be appraised by the drilling of delineation wells and if proven, will help to meet the increasing gas demand in the area. The discovery in the North Klalin field is located close to existing production fields. It is therefore expected that development of the field could be accelerated with production commencing in early 2012. The company through its subsidiaries has an aggregate 60% working interest in the Basin PSC, which it acquired in December 2010. The other partners are PetroChina International (30%) and PT Pertamina Hulu Energy (10%).

INDONESIA SENDS MORE TROOPS TO QUELL PAPUA STRIKE

14,000 troops massed in Central Papua

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 25, 2011) – Indonesia has sent paramilitary reinforcements to its Papua province, after a deadly crackdown on a pro-independence rally and the shooting of a police chief. Five Papuans were killed last Wednesday after security forces stormed a rally where participants raised the outlawed separatist flag. On Monday, a local police chief was killed by two attackers who grabbed his gun and shot him at an airport. Provincial police spokesman Wachyono says so far an extra 260 personnel from the police mobile brigade have landed in Papua province to help maintain security in two districts. He says

troops were sent to the Puncak Jaya and Paniai highlands in central Papua adding that they will join an existing force of 14,000 police and paramilitary troops in Papua. He says officers are still "hunting" the police chief's killers. Authorities have said that based on preliminary investigations the culprits are believed to be separatists, an allegation denied by separatist group, Free Papua Organization (Organisasi Papua Merdeka).

MILITARY BLOCKADE CUTS SUPPLIES TO PAPUA'S GRASBERG

Action impacts villagers, and striking workers at Freeport mine

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 25, 2011) – Papuans living near the Grasberg mine operated by the U.S. mining company Freeport-McMoRan say they are running out of food and medicine as Indonesian security forces maintain their blockade of the road leading to the mine. The Jakarta Globe says the blockade has severely impacted on the local population. A strike by thousands of mine workers for better pay is in its second months and the security situation has deteriorated. Unknown gunmen killed three people in separate attacks near the mine this month. Freeport has blamed strikers for several earlier incidents, including a clash with police that left two people dead and an alleged attack on a mine pipeline. Negotiations to settle the strike have been unsuccessful.

AUSTRALIA MULLS SENDING MORE POLICE TO LAWLESS PNG

Marles says PNG must contribute to its under-funded force

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 25, 2011) – Whether more Australian police are sent to Papua New Guinea will depend on the effort made by the government in Port Moresby. Australia currently has 14 police officers working as advisors with the PNG police. Australia's Parliamentary Secretary for Pacific Island Affairs, Richard Marles, says Canberra is considering sending more officers after law and order issues in PNG were raised when the prime ministers of both countries met earlier this month. He says the PNG government recognizes their police have historically been under-resourced and this is why it's sought Australian support. But Marles says Australian assistance is contingent on the PNG government also providing more resources. "And we understand that that's what they will do and they understand that that's the basis on which we're offering support. But I think it's very encouraging that the government in Port Moresby is wanting to tackle this issue and within the resources that we able to provide we are keen to provide what support we can," Marles said.

[PIR editor's note: The government of Papua New Guinea earlier this month donated \$44 million to the Solomon Islands government as budgetary support. The grant is in keeping with the generosity of the previous government under Grand Chief Michael Somare, who doled out millions of kina in response to natural disasters as far away as Japan and in support of developing Pacific neighbors. But these large donations also come in the face of under-funded programs in PNG, such as the police force, and while the home country continues to receive hundreds of millions of dollars from Australia, the World Bank, Asian Development Bank, the U.S and Japan governments, and an array of privately-funded nongovernmental organizations.]

LNG: Kina up against US\$, A\$

The National, 25th October 2011

HIGH inflow of foreign exchange associated with high commodity prices and construction phase of the LNG project has caused the kina to appreciate against the US and Australian dollars since last

April 21. This was disclosed yesterday in the June Quarterly Economic Bulletin (QEB) released by Central Bank governor Loi Bakani. The daily average kina exchange rate movements against pound sterling and Japanese yen had remained mixed since last August. Since last June, the kina exchange rate appreciated against the US dollar by 3.17% averaging 0.4428 and the Australian dollar by 4% averaging 0.4216 by last August. These movements resulted in the daily average trade weighted index (TWI) appreciating by 2.7% since June quarter to 34.21 by last August. “The high foreign exchange inflows from the LNG project-related activities and international commodity prices have led to the strengthening of the kina exchange rate and an improvement in terms of trade between PNG and its main trading partners,” the QEB said. “The appreciation of the kina also helped minimised the impact of high international fuel and food prices, and imported inflation.” “This has contributed to the lower inflation outcome for the September quarter of 2011,” it said.

The latest bank inflation forecast for this year was 9%. “However, if the current inflation trend continues and international food prices stabilise, the inflation outcome for 2011 may turn out to be lower than forecast. “While the appreciation of the kina has the effect of reducing export revenue and producers income in kina terms, this is more than offset by the positive effect of high commodity prices. “Thus, there is a net gain in revenue for exporters and the government,” QEB said. Bakani further reiterated that the construction of the PNG LNG project was contributing to strong growth in some of the sectors, mainly building and construction, commerce, transportation and manufacturing. The high foreign exchange inflows from the LNG-related activities and international commodity prices contributed to the appreciation of the kina and had offset the adverse impact of appreciation of the kina on export revenue in the agriculture-forestry-fisheries sector. “To minimise the effects of Dutch Disease stemming from the development of the PNG LNG project, the government has to develop a competitive and advanced agriculture sector as well as other non-LNG sectors.” “This is the most efficient and effective way to deal with the Dutch Disease where there are alternative sources of income generation with a wider base of exports.

The Dutch disease referred to a concept that purportedly explained the apparent relationship between the increase in exploitation of natural resources and a decline in the manufacturing sector. Here, the resulting increase in foreign exchange inflow as a result of resource exploitation such as gold and oil, will make the local currency strong, but will make exports expensive overseas, thus weakening local manufacturers, that could result in a shutdown. “Given the projected revenue and tax inflows, the government would have the resources to invest in the social sector and develop the agriculture sector,” Bakani said in the QEB. The level of gross foreign exchange reserves increased from K8,441.4 (US\$3,697.3) million at the end of June 2011, to K8,785.1 (US\$3,997.2) million as at 19th October, 2011. The increase was mainly attributed to high commodity prices and mineral exports, and mineral tax receipts by the government.

Bank of PNG Governor bats for sovereign wealth fund

The National, 25th October 2011

By YEHIURA HRIEHWAZI

BANK of PNG Governor Loi Bakani yesterday reiterated the need for government to park windfall revenue from resources developments and the PNG LNG project in overseas accounts and not spend it through supplementary budgets. He asked for this to happen quickly prior to the creation of the sovereign wealth fund (SWF). He maintained this position yesterday when he released the June Quarterly Economic Bulletin – the point he made during his September monetary policy speech. “The government should establish a sovereign wealth fund to manage revenues from the PNG LNG and other mineral projects. “Prior to the establishment of the SWF, the government should allow the central bank to open and manage an offshore account for any windfall revenue from commodity exports,” Bakani said. “Any appropriation of windfall revenue through supplementary budgets will

continue to pose concerns for spending, liquidity, the exchange rate and inflation. “This calls for greater co-operation between the government and the central bank, especially during this period of high economic growth, and inevitably, inflation in order to achieve price stability,” he said.

With regard to the high liquidity levels in the commercial banks, Bakani said government deposits, including the trust accounts held with the commercial banks, had been one significant source of increased liquidity in the banking system. “The central bank is incurring an increase in the cost of monetary policy management by issuing central bank bills (CBB) to diffuse some of the excess liquidity. “Efforts are now being made to transfer the trust accounts funds to the central bank in line with the treasurer’s directive, including the opening of all new trust accounts with the Bank of PNG,” Bakani said. He also released outcome of inflation for the third quarter this year that were released by the National Statistical Office last Friday. Headline inflation increased by 8.4% in the third quarter compared to 9.6% in the second quarter and 9% in the first quarter.

Bakani said this was a marked improvement as measured by the consumer price Index (CPI). He said although inflation was expected to subside due to declines in the prices of food and oil, inflationary pressures remained high due to the increase in domestic economic activity. “In view of these developments, the bank tightened monetary policy by increasing the monthly kina facility rate (KFR) by 25 basis points each in June, July and September to 7.75%. “To support this stance, the cash reserve requirement (CRR) was increased by 100 basis points each in July and August from 4% to 6%,” Bakani said. He noted that the increase in global demand for primary commodities had resulted in high international prices of PNG’s major export commodities. However, since last June, international prices of PNG’s major export commodities had fluctuated, especially for gold and copper. As of Sept 26, the price of gold was US\$1,809.10 per ounce after recording a weekly low of US\$1,639.80 per ounce while copper plummeted to US\$8,005.25 per metric tonne on the announcement by the Federal Reserve that the US economy faced significant downside risks due to Europe’s on-going debt crises. International oil price subsided to US\$87.96 per barrel from US\$92.89 per barrel at end of June 2011.

Landowner company gets three stars

Post-Courier 25.10.11

By *KONOPA KANA*

LABA Holdings Limited (LHL), an umbrella landowner company representing the four LNG impacted villages; Porebada, Boera, Papa and Lealea; has achieved a three star rating for its business operations. Chairman and chief executive officer, Raho Kevau expressed satisfaction that LHL has achieved a top 3.1 out of 4.0 ranking in its business operations since its inception in June 2009. Last year LHL had a 1.6 out of four rating. This year the three star rating for the company shows that a nationally owned company has grown and is expanding its operations to meet the standards of the Engineering Procurement Contractors (EPC) in the LNG project. This is a significant increase and a milestone achievement for LHL. After 12 months of operation, this positive result reflects that LHL is operating within minimum standards of business management in Papua New Guinea.

The assessment report was carried out by the Institute of Business and Banking Management (IBBM) Enterprises Center in Port Moresby. The IBBM Enterprises Center assessment scoring guidelines give a 3 star rating for companies that have passed all the required processes that are in place. Brian Kiap Komun of the IBBM assessment team said that LHL was assessed on eight criteria that were basically to lift the standard of the landowner companies to match the international standards so the EPC, like Esso Highlands Limited, can be confident in working as partners in the LNG project. The eight judging criteria are organisation and governance, business and financial management, personal management, fleet assessment, safety, quality management, and reputation. LHL has a wide range of areas in which they engage in doing business. They do service and cater-

ing, provide security services, labour hire and logistics are some of the areas where they are actively involved in doing business in the LNG site.

Letter to the editor

Western province has no capital

Post-Courier 25.10.11

JUST recently Western provincial administrator William Goinau and Governor Dr Bob Danaya expressed sentiments about procedures involve in accessing trust funds. Both concluded that it was one of the major impediments to quick and effective delivery of services to people in Western province. However, the truth is that Western province is being administered from two different centres in the province. It seems that the province has no capital. The public services mechanisms are being administered in Daru while the main administrative functions are being operated in Kiunga which includes the provincial treasury office. The Fly River provincial government officers working in both of the towns and other centres within the province have difficulty trying to get things done on time. For example, officers in Daru have to send one or two officers to Kiunga to raise cheques and that takes time.

The worse part of it is that if these officers from Daru go and find out that the officers at the treasury office in Kiunga are out of town, they will have to wait for weeks or even a month in Kiunga. When that is going on it delays things to be done on time. Therefore the services are not reaching the people quickly as anticipated. This is waste of time, energy and resources. The two gentlemen failed to tell this truth. With this regard, I now call upon Governor Dr Bob Danaya to look into this matter and either declare Kiunga, Balimo or Daru as provincial capital so that everything can be administered smoothly from one central location. Over to you Governor Danaya!

Abip kayak Western, Madang

NAUTILUS HOPES TO BE MINING PNG OCEAN FLOOR BY 2013

Company targets sulfide deposits off coast of New Ireland

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 24, 2011) – A lawyer with a division of the Secretariat of the Pacific Community says deep-sea mineral exploration and mining will be hugely beneficial to the Pacific Islands. Hannah Lily, who's with the [Secretariat of the Pacific Community's Pacific Geoscience Commission](#), aims to help member countries develop the legal framework to allow for deep-sea mining. Lily, who will serve as the newly-appointed legal advisor for the Sea Minerals Project, says deep sea mining is expected to get underway in the Pacific within two years with Canadian company, Nautilus Minerals, planning to mine sulfide deposits off the coast of New Ireland in Papua New Guinea.

[PIR editor's note: *Nautilus Minerals plans to raise about US\$100 million* to develop the Solwara 1 mining project in the Bismark Sea. However, international critics of the project have commented that the Pacific is a *relatively new area for deep sea mining*, and the technologies and potential impacts of mining on marine environments are not well-known.]

"If a state contracts with a mining company or an exploration company to come and work within their territorial waters, to explore the mineral, or eventually to exploit the minerals then those minerals are owned by the state and by its people."

Ramu: 4 groups to get K10mil

The National, 24th October 2011

By ANGELINE KARIUS

THE four umbrella landowner associations (LOA) group in the affected Ramu NiCo mine will receive K10 million from Madang Governor James Gau today. According to Gau, Prime Minister Peter O'Neill had last Friday given the K10 million to honour the previous government's commitment of K20 million. Speaking at a dinner, Gau said numerous negotiations had failed. He said several paperwork had been duplicated by individuals to be included in the LOA's submission. He said the commitment had come with the assistance of Bogia MP John Hickey. O'Neill fulfilled his promise on his second visit to Madang last Friday.

The four landowner associations including Kurumbukari, Inland and Coastal pipelines, and Basamuk leaders had stalled the commissioning of the Ramu NiCo from continuing into its eleventh year of operations because their grievances had not been met. According to Kurumbukari's David Tigavu the much needed seed capital of K10 million will assist local landowners to commence businesses in respective mining areas. "We will decide the break-up of the K10 million among the four landowner groups," he said. Meanwhile, former coastal pipeline chairman Steven Saud expressed relief at the payment. "There have not been any tangible developments since our request and now LOAs can benefit from this outcome." Saud said the push by governor Gau to ensure the LOAs' demands were met was something new.

MRA called on to follow protocols

The National, 24th October 2011

THE New Ireland provincial government wants the company exploring for minerals on New Hanover to follow protocol and consult them on developments. Chairman for mining in NIP Marius Soiat said the parties must not forget the existence of the legitimate provincial authority and accord all due courtesies and consultations on activities and developments in New Hanover. He said there had been no consultation between the provincial government and the parties who had overlooked Kavieng and flew directly to New Hanover to conduct their businesses. Soiat said the Papuan Precious Metals and Mineral Resources Authority were engaging in a potentially big impact project on New Hanover. "I worry that issues on the environment and social impacts are surfacing ahead of any real understanding between PPM, the state represented by MRA and the people of New Ireland through their provincial government, and this is dangerous and not good protocol." He said the province was leading discussions on proposed changes to the mining regime that was likely to completely transform the mining landscape in Papua New Guinea.

THREE MORE KILLINGS NEAR FREEPORT PAPUA MINE

Contract worker hired to break strike among victims

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 21, 2011) – The U.S. miner Freeport McMoRan says gunmen have killed three people near its Grasberg mine in Indonesia's Papua region. Initial reports from government authorities indicate that gunshots were fired by unknown men on a lowland access road, killing a contract worker and two others who were not employees. The company has been hit by sabotage, blockades and a strike for pay increases by about 8,000 workers, which is in its second month. Last week, a similar attack nearby was carried out by unidentified gunmen who shot dead two men brought in to maintain the mine operations.

Another person burned to death inside a car. It is not clear if the shootings are linked to the dispute or to a simmering independence movement in the region. According to Reuters, a mine worker says a pipeline carrying copper concentrates is leaking.

RELOCATED PORGERA VILLAGERS KILLED IN TRIBAL CLASH

Nine dead, 20 houses built by mine operator burned

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 20, 2011) – Nine people in Papua New Guinea have been shot dead and three others seriously injured following a morning raid near the Karik airstrip in Porgera in Enga province. The newspaper, The National, reports that the raid by members a tribe on other tribe factions took place near the Porgera gold mine. More than 20 relocation houses built by the mining company Barrick Gold PNG at its mine lease area for the Nomali landowners were razed along with other buildings. Hospital officials have confirmed receiving nine corpses yesterday, plus a woman whose hand was chopped off and two injured men. Police reinforcements have moved into Karik airstrip to monitor the situation.

[PIR editor's note: Meanwhile, a report produced by a community rights activist for the Porgera Alliance landowners group is being criticized by Barrick Gold Corporation. The report alleges hazards to health and human rights abuses alongside a history of the company's neglect of agreements with the landowners and local communities.]

Bougainville: warring clans make peace

Post-Courier 20.10.11

By *JOYCE TOHUI*

SOUTH Bougainville can enjoy peace and normalcy once again after witnessing the signing of the Hongorai ceasefire agreement between two warring parties in the Siwai district of South Bougainville. The Hongorai ceasefire agreement was signed between Paul Ihirah and Edward Kesipoto and the South Bougainville Police at Muwoku village in the Siwai district last Sunday. Chairman of the events committee and the Chairman of the Siwai Ex-combatants Association, Michael Komoiki commended the warring parties in the commitment made to sign the ceasefire agreement and urged them to look after the agreement and make it work because it must lead to reconciliation and finally weapons disposal. Speakers at the ceremony expressed similar sentiments that they want to see the ceasefire signing ceremony bear fruit to end the ongoing conflict in the Siwai district of South Bougainville. The ABG member for Motuna Huyono Tokunutui and Minister for Finance, Treasury and Planning, Albert Punghau was heavily involved in the reconciliation program. The ceremony was also witnessed by the ABG Vice President, Patrick Nisira, government officials, Bougainville Police Service ACP Thomas Eluh, and the UN team on Bougainville.

Bougainville: Tanis to head reconciliations

Post-Courier 20.10.11

By *JOYCE TOHUI*

FORMER ABG President, James Tanis has been appointed by the Bougainville President Chief John Momis to lead all peace efforts on Bougainville. President Momis made the announcement when highlighting the need for coordinated efforts in creating peace and cooperation with the various factions within the autonomous region. Mr Momis said that since his inauguration last year, he had been talking of unification throughout Bougainville. He said that the unification of the people of Bougainville was an overarching issue of fundamental importance as it was upon this single issue that the future social, economic and political progress of Bougainville would depend on. Mr Momis said Mr Tanis had accepted to work closely with the Bougainville administration in ensuring that

the peace building initiatives of the former government were continued to achieve Bougainville's goals.

PORGERA MINE OPERATOR DISMISSES CRITICAL REPORT

Company says it has spent millions relocating villagers

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 19, 2011) – The operators of the Porgera gold mine in Papua New Guinea have dismissed criticism in a report from landowners living near the mine. The Porgera Alliance report details human rights abuses and it wants a comprehensive plan to resettle communities. The Alliance's Jethro Tulin says the company's practice of relocating families within the zone isn't acceptable and re-settlement away from the threats posed by the mine is needed. He says people are living like squatters in their own land. But in a written statement, the executive general manager of Barrick Gold Corporation and the Porgera Joint Venture, the mine operators, dismissed the claims.

Greg Walker says much of the report is based on inaccurate information. He says the population around the mine has increased ten fold since the mine began operations 20 years ago. "Substantial amounts have been spent on relocation and tens of millions more is earmarked for this over the next three years. Barrick has a zero tolerance for human rights abuse, that the claims of health defects due to the mining are baseless." And Walker says reports of people drowning in tailings floods are incorrect. He says these people, who're often trespassers, scavenging for gold, are typically swept away by the fast flowing, dangerous Strickland River." [PIR editor's note: Porgera has been the site of alleged murders, rapes and a number of other human rights violations. In 2005, the PNG police force filed murder charges after investigations into numerous deaths occurring around Porgera's mining center.] Radio New Zealand International: www.rnzi.com

FREEPORT MULLS SHUTDOWN OF PAPUA MINE

Sabotage alleged by striking employees

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 18, 2011) – Freeport Indonesia says it is considering a controlled shutdown of the entire mine in Papua following suspected sabotage and a strike in its second month. The U.S.-owned company, which runs the world's most profitable gold and copper mine, is continuing to assess the security situation after a pipeline was cut in what the firm described as sabotage. The roads connecting the mine to the port are still blocked as tension has risen. Last week, police killed one of the more than 8,000 strikers and later in the week unidentified gunmen shot dead three contractors trying to maintain the mining operation. Freeport's chief administration officer Sinta Sirait has told the Jakarta Post that the incidents have triggered blockades and the destruction of several facilities, creating a chaotic situation.

[PIR editor's note: Mining operations at Freeport's McMoRan location are suspended after suspicions that part of the underground pipe network used to carry gold and copper from the processing plant to the port has been damaged through sabotage. The company has not commented on who or what is responsible for the damage and tampering.]

Radio New Zealand International: www.rnzi.com

CHINESE COMPANY PLANS 'DUST BOARD' FACTORY IN FIJI

Xinfa Group also behind Bauxite mining in Bua

SUVA, Fiji (Fijilive, Oct. 18, 2011) - Chinese company Xinfa Group is interested in setting up a dust board factory in Fiji to sustain its supply to China. This after Prime Minister Commodore Voreqe Bainimarama met the President of the group and the vice chairman of China Nonferrous Metals Industry Zhang Xueixin. Xueixin had the opportunity to discuss the latest progress of the company's bauxite mine project in Fiji. He reconfirmed his invitation to Commodore Bainimarama to commission the project in November this year. Xinfa Group currently has 60 percent market share of dust board products in China. *Fijilive*: <http://www.fijilive.com>

THREE STRIKE BREAKERS SHOT DEAD AT PAPUA MINE

8,000 workers still on strike at Freeport copper mine

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 16, 2011) – Unidentified gunmen in Indonesia's Papua province have shot dead three contract workers bound for the Freeport mine which is at the centre of a strike entering its second month. The three were reportedly part of a contingent brought in to keep the mine operating as an estimated 8,000 workers remain on strike to get significant pay increases. The incident comes less than a week after police shot dead a striking worker. The President Susilo Bambang Yudhoyono has demanded that punishments be handed down to those police who fired the fatal shots. Freeport is the world's most profitable mine and Indonesia's top tax payer. *Radio New Zealand International*: www.rnzi.com

MINING COMPANIES LINED UP TO EXPLORE SOLOMONS

Some 159 licenses issued, on land, under sea

By Julian Makaa

HONIARA, Solomon Islands (Island Sun, Oct. 14, 2011) – In Papua New Guinea (PNG), Director of Mines Peter Auga has said a total of 147 tenements and 12 prospecting licenses have been issued for mineral prospecting in the country by various companies. Of these two are for off-shore investigations while the majority are for on-shore explorations. The two companies conducting offshore explorations are Nautilus and Blue Waters. He said Nautilus operating out of PNG has 89 tenements near New Georgia in Western Province under its Temotu Province license. Mr. Auga said the company is already investigating for potential undersea resources in the country. "Blue Waters has 18 prospecting licences for prospecting near New Georgia, Makira-Ulawa and Temotu Provinces.

On shore companies are Honiara Holdings which has four tenements, three for prospecting and one a reconnaissance permit all for Western Province," he said. Another one is Arms, a joint venture with New Mont, have eight, seven are on the weather coast of Guadalcanal and one at Fauro, Shortland Islands, Western Province. "Those are very promising explorations and some of the licenses have been renewed for six years already and they are expected to apply for mining licenses. Some of these licenses had been renewed for six years and by the seventh year they should advise whether or not they will be operating a mine otherwise they should pack up and go," the director of mines said. "Pacific Porphyry operating also in Western Province has nine while Sumitomo has five – four at Isabel, one at Choiseul Province. Solomon Bauxite is on Wagina, also on Choiseul Province while Solomon Resources holds three for the highlands of Guadalcanal.

Guadalcanal Resources is operating at the Weather coast and has two while Guadalcanal Exploration also holds two and also operating at the Weather coast of Guadalcanal. Caldera has

three and is prospecting at the western part of Guadalcanal, while Cantor on Savo, is not looking for minerals, but interested in the geo-thermal on the island. It wants to find an alternative energy source. And since it's under our jurisdiction we too are facilitating it and once issued with a licence it should go ahead with its work," he said. "And then three mining leases- Allied Gold which is mining the gold ridge and two alluvial mines, one of which is the Solomon Alluvial Mining - operating on lower Gold Ridge - and Pheonix International. Mr. Auga said only two of these mining leases, Allied Gold and Solomon Alluvial Mining, are currently operating. "Pheonix had stopped since October 2010".

The Mines Director also clarified most of these exploration companies "have reached their third or fourth year but those in their final years indicated that most companies have not operated longer. "Some pulled out in their third year but those operating on Guadalcanal and Western Province had gone into their sixth and seventh year. Meanwhile the Mines Director flatly refused to make any comments about the Sumitomo, Axiom issue as it is currently a high court case and a result may be available in October. "Since it's currently a high court case, I refuse to make any comments about the issue," he responded to questions from PAC member Douglas Ete and urgings by PAC Chairman Matthew Wale that it was all right for information that may not directly link to the high court case to be discussed. Mr. Auga made these revelations during his Ministry's budget presentation before the Public Accounts Committee hearing at the National Parliament recently.

[Island Sun](#)

O'Neill, Gillard discuss PNG gas project in Canberra

The National, 14th October, 2011

THE PNG LNG project was among issues discussed by Prime Minister Peter O'Neill and his Australian counterpart, Julia Gillard in Canberra on Wednesday. Australian technical staff have been in and out of PNG advising on how PNG could better manage inflow of substantial revenue from the project. Australia will take on Papua New Guinean officials to placements in Australia's Future Fund office and other relevant government institutions and train them up on how to manage the sovereign wealth fund, which will manage proceeds from the LNG project. Gillard's office yesterday released a statement on discussions between O'Neill and her saying that PNG "today stands on the threshold of an historic opportunity to develop its significant natural resources wealth in a way that delivers lasting benefit for its people".

"A new chapter in Australia-PNG relations is beginning." It said PNG's US\$15 billion ExxonMobil-led liquefied natural gas project was scheduled to begin in 2014 and Australia was providing technical assistance to support the establishment of a PNG sovereign wealth fund through which to invest resource revenue for the long-term benefit of PNG people. "Australia will continue this support ... as part of Australia's assistance, officials from Papua New Guinea's sovereign wealth fund secretariat will undertake placements in our future fund and relevant government departments ... the first placements are expected to occur in the second half of 2012. "Australia will provide additional assistance, including in economic modelling and policy advice, under the Joint Understanding on Further Cooperation on the LNG project," Gillard's office said.

DISPLACED PORGERA VILLAGERS SEEK RESETTLEMENT

Gold mine has been flash point in PNG's Enga province

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 12, 2011) – A landowners group in Papua New Guinea's Enga province is calling for a comprehensive resettlement program for communities living within the Porgera gold mine special mining lease area.

[PIR editor's note: As reported in an exclusive 2005 PIR story, PNG police filed a murder charge after multiple deaths of displaced villagers were reported at the Porgera mine. Investigations also revealed that PNG police hired as security officers at the mine may have been responsible for the deaths, which one source claimed were accidental, although injuries analyzed by doctors were obvious gunshot wounds.]

The Porgera Alliance says the mine, which is run by Canadian multi-national [Barrick Gold](#), has ridden roughshod over the human rights of landowners, a view supported by international agencies such as Human Rights Watch. The Alliance's Jethro Tulin says the company's practice of relocating some families within the zone is not acceptable and a comprehensive re-settlement away from the threats posed by the mine is needed.

[PIR editor's note: Tulin and other representatives for the people and land around the Porgera mine have been unsuccessful in past attempts to broker resettlement as part of the particular mining lease for the landowners.]

"A lot of like food security and water problem and land shortage and food shortage [are present]. It's like all of the people living within the special mining lease area, after 20 years of mine life, we find that we are living like squatters, squatting settlers in our own land."

GROUP CALLS FOR PROBE OF PAPUA MINE KILLING

Striking worker shot by Indonesian police

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 11, 2011) – Amnesty International is calling on Indonesian authorities to immediately investigate the use of deadly force by police at a mining protest in which a protestor was killed and at least six injured. Indonesian security forces opened fire on striking workers of the Freeport-McMoran gold and copper mine in Papua on Monday. About 8,000 workers at the mine have been on strike since the 15th of September, after demands for a pay rise reached a deadlock. They have now vowed to continue their strike until November the 15th. The Asia Pacific director for Amnesty International, Sam Zarifi, says this latest incident shows Indonesian police have not learned how to deal with protestors without resorting to excessive, and even lethal, force. He says while police have a duty to protect themselves and uphold the law, it's completely unacceptable to fire live ammunition at protestors. [PIR editor's note: [According to a release from Amnesty International](#), one worker was shot and died from his injuries, and at least six others were injured during the same action. Amnesty International also claims to have "documented numerous cases where Indonesian police have used unnecessary or excessive force or firearms" without anyone "held accountable."]

ROCK-THROWING PAPUA WORKERS PRECEDED FATAL SHOTS

Two dead, 8 injured at Freeport's Grasberg copper mine

By Karen Abplanalp

WELLINGTON, New Zealand (Pacific Scoop, Oct. 11, 2011) – Indonesian security forces have shot and killed at least one protester and wounded eight others when they opened fire on striking workers at [Freeport-McMoRan's](#) gold and copper mine in West Papua, union officials said. Union leader Manuel Maniambo said thousands of striking workers were trying to prevent replacement workers from heading by bus to the mine. Blocked by security forces, some protesters began throwing rocks. Three food delivery trucks were



Indonesian security forces face striking miners at Freeport-McMoRan's copper mine in Grasberg, West Papua.

Photo: Courtesy of The Associated Press

burnt, according to an Agence France-Presse reporter at the scene. The security forces began firing shots and at least one man was killed, one more unconfirmed dead, one man critically injured and at least 8 men wounded. The dead man has been identified as 30-year-old Petrus Ayemsekaba.

Indonesian security forces said six of their men were also hurt during the demonstration. Around 9,000 workers from the Grasberg mine in West Papua began the strike on September 15, demanding that their current minimum wage of less than NZ\$2.50 [US\$1.94] an hour be raised to globally competitive levels. Union representatives say that Freeport's workers, who are mostly indigenous West Papuans, receive the lowest wages of any Freeport mining facility in the world. Concerns for the miners safety has been mounting recently as reports of intimidation of union officials were reported. Union spokesperson Juli Parrongan said: "Our personal safety going on strike is under pressure of the PT Freeport Indonesia management." Union officials have been complaining that PTFreeport, (the Indonesian unit of US-owned mining firm Freeport McMoran Copper & Gold Inc.) management has been breaking Indonesian laws regarding fair strike actions since the strike began.

The union has said the striking miners have been intimidated into going back to work and to signing contracts. Workers in Indonesia have been granted the right to strike, and under Indonesian law, they are able to do this free from intimidation. In preparation for the strike, military and police reinforcements were sent to Timika, the closest town to the mine. The Papua Police dispatched an extra 114 police Mobile Brigade (Brimob) personnel to Timika with an additional 100 Brimob personnel from Jakarta to join 850 personnel from the Indonesian military (TNI)-police joint task force. AFP quoted police spokesman Wachyono as saying: "So far, five policemen suffered head injuries, and another had his leg injured from being pelted with stones by workers. They have been taken to hospital."

Police fired warning shots into the air after the striking workers pelted them with stones, Wachyono said, in scenes witnessed by an AFP reporter at the site. The Indonesian military and the Indonesian police are now under the international spotlight in the hope that its track record of human rights abuses in West Papua [is] not repeated during the current miners strike. As chair of the Association of Southeast Asian Nations (ASEAN), Indonesia, with its goal to make ASEAN a people-centered community, has a good incentive to be seen as a democratic country, free of human rights abuses.

[Pacific Scoop](#)

Minister Chan: Australian mining investment secure

The National, 11th October, 2011

MINING minister Byron Chan has reassured his Australian counterpart Martin Ferguson that Australia's investment in the mining sector in PNG will not be deterred by the proposed amendments to the mining act. Chan, who was accompanied by MRA acting managing director Kepas Wali and first secretary Gaius Toaligur, met with Ferguson, Australia's minister for Resources and Energy in Melbourne last Friday after returning from a mining conference in Accra, Ghana where he (Chan) briefed him of the current mining review and other policy issues the government will undertake. "I assured the Federal Minister on Australia's huge investment in PNG's mining sector that there is no immediate changes to the act to give ownership back to landowners. Currently, the State owns the resources," Chan said. He told Ferguson that the decision to make the amendment to the 1992 Mining Act was only political but he made an undertaking to immediately set up a special committee to look into the changes.

"I cannot change the policy overnight with PNG already having multi-billion kina companies operating in the extractive industry. "Anything to change will be drastic and a big blow to the economy.

“However, my immediate agenda now is to look into the Mining Act and amend certain provisions after consultation with all stakeholders so that landowners, government and investors equally benefit,” he said. Chan noted that he would be pushing for a policy to be in place within the proposed mining act for the creation of an environment protection and rehabilitation fund. “The fund will assist mining areas and increase benefit for landowners and provincial governments where mining operations are currently in progress,” he said. Meanwhile, Ferguson thanked Chan and said the meeting was a step forward for the two countries and paved the way for the upcoming Australia – PNG bilateral ministerial forum in Canberra this week.

STRIKING WORKER SHOT DEAD AT FREEPORT’S PAPUA MINE

Three others injured by armed Indonesian police

WELLINGTON, New Zealand (Radio New Zealand International, Oct. 10, 2011) – A union official, Virgo Solossa, says Indonesian police have shot a protester dead during a clash with striking workers at the huge Freeport McMoran mine in Papua. Another union leader, Sudiro, told the Jakarta Globe that three other miners had been critically wounded. Freeport is yet to comment. A police spokesperson told the paper that at least six police officers were injured in the violence at the sprawling Grasberg complex, one of the world’s biggest gold and copper mines. A doctor at the Mimika district government hospital, Dr Hery, confirmed that one person was killed by a gunshot. Mr Solossa says the clash erupted when police tried to stop more than 1,000 workers, who began their strike on September the 15th, from entering a facility at the mining complex.

Ok Tedi: Western receives K10 million dividend

The National, 07th October, 2011

By ANCILLA WRAKUALE and YEHIURA HRIEHWAZI

THE Fly River provincial government (FRPG) yesterday received a K10 million dividend from the Mineral Resource Ok Tedi (MROT2) company, a wholly owned subsidiary of the Fly government. MROT2 was one of the two companies which received royalties and dividends from the Ok Tedi Mining Ltd (OTML), which had operations in the Star Mountains of Western province. MROT2 is managed by Mineral Resource Development Co (MRDC) under a trust deed arrangement. The company was formed in 2006, recording in its first year a profit of K47.9 million. In the next year, it made K52.5 million profit but in 2008, profit dropped to K14.3 million due to low metal prices and the global financial crisis. It recovered in 2009 to post a K19.6 million net profit and last year realised a 61% increase in profit, to K51.1 million.

The company’s total investment portfolio at the end of 2006 was K89.3 million and by the end of last year, it grew to K213.87 million. The company said its growth picture looked brighter with its total net assets. At the end of 2006, net assets were worth K96.6 million and by December last year, it grew to K238.6 million – a growth of 60% in four years. The board of MROT2 under Western Governor Dr Bob Danaya declared the K10 million dividend based on last year’s audited financial statements. Danaya said the dividend payment last year was only K4 million for the 2009 operations. MROT2 is owned in trust by FRPG on behalf of the people of Western province. It was formed by the state to hold the provincial government’s share of the dividends from the state equity’s interest in OTML. The other company, Mineral Resources Star Mountains, is for the landowners of the area where the Ok Tedi mine is located. It is also managed by MRDC. Danaya expressed gratitude to MRDC for “managing their funds well”. He said it was not easy for a company managing six other landowner subsidiaries but MRDC managed their funds at a profitable level. Danaya said the K10 million would go towards helping the provincial government with its budget.

Augustine Mano, managing director of MRDC, said MROT2 had witnessed substantial growth with a net profit of K51 million last year, the source of the declared K10 million dividend. He said it was through the good chairmanship of Danaya that the company achieved such growth. He said growth in MROT's investment since July 2006 had been very consistent. "Between 2006 and 2010, the investment portfolio has increased by K124.6 million, representing a substantial growth of about 58.2%", Mano said. He said the company had realised progressive profitability up to last year. Mano said between 2006 and 2010 the net asset position of the company increased by almost K142 million, representing a substantial growth of about 60%. Western provincial administrator William Goinau said MROT2, under the leadership of Danaya, had witnessed significant growth, thus allowing for a bigger dividend this year. He said the money will be put to good use to develop the rural areas in the province.

Highlands Pacific stays confident on Ramu

The National, 06th October, 2011

HIGHLANDS Pacific said last Friday that it was "confident" the appeal against the use of the deep sea tailings placement (DSTP) system at its US\$1.5 billion Ramu nickel project in Madang would fail and that the project would proceed to commissioning in the coming months. NGO groups were using landowners to mount an appeal on a judgment handed down by the national court in Madang in July, where the court refused to grant a permanent injunction and removed the existing injunction on the Ramu project. The unsuccessful plaintiff had first taken the DSTP case to the national court in February, however, the national court ruled in favour of the project owners, forcing the plaintiff to turn to the Supreme Court last July. Last August, the Supreme Court dismissed the injunction application, and an application to put aside the Supreme Court decision was also refused early in September, with the direction that costs would be borne by the appellants. The plaintiffs had appealed the July ruling.

Speaking on the sidelines of the Paydirt Nickel conference in Perth Western Australia last Friday, Highlands Pacific GM Peter Jolly told Mining Weekly that the project operator would continue commissioning the project, as the appeals decision was likely to be delivered within a month. The project developer is Ramu NiCo (MCC) Ltd from China. The Ramu project was expected to commission its first autoclave in the coming months, and produce its first nickel and cobalt in the weeks after, as part of a conservative ramp up over the next 12 to 18 months. Over the next 20 years, the Ramu project would produce some 31,150 tonne per year of nickel and 3,300 tonnes per year of cobalt in high-grade concentrate. Mineral resource at the project also had the potential to increase the mine life by a further 15 to 20 years.

FIJI GOLD, COPPER MINE TO START OPERATIONS IN 4 YEARS

Namosi Joint Venture mine to generate \$544 million annually

By Avinesh Gopal

SUVA, Fiji (Fiji Times, Oct. 5, 2011) – In Fiji, a billion-dollar mine is expected to start operating and producing gold and copper in the Namosi highlands within four years. The Namosi Joint Venture mine is expected to generate an annual income of FJ\$1 billion [US\$544.4 million] at the current world market price of gold and copper. Permanent secretary for Lands and Mineral Resources Filimone Kau said, "Hopefully, the company should be able to get its mining lease by June next year. "The company will be ready to invest in building infrastructure and mine developments costing about FJ\$1 billion. We are looking at Namosi and also continuing work on a feasibility study, the viability of the business, model of the mine and environmental issues." Kau

said landowners were continuing talks with the company for access to land for exploration and studies.

[PIR editor's note: [Newcrest Mining Limited](#), the Australian-based company that forms one part of the Namosi Joint Venture was held *accountable for environmental damages* in 2010, and a government ruling stated that compensation would need to *cover damages done to trees and crops* from initial exploratory activities at Namosi. In June 2010, months after initial rulings for compensation, landowners at Namosi were preparing to present the Fijian government with a Memorandum of Understanding expressing their concerns over pollution that "had *adversely affected the environment.*"]

"There is also the compensation agreement, but right now discussions are only limited to negotiations on exploratory work. It's both gold and copper and the land area involved for exploratory works is 72,352 hectares. There are hiccups here and there but we are trying to resolve it and the Ministry of Lands and Mineral Resources is playing a facilitating role to ensure all grievances are resolved. We have organized a meeting this week to look at some issues raised by the landowners and the company." Kau said as far as the government was concerned, the ministry was the key sector ministry in discussions on the exploration and transition into the mining state. He said lessons have been learnt from the Vatukoula mine and others in the Pacific that the management of mining needs to be coordinated with a broader participation of the government.

[PIR editor's note: Early projections for the profits from Namosi's gold and copper production were near *US\$1.2 billion for the Fijian economy*, which has been applauded as potentially a "huge boost to [Fiji's] national economy."] "We are setting up a government task force, which is bringing in all stakeholders to be part of the dialogue because we want to make it right as a lot is at stake. "We want to do it properly and, hopefully, lessons from those places tell us that Namosi turns out to be a worthwhile, viable and well-thought out project. "If all goes well, then the mine should be operating and producing by late 2014 or early 2015. As forecast by the company, it will be a FJ\$1 billion return annually with regards to the gold and copper price now." Fiji Times Online: <http://www.fijitimes.com>.

Deal on Ramu project up for review

The National, 05th October, 2011

A REVIEW of a deal between stakeholders involved in the Ramu nickel and cobalt mine project has been scheduled for next week by the Mineral Resources Authority. MRA acting managing director Kepas Wali said the MRA was committed to carry out the review that would allow landowners and impacted communities to receive benefits from the project. The 12-day contract review will take place starting Monday. Wali said the MRA would ensure that all stakeholders were adequately consulted regarding the various issues catered for under the existing MoA signed in 2000 by the parties. These parties included the Kurumbukari landowners, Inland Pipeline and Coastal pipeline, Basamuk landowners, the national government, Madang provincial government, Usino-Bundi, Astrolabe and Saidor local level governments, and Ramu NiCo (MCC) Management Ltd on behalf of its joint venture partners Highlands Pacific Ltd and MRDC.

Major areas of the MoA to be discussed included royalties, benefit streams, projects and infrastructure development for landowners and impacted communities. Wali said the MRA had engaged nationally-owned Tanorama Ltd (independent facilitator) to chair the review meeting. He said reputable individuals and organisations had been invited to participate as independent observers to add credibility and transparency to the review process. Heads of concerned government departments,

project stakeholders', important dignitaries, the Madang governor and provincial administrator would also be invited to the meeting.

MRDC: Total investment exceeds K1 billion

The National, 05th October, 2011

MINERAL Resource Development Company's total investment portfolio now stands at more than K1 billion as of last December, according to MRDC Managing Director Augustine Mano. MRDC's combined group investment portfolio grew from K678.95 million in 2007 to K1,021.7 billion at the end of last year, up 33.55 % in over three years. This was attributed to "prudent and strategic application of the company's investment policy". This growth only reflected the investment interest and did not include the equity interests in mining and petroleum projects. MRDC issued this statement in response to an article published by Post Courier on Sept 28 on the alleged squandering of land-owners money. MRDC board and management categorically denied any corrupt dealings or practices within the organisation.

The company said as of Sept 28, it has responded to all of the allegations and provided all supporting documents to Prime Minister Peter O'Neill as a shareholder of MRDC. "We are aware of unsubstantiated allegations against the managing director and MRDC for some time with some of this information being provided to the office of the prime minister and relevant stakeholders. "While we welcome constructive criticism that will add value to MRDC, we do not accept any unfounded allegations that made against the company that is defamatory and counterproductive," Mano said. MRDC will, in the coming days, issue statements to respond to the allegations raised. The books of MRDC were audited by KPMG with copies furnished to the Auditor General's office, MRDC said. The subsidiary company's books were audited by Deloitte. The auditor's reports were public documents and were available to any interested individuals.

OTML plans to mine till 2022

The National, 3rd October 2011

By YEHIURA HRIEHWAZI

OK Tedi Mining Ltd is working on a plan to keep mining until 2022 instead of shutting down in 2014. The mine was originally planned to shut down in 2014. However, there had been a discovery of another ore-body within the mine area that could extend the mine life by another seven years. Most of the members of the OTML board had agreed on a mine life extension plan (MLE) but it remained subject to state approval. Mineral Resources Authority's acting managing director Kepas Wali told The National last Friday that OTML was now 100% state-owned through the PNG Sustainable Development Program Ltd and the Department of Treasury would have to make an application through the normal process of the MLE. Wali said the company had also completed a feasibility study on the mine continuation plan and generally there was approval for the MLE. He said Ok Tedi mine was one of the major contributors to the government revenue stream and was a significant contributor to national economic development.

However, he was concerned that the company had not gone into green-field exploration and discoveries in other parts of the country earlier as it was an "icon in the mineral sector" in PNG. OTML had gone into joint venture recently with exploration company Frontier to explore in the Min area and also in West New Britain province. OTML's acting managing director Musje Werror told The National last Friday that the OTML management was currently addressing a number of safety issues identified in the feasibility study by the OTML board's safety and technical committee. After those issues were addressed, the final report would be submitted to the board for approval. All impact

communities would be consulted in December and their consent sought for MLE before it submitted a change notice to the state for approval. Werror also said meetings with the community groups impacted by the recent pyrite spill (PCon) had been deferred pending the outcome of an independent assessment which was expected to be ready by middle of this month.

ANALYST: CHINA BUYING UP PNG RESOURCES

'Resource imperialism' plundering PNG assets

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Sept. 30, 2011) – Leading American investment analyst James Dines has criticised Australia for allowing China to buy large swathes of its natural resources in what he calls "resource imperialism". Australia was in danger of squandering its "irreplaceable inheritance ... traded for easily printed paper", Mr Dines said. Mr Dines, the keynote speaker this week at the RIU Victorian Resources Roundup conference, told an audience of mining executives, brokers and investors that the end of capitalism as we knew it had arrived and that we were in the second great economic depression. His entertaining, if alarming, speech would have prompted mixed feelings among a crowd that included executives with a strong Chinese presence on their share registries.

State-owned Chinese companies are also becoming a major foreign investor in Australia. Mr Dines, editor of the Dines Letter and author of numerous books, described natural resources, including farmland, as a source of real wealth that should be kept for "your descendants". By pursuing resource imperialism, China was building stockpiles of commodities well above its immediate needs, such as rare earths - it already produces 97 per cent of the world total - and copper. The Australian Foreign Investment Review Board blocked a \$252 million bid by state-owned China Nonferrous Metal Mining to acquire Australian rare earth miner Lynas in 2009. So, what is motivating China? The world's most populous country wants to secure its resource needs for centuries to come. Instead of seizing the means of production, as Karl Marx advocated, the Chinese Communist Party was legally buying it in what Mr Dines believes is the end of capitalism as we know it.

Governmentt developing mine closure plans

The National, September 29th 2011

THE Mineral Resources Authority (MRA) and the Department of Mineral Policy and Geo-hazards Managements (DMPGM) are currently developing mine closure plans and policies for mines in Papua New Guinea. Representatives of the two agencies who attended the sixth international mine closure conference held in Canada last week returned with invaluable knowledge on industry best practices in mine closure processes such as mine rehabilitation methods, financial security and corporate social responsibility. MRA was represented by technical assessment branch acting manager Lyndah Brown-Kola, and the DMPGM was represented by senior policy officers Seymour Pok and Patrick Kapuot. Brown-Kola said the two most important lessons learnt that could direct MRA and DMPGM at this stage were "prescriptive versus enabling" or a combination of both legislative styles, from the policy perspective, and a risk-based approach to closure planning from the regulatory aspect. She said the information gained from this meet will help both agencies to formulate appropriate policies and regulatory guidelines for mine closure.

Brown-Kola said the formulation of appropriate policies and regulatory guidelines would assist in reducing the long term environmental footprint of mining, providing for self-sustaining mine closure landforms, re-establishing ecological productivity post mining and developing beneficial post-mining land uses for stakeholders, local communities and other owners within PNG. She said the

conference provided the opportunity to network among multi-disciplinary mine closure specialists to promote the exchange of ideas, to share the latest research findings and to provide a forum for development of best practices in mine closure. in mine closure. Brown-Kola said the conference achieved its goals of information sharing while connecting with a host of like-minded miners, engineers, environmental scientists and rehabilitation practitioners. The conference was hosted by the University of Alberta and governed by the Australian Centre for Geomechanics and Cranfield University. It attracted 600 registered delegates globally, with 124 technical papers at break-out sessions, 15 plenary speakers and a 5 member panel discussion.

Government blamed for hotel-casino flop

The National, September 28th 2011

By YEHIURA HRIEHWAZI

CHAIRMAN of the Petroleum Resources Gobe (PRG) Philip Kende – one of the biggest investors in the troubled Port Moresby Casino project – was yesterday very critical of the government’s conduct in managing the project from the start. “There was no coordination, where was the government? This was a government-led investment,” Kende told The National yesterday. Kende had not spoken to the media since the project came to an abrupt halt about a year ago when the Korean developer CMSS (PNG) Ltd stopped work due to financial difficulties. The project was the brainchild of former Commerce and Industry minister Gabriel Kapris, who engaged South Korean investor Jimmy Kim and his company CMSS to build a casino with a large regional conference facility. They entered into a project agreement of which the equity holdings in the project was still a mystery – something that was irking Kende. “PRG invested K11 million and our sister company Petroleum Resources Moran (PRM) put in K11 million. “Another partner wanted to take up equity by supplying materials,” he said.

“It is a state-initiated project with a foreign investor and they invited a PNG consortium to come in. “The state through (former) minister of Commerce and Industry Gabriel Kapris initiated the project and invited us and with the state’s involvement, we believed that our investment is safe ... we put up money. “They told us due diligence was done, so we went in because we have state backing ... if we go wrong, state is there because ... it produced a state agreement ... that is why PRG and PRM ran out of money,” Kende explained yesterday. He complained that there was no co-ordination, monitoring and supervision of the construction work as it got underway. “The coordinating aspect was failed by all parties ... as a result we are now faced with the situation we are in today,” he said. He avoided questions on who should be blamed and said: “We all failed to co-ordinate the project. “I am an investor, it is not my job to come and co-ordinate construction and development of the casino,” he said.

K150m sought to complete casino project

The National, September 28th 2011

MORE than K150 million is needed to complete the failed Port Moresby hotel-casino project that stands as a white elephant in Boroko, National Capital District, according to Petroleum Resources Kutubu chairman Philip Kende. New Commerce and Industry Minister Charles Abel yesterday described it as an “eye sore” and put the reinvestment figure for completion at between K30 million to K60 million during a media briefing at his Waigani office. However, he did not qualify that the costs of materials were going up every day. Kende yesterday called for all parties, including the investor CMSS, to come to a roundtable conference and discuss a way forward. He was responding to Abel’s “show cause” notice to CMSS as to why its contract should not be terminated. The investor was given 10 days as of Monday to respond. He urged the government to take the lead in calling

the meeting and review the agreement with CMSS. “We need to relook at the agreement with the investor, and instead of terminating the contract, we should review the agreement,” he said.

He said so far, K26 million had been spent and there was a serious need to change the shareholding of the company. He complained that even after PRG and PRM spent K22 million, they were not being viewed as major players. “Who are those other shareholders, we do not know, I do not know,” he complained. The major shareholding should rightfully come to PRG and PRM and the foreigners should only have a minor interest ... that is the way out,” he said. “I am confident we can go out and increase the refinancing and complete the project,” he said. He said he already had some of the major hotel and property investors in Port Moresby knocking at his door wanting to do a joint venture with him but he was saying; “Wait, I have to clean up my house first.” Among the companies expressing interests belonged to a large Chinese group, but he resisted them. “All we need now is to review the agreement with the investor, make us the majority shareholders and we refinance and complete the project,” Kende said.

OTML exports to Japan fall

The National, September 27th, 2011

THE Japanese earthquakes and tsunamis had a negative impact on copper concentrate exports from Ok Tedi mine as its customers declared a force majeure. Ruptures of the tailings transporting pipeline at four sections also forced production to stop from May 29 to June 24, which resulted in negative production figures in the second quarter. The results were released by OTML in its second quarterly report last week. “Export shipments of copper-gold-silver concentrates were 22% lower for the second quarter of this year compared to the same period for last year due to the impact on production as a result of the PCon pipeline ruptures and the Japanese earthquakes. “OTML’s Japanese customers declared force majeure as a result of the earthquakes and resulting tsunamis, which continued to impact sales revenue. “The year-to-date shipments of copper concentrate were 6% lower compared to the corresponding period of 2010,” OTML said.

With regards to production, copper and gold production for the second quarter was 26,452 tonnes and 97,981 ounces respectively, which were lower by 20% and 3% respectively, compared to the corresponding period for this year. “This result was attributable to lower metal head grades and 13% lower throughput (due to the mill being shut down for 28 days from May 29 to June 24 because of pyrite (PCon) pipeline ruptures,” the company said. Investigations and clean-up of the pyrite spills and approval of a Change Notice filed with relevant PNG government authorities to start production had been received, it said. The year-to-date production was 57,294 tonnes copper and 197,922 ounces gold which were 19% and 9%, respectively, lower compared to the corresponding period for this year.

Following the ruptures of the PCon pipeline between May 6 and 17, the Environment Department had undertaken a wide-ranging water and sediment monitoring programme of the streams into which PCon was discharged and resultant chemical analysis indicated that the water in these rivers was safe for human consumption. “Environmental monitoring is planned to continue for at least two more months to ensure that no unexpected adverse effects of the PCon spills is evident,” OTML said. A ministerial visit by then Mining Minister John Pundari and the Environment and Conservation Minister Benny Allan on June 23 to the rupture sites paved the way for the approval of the “change notice” by the State for production to restart on June 24. The company said discussions and negotiations for compensation to the villagers affected by the rupture had begun.

FREEPORT ASKS PAPUA MINERS TO RETURN TO WORK

Strike 'significantly slowing production' at Grasberg pit

WELLINGTON, New Zealand (Radio New Zealand International, Sept. 23, 2011) – The multinational mining company Freeport McMoRan is calling for thousands of striking workers at its Papua mine to get back to work. The firm's chief executive, Richard Adkerson, says the strike is significantly slowing production at the vast Grasberg gold and copper mine in the Indonesian province. In a memorandum the United States-based Mr Adkerson and Freeport chairperson, James Moffett, urge union representatives to terminate the strike to benefit all stakeholders of the company's operations.

They also ask workers to return to negotiations and continue a dialog with management through the ongoing mediation process. The memorandum asks workers who are striking to do so in an orderly and peaceful manner and not to intimidate or stop those who want to work. Mr Adkerson and Mr Moffett say they'll ensure that the company respects Indonesian laws and regulations and treats employees fairly. They add that Freeport's direct benefits to the Indonesian government over the past 20 years exceed 12 billion US dollars and that the company's invested more than 450 million dollars in a Partnership Fund for Community Development .

Radio New Zealand International: www.rnzi.com

JOURNALISTS HAVE FIELD DAY WITH GIANT GORO MINE

New Caledonia nickel mine has survived costs, protests, intrigue

By Alex Perrottet

SYDNEY, Australia (Pacific Scoop, Sept. 23, 2011) – If times are hard for investigative reporters in today's downsized media industry, spare a thought for those investigating international issues.

The Back to the Source investigative journalism conference held in Sydney on the weekend by the Australian Center for Investigative Journalism (ACIJ) drew professionals from around the world.

Keynote speaker Robert Rosenthal came from the United States where he leads America's oldest not-for-profit journalism research body – the Centre for Investigative Reporting. And closer to home, investigative journalists spoke of their challenges in breaking stories in the public interest, but a little far

afield to attract much attention. Nicole Gooch is a journalist with the ACIJ and was born in New Caledonia. She is coming to the end of a year-long investigation into the country's new nickel refinery in the southern district of Goro, which is owned by Vale New Caledonia. "Vale New Caledonia will be using high acid pressure leaching to refine the low-grade nickel," she said. "This technology has never been tried before on such a large scale. Once production at the mine starts, scheduled for about 2013, Vale aims to produce 60,000 tons of nickel and 4,500 tons of cobalt a year, making the Brazilian mining company a world leader in nickel production."



Some four million tons of nickel ore is expected to be removed from the huge open pit mine - among the largest in the world - at the Goro Plateau in New Caledonia.

Photo courtesy of Mining-Technology.com

[PIR editor's note: Global commodity analysts have reported that the world nickel markets are keeping a close eye on developments at the Goro plant in New Caledonia, which is expected to hold about [one-quarter of the world's nickel reserves](#), the price of which has risen about 38 percent since 2010.]

It's no shock that big Brazilian mining companies are reaching out across the Pacific, but what Gooch is investigating are the protests, violent clashes and the environmental impact of the work. "The refinery has been plagued by huge costs, indigenous and environmental protests, at times quite violent, and in particular, protests against the pipeline which will be carrying liquefied metal waste, treated, from the refinery into the sea, bordering the United Nations Educational, Scientific and Cultural Organization (UNESCO) world heritage-listed lagoon." Gooch said previously during testing, the company "caused a couple of major acid spills, one of which led to pollution of a nearby river". While many Australians were involved in constructing the refinery, there was absolute silence about the issues within Australia; so Gooch is finding out why. "It is a challenging story to cover," she said.

[PIR editor's note: In 2006, [32 people associated with the Rheebeu Nuu environmentalist group were arrested while protesting](#) the construction of the Vale nickel mine on-site. The group initially lodged complaints of corruption against government officials and that appropriate environmental impact assessments were not conducted. During the protest action, one policeman was seriously injured and around US\$10 million of damage was done to equipment and installations at the site, although police were accused of using live bullets against protesters armed with metal bars and knives. The 32 were sentenced later in 2010 with suspended jail terms between one to five months in prison.]

"It impacts on so many areas of New Caledonia's complex life – be it political, social or environmental. The backdrop is the fact that nickel mining in New Caledonia is ingrained in society and is the island's main export, by far, and therefore it is a heated issue in the context of a country becoming more autonomous and needing to develop its own independent economy." Being able to share the language and culture of both countries has been helpful [says Gooch]. "It definitely helped in terms of gaining insight into some of the issues surrounding the mine – as an English speaker I was aware of issues that I would not have necessarily known about otherwise," she said.

[PIR editor's note: New Caledonian judicial authorities indicted then-president Philippe Gomes for abusing his position on a 2005-2006 contract involving his personal business over the sale of 900 air conditioning units to Vale at the Goro Mine site, totaling close to US\$1.3 million.] [Pacific Scoop](#)

PNG LAWMAKER QUESTIONS MINE'S WASTE DISPOSAL PLAN

Frieda mine reportedly plans to dump waste in Sepik River

PORT MORESBY, Papua New Guinea (The National, Sept. 21, 2011) – Telefomin representative Peter Iwei is concerned about the environmental impact on the people of the Sepik River from the Frieda gold and copper mine development. Iwei said in parliament the environmental disaster at Ok Tedi mine in Western was an example of multinational corporations having no regard for PNG laws. [PIR editor's note: The Frieda River gold and copper mining operation targeted a billion-ton deposit in the Sandaun Province of PNG, near the border of West Papua. The current project is being headed by Australia-based [Highlands Pacific](#).]

He told Environment and Conservation Minister Thompson Harokaqveh that the Fly River was once PNG's greatest river catchment system but "this great river is now dead". "Given the experience of the Ok Tedi environmental damage, can the minister confirm whether the developer of the Frieda mine has advanced work on the feasibility studies?" Iwei queried what the developer was considering in terms of shipment of mine ore and waste management and disposal.

[PIR editor's note: One of the most controversial mines in PNG, the Ok Tedi mine's development and [pollution](#) from production released into the environment over some 1,500 square kilometers may have longstanding effects over [at least 200 years](#).]

"I am informed that the developer of Frieda gold and copper mine is looking at options of using the Sepik River for its operations. Have we not learnt our lessons from Ok Tedi?" Iwei asked. "Can the minister tell this house and the people of Papua New Guinea whether the company has considered other options for discharge of its wastes and shipment of its products other than using the Sepik River?" Harokaqveh said there was a feasibility study and, in the next five months, an environment impact report would be done. He said the government was addressing the environment issues seriously as it impacted the live of the people.

Mincor starts survey of May River project

The National, September 20th 2011

AUSTRALIAN nickel miner Mincor Resources NL has begun a major airborne geophysical exploration survey at its May River copper-gold prospect in West Sepik province. The exploration work was expected to open up this extremely isolated jungle-covered area located north of Ok Tedi mine and adjacent to Xstrata's Frieda River project. It is sitting on the same geographical faults/belt with the Grasberg copper mine in Indonesia and the Ok Tedi, Frieda River, Porgera and Hidden valley projects in PNG. Mincor said in a statement yesterday the geophysical survey was the start of an "aggressive exploration" programme based on a joint venture deal finalised with newly listed Niuminco Ltd four months ago. Niuminco owned the Eddie Creek mine located in a valley next to the Hidden Valley gold mine in Morobe province. Mincor's managing director David Moore said he was pleased to see the application of some of the most sophisticated geophysical techniques currently available to an area with "outstanding prospectivity for world-class mineral deposits".

"Our team, together with Niuminco's people in PNG, have worked wonders to get this very substantial survey underway so quickly," Moore said in a statement released from his Western Australia office. "Exploration will gather pace from here on and we have the human and financial resources to turn these exciting prospects to account and generate a substantial flow of news over the coming months," Moore said. The PNG joint venture provided Mincor with a suite of high-quality exploration projects of demonstrated prospectivity, where the company was targeting the discovery of world-class copper and gold ore bodies. Mincor said the airborne survey over the May River exploration licence would comprise nearly 3,000 line-kilometres covering gold and porphyry copper-gold prospects in the south of the licence area and high-grade copper-gold prospects in the north. The airborne survey at South May River will comprise both VTEM and the new state-of-the-art ZTEM system. South May River is located adjacent to Xstrata's giant Frieda River project, with which it shared the same geology.

Petromin to acquire 30% stake in Yandera

The National, September 20th 2011

MARENGO Mining Ltd – the developer of Yandera mine in Madang province has entered into an agreement that allows state-owned Petromin PNG Holdings Ltd to take up 30% equity in the copper molybdenum-gold project. This arrangement was allowed under PNG's resources laws where the state had the option to take up 30% equity in all mineral projects and 22.5% equity in petroleum and gas projects. The state had nominated Petromin to exercise that right and it will do so through its wholly owned subsidiary company – Eda Kopa (Yandera) Ltd. Marengo and Petromin signed the Yandera project investment and co-operation agreement which sets up the process by which a mining equity agreement (MEA) will be developed by the parties to enable Petromin to acquire the state equity.

Marengo announced yesterday that once the definitive feasibility study (DFS) had been completed, the mining development contract (MDC) is entered into and a financial investment decision (FID) is made. The agreement also provided a framework for Marengo and Petromin to work together to speed up the development of the Yandera project. This framework will involve the creation of three committees being, a steering committee, a technical committee and a finance committee, with each committee comprising senior management, operations, technical and finance executives of Marengo and Petromin. Petromin had appointed BNP Paribas to advice on the financing options available to Petromin to fund its pro-rata participation in the Yandera Project development. Marengo has appointed Standard Bank to advice on the securing of Chinese bank finance, to enable the development of the Yandera project.

Editorial

PNG CELEBRATES INDEPENDENCE WITH MIXED EMOTIONS

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Sept. 15, 2011) – Papua New Guineans are already getting into the independence anniversary celebration mood. All over the country, preparations are well advanced to make the celebrations over the long weekend enjoyable as well as more meaningful for the hundreds of families who are expected to flock to the various designated areas to participate in the activities. In Port Moresby, several big celebrations are being planned, the main one at the Jack Pidik Park, the Moresby North East Show at the Unagi Oval and the Hiri Moale Festival at the Hubert Murray Stadium. Likewise, the Sir Ignatius Kilage Stadium in Lae will be filled to capacity, as well as the National Sports Institute Show Ground in Goroka, which will host the Prime Minister Peter O’Neill. Everywhere, there will be singing and dancing.

There may be over 800 different cultures in Papua New Guinea, but one thing that is common throughout this land is that Papua New Guineans do not celebrate for nothing. When any community gets into their best traditional attire and perform, they are celebrating an achievement and a good one at that. So on September 15-16, when Papua New Guineans get out there in their traditional best or participate in any sporting activities organized as part of the activities to mark PNG’s 36th independence anniversary, they must know what they are celebrating about. So what have we, as a country, achieved in our 36 years of self rule, to warrant such celebrations? On the political front, Papua New Guineans have enjoyed a stable Government for more than eight years, largely due to the Organic Law on the Integrity of Political Parties and Candidates (OLIPPC).

Protected by the law, those in Government slowly became arrogant and indifferent to the needs of the community. Distrust and frustrations also built up in the government ranks. Then, when some important provisions in the OLIPPC were declared unconstitutional by the Supreme Court, the hate, greed and frustrations in the government ranks boiled over. On August 2, the Sir Michael Somare regime led by acting PM Sam Abal crumbled and Peter O’Neill was elected in a ‘coup’ in Parliament that surprised everyone. Sadly, the one and only man that held the government together for that long and one that is fondly regarded as the "father" was not around to see it happen. Sir Michael Somare was in hospital in Singapore. On September 6, Speaker Jeffery Nape dismissed him from Parliament, on the grounds that he had missed three consecutive sessions of Parliament.

On the economic front, our economy is growing at a very strong 9.3 percent, much higher than the 8.0 percent predicted in the 2011 budget. The growth in the mining sector is to be 10.2 per cent, well above world averages, driven by the LNG project and higher level of activities in the non-mining sector. PNG’s major exports of gold, copper and oil have risen above the 2011 forecasts, combined with the high prices of export commodities. The economy is doing well and as a result, inflation has gone up to 9.0 per cent. Papua New Guineans continue to pay more for their basic

needs as well as put up with poor roads and bridges, health services, educations infrastructure. We agree with the Prime Minister that Papua New Guinea has a lot of money but the big problem is its capacity to spend this money effectively and add value to the lives of the citizens. More money is expected to come into the government coffers in the years ahead and the big challenge for the government now is to take steps to build up its capacity to use that money wisely and effectively so that real change is seen in the lives of the people.

Nautilus Minerals to raise US\$100m

The National, September 2nd 2011

NAUTILUS Minerals is to raise about US\$100 million through a private placement of common shares to fund the development of its first project, Solwara 1, in the Bismarck Sea of PNG, the company announced on Wednesday. As a result of the financing, the board of Nautilus had formally sanctioned the development of Solwara 1, subject to the closing of the private placement in full. The placing would involve the issue of 39 million shares to a number of investors at a price of US\$2.58 per share. Nautilus president and chief executive Steve Rogers said the private placement would provide funds for the construction of the seafloor resource production system, which initially will be deployed at Solwara 1 – the company’s first deepwater copper and gold project. The net proceeds of the non-brokered private placement, combined with the US\$112 million in cash reserves held at the end of last June and the contribution from joint venture partner Petromin PNG Holdings Ltd, are expected to be sufficient to fund the development of the offshore component of the mining joint venture, excluding contingency and any working capital requirements.

Investors participating in the placing include Mawarid Mining LLC, a subsidiary of MB Holdings Company LLC, an oil and gas, mineral mining and processing group based in Muscat, Oman. It will make an investment of about US\$50.1 million to purchase 19.4 million shares, equivalent to 9.98% of the expanded share capital of the company. Existing Nautilus strategic shareholders, iron ore producer Metalloinvest and mining group Anglo American, are also participating in the private placement. Metalloinvest had subscribed for approximately 8.2 million shares to maintain its interest in Nautilus at 21%, and Anglo American had subscribed for approximately 4.3 million shares on the basis that its stake will be maintained at 11.1%. Institutional investors had subscribed for the remaining seven million shares to be issued.

Under the terms of the agreements, the private placement will be completed in two tranches, with the final closing taking place on Oct 6, 2011. Rogers said he was pleased to welcome Mawarid Mining, with its strong mining and oil and gas pedigree, as a shareholder of Nautilus and noted the continued support from Metalloinvest and Anglo American. The MB group employs more than 6,500 employees from 51 nationalities in the oil and gas, manufacturing and mining industries. First established in 1982, the group has operations and subsidiaries spread across the globe, including the Middle East, Europe, North Africa, Asia, Asia-Pacific, Australia and New Zealand. It was the first private sector organisation to engage in gold and copper exploration in Oman, where it operated several open pit copper mines and processed ore at its copper concentrate facility in the Al Batinah region.