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.org/pireport/index.htm

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

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

Ramu Nico seeks qualified, experienced staff

Post-Courier 28.2.2013

By Matthew Yakai

THE first nickel and cobalt project in PNG based in Madang, the Ramu NiCo Project, strives to recruit and retain experienced and qualified mine engineers and other trades from within and abroad given the nature of the Project.During the First Quarter Ramu NiCo Project Quarterly Meeting held in Madang yesterday, Human Resources Deputy General Manager John Rosser told participants that experts are sought from countries including Canada, Australia and New Zealand, including PNG to ensure the Project is operated and managed by qualified people. Mr. Rosser indicated that the recruitment drive is permitted by the Project MOA which gives first preference to local project area people, followed by people from Madang, and rest of the country before seeking experts abroad.

Mr. Rosser indicated that by the end of December last year, a total of 626 nationals were working with Ramu NiCo from both sites, KBK Mine and Basamuk Refinery including Madang and Port Moresby offices compared to other expatriates. He also reiterated that the recruitment and training drive is ongoing as expected, but the future recruitment and training will depend very much on the project success and its sustainability, as the Project commenced operation recently. “Without this Project, we will fail. Project ramp-up is continuing with most equipment working well per the design capacity but there are challenges faced and rectification work is required with huge financial cost,” he said. However, Ramu NiCo Management aims to complete the Project ramp-up soon with full capacity production in late 2014 or early 2015, a healthy trend compared with other similar laterite nickel mine companies in the world.

Community Affairs General Manager, Martin Paining also presented the Project update covering the Kurumbukari Mine, the 135 km Pipeline and Basamuk Refinery, including the SEDP (Social Economic Development Programs) under the MOA. Mr. Paining said the Project may face huge challenges in the next two years if the production capacity does not reach its expected capacity and urged the landowners and other stakeholders to understand the situation. “It is normal for a new mining Project in the first year. We must understand that if there is no Project, MOA expectations will miss out,” The Meeting is required under the Project MOA to give landowners an update on the Project. It was attended by all the four LOA Chairmen with their executives, Ramu NiCo management, state team and other stakeholders.

US giant using SOPAC and illegal Fiji regime to access seabed minerals in international waters PNG Mine Watch, 28.2.2013

The illegal government in Fiji is being squeezed by the American corporate giant, Lockheed Martin, to sponsor its search for seabed minerals in international waters. To that end, Lockheed is pushing the Fiji regime to fast track legislation and is being assisted in this endeavor by the Deep Sea Minerals Project (run by SOPAC, part of the Secretariat of the Pacific Community) and its British lawyer, Hannah Lily. Fiji’s cabinet is expected to approve a new Decree on seabed mineral management by March the 5th. Consultation on the draft Decree has been fast tracked with relevant stakeholders given less than 3 days to make submissions whilst US giants Lockheed were consulted well in advance. The new law is required before Lockheed will enter into a formal joint-venture with the Fiji regime. Lockheed will then apply in April to the International Seabed Authority for a new exploration licence.

The new law, which SOPAC, has assisted in drafting, makes vague statements about applying a precautionary approach and best environment practices and requiring Environment Impact Assessments but without specifying where or how Fiji is suddenly to get the expertise to manage and enforce these. Lockheed has already been granted approval by the International Seabed Authority to explore for polymetallic nodules in one area in partnership with the UK government. It now wants to join Fiji as its official national partner for further exploration licences – but first Fiji needs to have the necessary laws to allow seabed mining in place. The proposed legislation covers the various aspects and issues arising out of experimental seabed mining operations, including establishing a regulatory authority within Fiji, and introducing a licensing regime, provisions on the protection of the marine environment, and delineating Fiji’s and the company’s duties and responsibilities.

Hannah Lily, employed as a legal adviser by SOPAC, seems to have been advising on the drafting process directly on behalf of Lockheed (LH). Here are some of her comments on a draft version of the new law:

- “LH would not accept the jurisdiction of the courts of Fiji, in case of dispute. The subcontract would specify that the parties would be subject to UK law and courts. LH therefore suggest section 14 be deleted to avoid confusion. However UNCLOS Art 235 requires that: “States shall ensure that recourse is available in accordance with their legal systems for prompt and adequate compensation or other relief in respect of damage caused by pollution of the marine environment by natural or juridical persons under their jurisdiction". the ITLOS Advisory Opinion summarises this as 'requiring the sponsoring State to establish procedures, and, if necessary, substantive rules governing claims for damages before its domestic courts'. Whether the proposed Fiji / LH model can navigate this requirement and LH's requirement for UK arbitration remains a point to be explored"

- "LH consider it unfair both to be charged the admin fee and to require the Company to cover its application costs. They suggest it should be one or the other, not both. "LH would expect a standalone non-disclosure agreement to cover Fiji's handling of their commercial data"
- "Query whether there is a reason Fiji would like this notice period to be so lengthy? LH would prefer this to be shorter, or if that is not possible to clarify that they would not be penalised for failure to conduct activities during that 6-month notice period"
- "LH request to delete, otherwise Fiji could unilaterally revoke the licence after 2 years' inaction, which creates too great an uncertainty for the company"
- "LH request that these specific figures are removed from the Decree and replaced with a provision permitting the Government to negotiate financial terms in a Sponsorship Agreement. NB The suggested fees are too high for LH. The UK rates (GBP 10k for application, 15k for first year, 25k after 6 years , 25k on each extension), which use an actual cost recovery mechanism would be more feasibl for LH - perhaps with some small room for negotiation, given that this is a developing country"
- "LH would require that the contract stipulates the UK as the prevailing law and dispute resolution mechanism"

The International Sea Bed Authority (ISBA) which regulates the leasing of seabed deposits have not yet developed a mining code to regulate the exploitation of minerals in international waters. NGOs have raised serious concerns about the experimental nature of the industry as well as its relevance as a development option for island nations. In addition NGOs have raised concerns about the need to protect the marine environment, prevention of pollution from seabed activities and whether states such as Fiji have the ability to monitor the environment impact.

Oil Search Limited seek to expand explorations

Post-Courier 28.2.2013

By Paeope Ovasuru

Oil Search Limited (OSL) is now focused on expanding its gas expansion activities after recording a significant profit last year. With new partners coming on board and exploration and appraisal drilling activities in the Highlands, Gulf of Papua, Kurdistan and Tunisia, OSL is set for more progress in delivering its key growth strategies this year. According to managing director Peter Botten, drilling at P'nyang South in the Southern Highlands Province was successful in adding material reserves. "Studies by the P'nyang Joint Venture on what is an optimal development concept for the field are now taking place. We believe that the P'nyang resource is sufficient to allow gas expansion activities," he said. In the Gulf of Papua, OSL is preparing for a multi-well exploration program which is due to start in March. "The drilling program comprising two firm wells will be the first real test of the many leads and prospects identified by the 2011 and 2012 seismic surveys. We believe that given exploration success, the Gulf drilling region could potentially have enough gas to support the development of a future standalone LNG project," said Mr Botten.

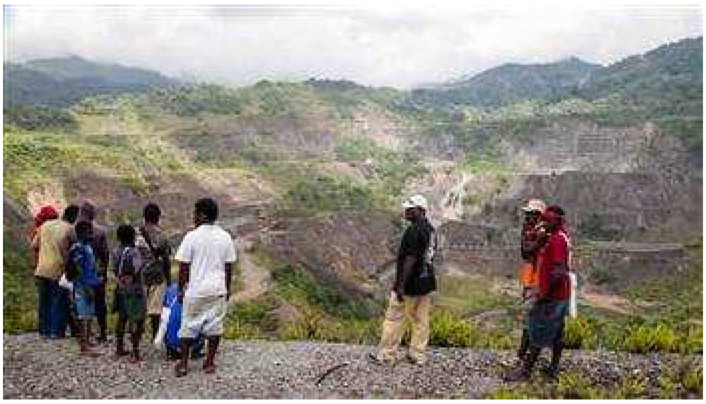
He further stated that as part of the company's strategy to build a material oil business, drilling activities commenced in Kurdistan in 2012 and will continue this year with activities in Tunisia. "Early results at the Taza well in Kurdistan have proved encouraging with the discovery of oil in the Jeribe Formation. Testing to date has been impacted by difficult drilling conditions with only relatively low production rates achieved so far. Further evaluation is necessary and planning for a Taza 2 well has commenced. Reserve potential at Taza is up to 500 million barrels of oil," added Mr Botten.

"As well as continued construction of PNG LNG and definition of a development concept for P'nyang, a very active exploration program will take place in the Gulf of Papua and in the Highlands of PNG, along with Tunisia," he added. This year, Mr Botten predicts will be a year of progressive delivery with production expected to remain unchanged. The focus area for 2013 will include review of company structure, cost base, operating model and developing its human capital.

Bougainville: Consultation vital Post-Courier 28.2.2013
By WINTERFORD TOREAS

ONE of the major causes of the outbreak of the Bougainville Crisis was because the landowners (LOs) of the Panguna mine in Central Bougainville were not properly consulted whether or not they wanted mining to take place on their land. Therefore, the Autonomous Bougainville Government now wants to properly consult all stakeholders in Bougainville on this Panguna Mine issue before more positive steps towards the mine's reopening can take place. Speaking during the first day of the 2nd Regional Forum on Panguna Negotiations held in Buka on Tuesday, Director of the Office of the Panguna Negotiations Mr Raymond Masono, while giving his opening remark, pointed out that the conflict had started due to lack of proper consultations with the Panguna LOs. Mr Masono then said the ABG now wants to properly consult not only the Panguna LOs but the entire Bougainville population regarding any issues that concerns the reopening of the mine. "The ABG wants to ensure that the consultative process is as inclusive as possible and so we welcome the views expressed by the different groups," Mr Masono said. Mr Masono said another three more forums will be held.

The high-stakes world of Papua New Guinea mining
Ian Bickis**,** The Northern Miner, 27.2.2013



PORT MORESBY, PAPUA NEW GUINEA — Rising out of the sea at the collision of the Pacific and Indo-Australian tectonic plates, Papua New Guinea is the stuff of legend for both its geological potential and punishing working environment. For miners and explorers, PNG has long presented a tough trade-off between the two, requiring major commitments to access the rich deposits. In the early 1930s the rugged island was the site of the world's first major air-supported mining project, when Canadian miner Placer Development used modified Junkers planes to fly in dredge equipment to its Bulolo gold project. With individual payloads of less than 3 tonnes, the Junkers hauled in almost 36,000 tonnes of gear. The determination paid off, with the company pulling out some 1.3 million oz. gold from the river over the next 10 years. Fast-forward to today and logistics is still one of the biggest barriers to operating in PNG. The whole country has about 3,000 km of paved roads, plus roughly 6,000 km of dirt ones in varying states of repair. (Compare that to Sweden, which has 573,000 km of roads squeezed into the same-sized country.)

The PNG government is aware of the barrier, with Prime Minister Peter O'Neill committing to improve the transportation network in a speech to Australia's National Press Club last year. "One of our greatest needs is to repair, upgrade and most certainly expand our economically vital infrastructure," O'Neill said. But the lure of riches has been a strong motivator for miners to overcome such challenges independently and develop some of the world's biggest deposits. These include epithermal deposits like Newcrest Mining's Lihir mine, which has already produced 9 million oz. gold and still has 33 million in reserves, and Barrick Gold's Porgera mine, which has produced over 17 million oz. gold and has over 6 million oz. in reserves. The copper-gold porphyry systems are equally impressive, with the Wafi-Golpu joint venture between Newcrest and Harmony Gold sitting on 28.5 million oz. gold and 20 billion lb. copper; Xstrata's Frieda River project hosting 14.8 million oz. gold and 20.7 billion lb. copper; and the Ok Tedi mine, now owned by the PNG government, already producing over 11 million oz. gold and 27 billion lb. copper since 1984, with years of mine life left.

Numbers like these put PNG as the third most geologically prospective place on earth in the Fraser Institute's 2012 annual mining survey, at least when setting aside regulations and land-use policies. The huge, untapped potential is what drew Marengo Mining) to the country in 2005. "It was really just born out of looking for an opportunity for a junior company to do something quite exciting and have a project of significant value," Dean Richardson, Marengo's investor relations representative, said by phone. In a few years the company has turned its Yandera copper-gold-moly project into a 4 billion lb. copper resource, with 486 million measured-and-indicated tonnes grading 0.37% copper. Marengo plans to release a feasibility study on the well-advanced project in March, with a development capital expenditure of around US$1.8 billion and anticipated annual production of 200 million lb. copper. "We're talking about a project somewhere around 30 million tonnes per annum. It really is a project that a number of medium- to large-size companies would be happy to get their hands on," Richardson says.

Marengo has several years on PNG Gold, which only started exploring in the country in 2011. But already PNG Gold has pulled some intriguing gold hits, and it plans to have a resource out later this year. Results from the company's Imwauna project, sitting on an island just off the southern tip of PNG's mainland, include 6 metres grading 111.97 grams gold per tonne, 4 metres of 49.86 grams gold and 6 metres of 36.16 grams gold. The company found it rough-going at the start with slower-than-expected drilling, but it is now managing 4,000 metres a month with four of its own rigs, and is well on its way to a resource. "We had some real teething pains at the beginning," PNG Gold president Neil Halldorson says. He adds that the company has had to carry a lot more spare parts and be careful about planning heavy equipment moves, as poor planning with either can set a project back. "Over time we've learned to work with those issues, and with every month we get better at it," he says.

But Halldorson embraces the challenge, because it keeps a lot of competing juniors away and gives any company that can overcome these challenges a real advantage. "There are very, very few juniors in Papua New Guinea, and a good deal of that has to do with cost and logistics, and everything else. So it really does act as a barrier," Halldorson says. Explorers WCB Resources and Vangold Resources have also made an entrance, with active exploration programs in the country. But some haven't fared so well with the high costs, with New Guinea Gold shuttering its small Sinivit gold mine last year after it ran out of money. The company is trying to get itself going again, but with its shares trading at a penny, raising money isn't easy. Papuan Precious Metals, hovering around 2¢, has also struggled in the country. Size helps when developing projects in PNG: Newcrest and Harmony are running the Hidden Valley gold-silver mine despite a few operational issues; Metallurgical Corp. of China opened its Ramu nickel-cobalt mine last year despite years of environmental delays; and Newcrest is finishing up a US$1.3-billion expansion of its Lihir mine to expand designed output to a million oz. a year after spending A$9.5 billion buying the mine in 2009.

These projects, plus Exxon Mobil's US$19-billion natural gas project, have helped keep PNG's economic growth rate at close to 8% for the past decade.And while growth has been strong in recent years, the country could see much more investment, thanks to sizeable projects in the pipeline. Australian bank ANZ released a study estimating that PNG's natural resource sector, including mining, oil and gas, could quadruple by 2030, with some US$25 billion in annual export revenues, or as much as US$38 billion, using more optimistic assumptions. Achieving such an increase in output would require US$130 billion in capital investment. But those estimates rest on projects going forward, even as several major miners have signalled plans to exit PNG, as companies worldwide look to contain costs and focus on core assets. In mid-2012, Xstrata signalled its intention to offload its Frieda River project, while a feasibility study on the project at the end of last year added US$300 million to project capex, which totalled US$5.6 billion. In 2011, Inmet Mining bowed out of PNG after selling off its 18% interest in Ok Tedi Mining for US$355 million.

On a smaller scale, Newmont Mining told its junior partner Triple Plate Junction that it would end its search for big porphyry systems at Morobe after spending US$15 million to earn 75% of the project. And Barrick informed joint-venture partner Coppermoly in mid-2012 that it was looking to sell its 72% stake in three tenements after spending US$22 million to earn-in on the properties. And some smaller skirmishes with companies may make others wary of PNG. Last year Aldridge Minerals pulled out of PNG after the government declined to renew the junior's Kili Teke copper-gold licence. And more publicly, Nautilus Minerals has been stymied in its efforts to advance the world's first major deep-sea mining project after getting embroiled in licensing and financial disagreements with the government. The company suspended construction of the $450-million project late last year.

While cost and operational risks worry some, mining analyst Cathy Moises of Evans and Partners, who tracks several operators in the country, said by phone that: "as long as you do your groundwork in PNG, you've got the locals on side, and have done things the right way — then it's actually a very good place to work." Good relations with locals are important in PNG, as landowners control 97% of the country, and there are no large tracts of government land. Companies big and small have had trouble with landowners, with Barrick's Porgera, Newcrest's Lihir mine and New Guinea Gold's ailing Sinivit mine all shut down by locals last year. But Moises downplays the problems with landowners. "It's not a major issue. If the mine is shut down it's usually short in duration, and minor," she says. "PNG tends to be fairly stable." Moises still likes what she sees in PNG, even if it's a country that doesn't give up its deposits easily. "I still think there are some big projects to be found. The terrain and working over there is difficult, so it certainly hasn't had the attention of some other countries where it's nice and flat, and you're much closer to civilization."

Australia warned to stay out of Bougainville affairs

The National, 27th February, 2013

FORMER Bougainville Revolutionary Army commander Sam Kaona has warned Australia not to meddle in Bougainville affairs. He said the first policy draft on mining in Bougainville was no different from the colonial policy that caused the crisis. "The Australians have taken control of mining policy in Buka and the first policy draft by ABG legal unit headed by Tony Regan is no different from the previous policy," Kaona, who is chairman of the recently formed Bougainville Resources Owners Representative Council, said. He added that the proposed policy, sponsored by AusAID and drafted by Regan, risked Bougainville's first constitutional crisis. "Since the constitution is the supreme law of Bougainville, section 23 of the Bougainville constitution, which restores ownership of resources on Bougainville to the customary landowners, is the only option that is constitutionally legal. "So any attempt to impose any other resource ownership system would be invalid and ineffective – they are risking a constitutional crisis.”

Resources rights activist Simon Ekanda shared similar sentiments. “Bougainville mining policy does not belong to Regan, BCL (Bougainville Copper Ltd) or the Australians, it belongs to the resource owners and the people of Bougainville. “This is to be a Bougainville mining policy written by Bougainvilleans in Bougainville for the Bougainville resource owners and people. “Section 23 of the Bougainville constitution returning the resource ownership to the customary landowners is to be the foundation of that policy. “Let me be absolutely clear – there will be no compromise on this. The Panguna landowners must determine that their interests will be best served by securing a special mining lease over their resource and then to entertain qualified mining companies with the view to putting Panguna back into production. He also cautioned ABG President John Momis to be careful with the new mining policy. “Both PNG and Bougainvilleans have died and it is unwise if Momis allows colonial administrators to rewrite Bougainville mining laws.”

LNG: Progress boost profits Post-Courier 27.2.2013

By Paeope Ovasuru

Oil Search recorded a net profit of K372.4 million (US$175.8) last year with a significant progress in the delivery of its key growth strategies. Peter Botten, Managing Director of Oil Search said this profit is based on a production of 6.4 million barrels of oil which is almost the same amount that was recorded in 2011. “Solid progress was made in the delivery of the landmark PNG LNG project, which has reached around 75 percent completion. Most of the heavy construction at the LNG plant near Port Moresby are done, completion of the offshore pipelay and more than 70 percent of the onshore pipe is now completed. Significant progress was also made on the Komo airstrip and at the Hides Gas Conditioning Plant, along with continuing progress of Hides Development drilling,” said Mr Botten. He added that major progress was also made on associated gas and life extension activities in the oil fields, in preparation for gas supply and liquids handling for the LNG project.

“We remain confident that the operator will be able to deliver the project within the revised budget announced in November 2012. Importantly, the project remains on track for the first LNG sales in 2014,” he said. In 2012, Oil Search improved its gas expansion activities focused on exploration and drilling in the Highlands with activities in the offshore Gulf. “In the Gulf of Papua, we welcomed Total as a new strategic partner into this area, securing an experienced, international LNG operator. We are preparing for multi well operation which is due to start in March,” said Mr Botten. 2012 was about progressive delivery of the PNG LNG project, but it also delivered strong resource growth that can underscore further gas expansion, solid oil production and new oil discovery he added. “The same priorities continue in 2013 and focus will remain on improving our safety performance and carrying out our business in a socially and environmentally responsible way,” he said. Mr Botten thanked retiring Oil Search board chairman Brian Horwood, for the outstanding leadership that he provided since 2004. “I would also like to congratulate Rick Lee on his appointment as chairman”.

Pacific Church leaders to discuss environmental impacts on mining

By Online Editor, PACNEWS, 26/02/2013, Solomon Islands

Regional church leaders will address the need for legislation to protect communities from the environmental effects of mining, logging and other extractive industries this week. A report to the Pacific Conference of Churches 10th General Assembly in Honiara, the Solomon Islands, will outline the need for a concerted effort by regional organizations to ensure that islanders do not suffer from mining and logging. Recent studies show that communities in Bougainville continue to suffer from skin diseases and respiratory illnesses more than two decades after copper mines closed. The PCC General Assembly will hear suggestions for national churches – especially in Fiji and Papua New Guinea – increase their efforts to ensure that landowners are fully aware of the impacts of mining and logging. Recent work by the PCC on behalf of its 34 church groups has involved creating partnerships with regional and international environmental groups with common interests in the area of extractive industry.

General Secretary Revered Francois Pihaatae said this move was taken after the conference's 9th General Assembly at Kananafou in American Samoa. "In the Christian context we believe that God has given us – the landowners – stewardship of the earth and its resources," Rev Pihaatae said. "Therefore we need to make decisions on the use of these resources in a way which ensures that the earth is cared for and not misused or abused. "Our people need to have all possible information on these industries to allow them to make constructive and informed decisions on mining – whether land or sea-based – and logging." Rev Pihaatae said it was important to note that not all Pacific communities were united in their stand on extractive industries including recent moves to introduce seabed mining. "In the case of seabed mining there is already a framework drawn up at regional level but as yet there are no programmes to educate the people on the effects of such an industry nor are there national laws or policies," he said. "This is one of the issues the regional churches will look at before addressing extractive industries.".
SOURCE: PACIFIC CONFERENCE OF CHURCHES/PACNEWS

Referendum needed to re-open PNG's Panguna mine, says Bougainville landowner
Radio New Zealand, 26 February, 2013

A landowner from the Panguna region in the autonomous Papua New Guinea province of Bougainville says a referendum would be needed before the green light is given to resume mining at Panguna. The Bougainville government is holding the second of four planned community meetings to hear the people's views on whether the huge copper and gold mine can be re-opened. In 1988, anger over alleged environmental damage and human rights abuses at Panguna sparked a civil war and closed the mine. A former presidential candidate and a landowner at Panguna, Martin Miriori, says before any re-opening there would need to be compensation, reconcilation and awareness building, followed by a referendum. "So that people can just vote on whether the mine should be opened or whether it should remain closed. And with that mandate from the people then, we can go ahead and, say, talk about reviewing the Bougainville Copper agreement, or a new agreement that needs to be negotiated."

Mines using unsafe systems
The National, 26th of February, 2013

THREE of four major mines in PNG use a tailings system that is banned in most countries, according to Attorney General Kerenga Kua. And the country does not have a specific law that regulates the management and disposal of tailings from mining activities and other industrial waste. Kua, whose speech was read out by Constitutional and Law Reform Commission secretary Dr Eric Kwa at the launching of the paper on environmental and mining laws relating to the management and disposal of tailings, said the Porgera, Tolukuma and Ok Tedi mines used the riverine tailings disposal system which involved releasing tailings directly into the river system. "It is regarded as so environmentally-unfriendly that many developed nations such as Australia, Canada and the US have effectively banned it," Kua said.

"And the World Banking Group's 2003 extractive industries review consultation recommended that no WBG-supported mining project should use riverine tailings disposal. "Since 2005 only four mines continue to employ this method – Ok Tedi, Porgera and Tolukuma mines in PNG and the Grasberg mine in West Papua (Indonesia)." He said there were several other methods of storing or disposing tailings available in the world of mining. Kua urged participants to come up with the best available method for the country and future generations. He also called all participants to use this opportunity to come up with the best legislation to address the issue.

NPCP seeks to be biggest oil firm in Pacific

The National, 26th of February, 2013

THE government wants newly-established National Petroleum Co of PNG (NPCP) to become the single biggest petroleum company in the Pacific, Finance Minister James Marape said. Speaking at the swearing in of new board members last Friday, he told the new board members that they were all highly-respected Papua New Guineans in the business community and the government and people of PNG had very high expectations of them. The board is chaired by Kramer Ausenco chief executive officer Frank Kramer, with board members being Trans Wonderland managing director Larry Andagali, former Public Enterprises secretary Mathias Lasia, Mineral Resources Lihir (MRL) chairman Mark Soipang scientist Dr Benedict Yaru, PNG Chamber of Mines and Petroleum president Dr Ila Temu and NPCP management led by Wapu Sonk in his capacity as acting managing director. NPCP, set as Kroton in 2008, is the company nominated by the state to participate in the PNG LNG project, and was revived by the national executive council (NEC) just three weeks ago, after being shelved in November 2011.

"The call is simple: we want NPCP to become the single biggest petroleum company in the Pacific," Marape said. "If you can capture, if you can align your corporate plans towards this vision that NPCP must become the biggest petroleum company in the region, then the government has got it correct. "That is the vision of this government. "That is the demand placed on you. "That is why we expect to harness your experience, wherever you come from. "We ask you to bring onto this table your skills. "That is the only reason why you were appointed. "For too long, we have been playing second fiddle. Marape said NPCP had previously been shelved by the government, after the Somare government was replaced in 2011, and had now been revived. "In this instance, all of you (board members) were selected on your own merits," he said. "Your were selected on the merits of your business propensity, your commitment to sound business practices, what you can deliver to NPCP. "You were not selected from your political background or affiliations. "We've placed huge expectations on your shoulders."

Landowner firm receives K142,000 in shares

Post-Courier 26.2.2013

AN umbrella company for landowners in the Kutubu and Moran areas recently received a significant financial boost from one of its shareholders. KutMor, a company representing these two groups of people, received a payment of K142,000 from Peter Wawe, a representative of the Fasu-speaking people. In the Kutubu and Moran licence and buffer areas, shares have been subscribed by various local groups, individuals and others in most of the 14 share classes, established for the representative umbrella landowner company KutMor Limited, whose establishment was agreed to by landowners and their company leaders. Each of the classes represents seven percent of the equity holding. KutMor Limited was established after an agreement was reached by a large meeting of landowner and landowner company leaders to form a single representative umbrella company with shareholders from 14 different geographic areas in and around the Kutubu and Moran petroleum development licences. Shareholders in each of the 14 share classes are incorporated land and other groups and dividend benefits will go directly to the individual members of these groups. To date over K1 million has been subscribed by shareholders and it is hoped that soon another equal amount will also be subscribed. Local business development is an important component of any relationship between resource developers and recognised landowners in affected licence areas.

Western Province: School gets new classrooms Post-Courier 26.2.2013

By MELISSA MARTIN

FOUR new classrooms at Tabubil Secondary School in Western Province were opened yesterday by the chairman of Ok Tedi Mining Limited and PNG Sustainable Development Limited, Sir Mekere Morauta. The classrooms are part of a K10-million funding deal between OTML and PNGSDP to improve educational opportunities in the province. The buildings consist of an 8-unit Year 11 and 12 classrooms, an 8-unit teacher housing complex and an expansion and upgrade of the computer laboratory and library. The project was funded by OTML (50%) and PNGSDP (50%) as part of their continuing investment in the social and economic development of Western Province. While officiating at the launching, Sir Mekere Morauta said he can think of no better use of the money than for the children's education. "The children represent the future of Western Province and they need to be equipped to go out into the world and succeed as adults. "I hope that some of them at least go on to become leaders of this province, and possibly of the nation," he added.

Sir Mekere stated that Tabubil High School is one of the most important sources of opportunity for Western Province's children. "OTML and PNGSDP are very pleased to be able to make a significant contribution to the future of Western Province and the nation by funding these classrooms," he stressed. Sir Mekere said the expansion of the school to Years 11 and 12 would be a huge relief to parents, who naturally want to avoid sending their children to other schools in PNG and Australia. The K10 million investments by OTML and PNGSDP also include improvements to the school's library and canteen, and general maintenance of existing classrooms. The Year 12 classrooms will be completed in time for the 2014 school year. PNGSDP is a 63.4% shareholder in the Ok Tedi mine. The dividends from its shareholding are used to support the development of Western Province and the nation. OTML has its own social and economic development programs.

Compensation Key To Reopening Bougainville Mine: Landowner

Forum gets underway to discuss possibly restarting mining at Panguna

WELLINGTON, New Zealand (Radio New Zealand International, Feb. 24, 2013) – People in the north of the autonomous Papua New Guinea province of Bougainville gather in Buka this week to air their views on a possible re-opening of the huge Panguna copper mine. Dissatisfaction over the mine was the catalyst for the outbreak of the civil war and it has lain idle for the past 24 years. The forum in Buka is the second of four planned around the province to gauge feelings about a possible re-opening. A Panguna landowner and former presidential candidate, Martin Miriori, says compensation is the first and foremost issue. "Because today people are still talking about loss of life - 20,000 lives lost, properties lost, businesses, and in order for any settlement to be made compensation has to be a matter that has to be addressed." Martin Miriori says just how much compensation would be sought has yet to be decided.

Nautilus CEO opens up on PNG dispute

Nautilus Mining CEO, Michael Johnston, walks shareholders through the various points of contention between it, the PNG government and the launch of its Solwara 1 mining project.

Author: Kip Keen, 23 Feb 2013, HALIFAX, NS (MINEWEB) -

Nautilus Minerals has concluded quasi-secret negotiations with project partners over intellectual property rights in the hopes of resolving what has emerged as a major point of contention for the Papua New Guinea government in a broader dispute over the Solwara 1 underwater mining project and the state's 30 percent equity interest in it. Speaking in a conference call on Thursday, Michael Johnston, Nautilus president and CEO, said that Nautilus has been willing to provide Papua New Guinea ownership of intellectual property rights. But the problem, as Johnston told it, was that many of the deeds covering proprietary technology and subsea mining methods, which Nautilus and several partners developed over the years, did not contain clauses allowing for a third party, such as the Papua New Guinea government, to come on board as an additional partner and owner of the intellectual property rights.

Thus, Johnston described sensitive negotiations over the past few months in which Nautilus had to go to its partners, “household names” in the dredging business he gave as examples, to convince them to redraw the deeds to allow the Papua New Guinea government to gain direct 30-percent ownership of the intellectual property rights. Now, Johnston said, Nautilus has redrawn the deeds with its partners and delivered the new terms to the Papua New Guinea government. Johnston said he had hoped to hear back from the government last week on its view of the new deeds, but that Nautilus has yet to be contacted by Papua New Guinea officials. Nonetheless, Johnston, who said he had just returned from a trip to Papua New Guinea on the morning of the conference call, stated that he has high hopes about an overall resolution to the dispute. "We had a number of very good meetings with senior politicians and I'm quite confident that we will get resolution to this dispute in the not too distant future."

Apology to investors
While not a secret, hitherto Nautilus had not publicly explained in any great depth the importance of the intellectual property rights issue to the Papua New Guinea government. Thus, responding to a question from a private investor, Johnston was apologetic in describing why Nautilus had needed, in his view, to be tight-lipped about negotiations with its technology partners. “It’s always very hard,” Johnston said. “When we’re negotiating with the other third parties involved on the IP (intellectual property) you can imagine it’s very difficult for us having conference calls, update calls like this. If I was to tell people that that particular piece of IP is quite critical to us closing this agreement, you can imagine someone’s ears would prick up. “I apologize if we’ve come across as being a little secretive, if you like...but it has been commercially difficult for us to be able to tell people exactly what was going on with that IP.

“But now...we believe those deeds are sorted out and we’re now quite open about what those issues were. And, as I said, it goes right back to those design challenges that we had in the very early stages to develop and come up with the best system for seafloor mining. And, unfortunately, during that process we didn’t think at the time we would require another party’s name on the deeds.” By getting rights to the subsea mining technology, the Papua New Guinea government will be allowed to use the same methods as Nautilus intends to employ at Solwara 1 on its own non-Nautilus projects. This fact raised the question of whether Papua New Guinea could then go and license the technology to potential competitors (assuming Papua New Guinea consents to the new deeds). In response, Johnston said, the terms of the renegotiated deeds required approval from Nautilus and its partners were such a situation to arise. Further, Johnston noted that as part of the redrawn deeds, were the Papua New Guinea government to employ the technology on its own or through an approved partner Nautilus would get royalty payments from any other mining project.

30 percent participating interest
There also remains the issue of an outstanding bill of roughly $80 million that Nautilus maintains the Papua New Guinea government owes it for work on the Solwara 1 project. Last year, as the dis-

pute between Nautilus and the Papua New Guinea government escalated, the parties initiated a dispute resolution mechanism for arbitration on the matter, with the Papua New Guinea government alleging Nautilus had not met contractual obligations. Johnston said a hearing date would be made in mid April, at which point there could be final resolution on the outstanding bill - a key reason why Nautilus has put the Solwara project on hold. While Johnston would not comment on the matter, some participants on the conference call wondered if the resolution on intellectual property rights - not in the bag yet but seemingly closer than ever - might expedite an ultimate solution. On this Johnston would only say that the arbitration process is “firmly underway in parallel with discussions, without prejudice, with the state."

Takeover, financing

Meantime, Johnston threw cold water on the takeover and financing proposals made by Ottawa businessmen Michael Bailey in early January that, as covered in these pages, contained numerous discrepancies. (See: Discrepancies, denials in C$238m hostile bid for Nautilus Minerals and “Ottawa businessman shifts tactic from takeover to financing in Nautilus bid.”) “No formal bid was ever received by Nautilus during this process,” Johnston said. “None of our major shareholders were ever contacted. And then on the 15th of January Mr. Bailey proposed an equity line finance facility. On reviewing those terms it was obvious that they did not comply with TSX or Canadian corporate laws. And the takeover just quietly seems to have gone away.”

But that quiet may soon be broken. Bailey said in an interview Thursday that it was news to him that Nautilus had rejected the financing proposal, which he argued was in the best interest of Nautilus shareholders. He also maintained that, as previously stated in a press release, he intended to go ahead with a takeover, which he has previously claimed is fully funded by unnamed sources, if Nautilus did not agree to the equity line financing for $80 million. "The whole situation is exactly how it reads in the news,” Bailey said. “If they don't proceed with the financing then we're going to proceed with the takeover.” He then said, “We're in discussions with them about the financing." Such discussions were not recent according to Nautilus chief financial officer Shontel Norgate. Norgate said in an email on Friday that “We have had no communication with Mr. Bailey since mid January.”

CLRC Issues Paper on the disposal of mine tailings

by PNG Mine Watch, 22.2.2013

The Constitution and Law Reform Commission has published an Issues Paper on Environmental and Mining Laws Relating to Management and Disposal of Tailings by the mining industry in PNG.
Download your copy: Issues Paper on tailings disposal (1.5mb)
Any interested persons or organizations are invited to provide a submission or comments on the Issues Paper before the deadline of 30 September 2013.
Papua New Guinea is one of the few countries in the world that still allows the dumping of toxic mine tailings into its rivers and oceans.
This is despite the appalling environmental disasters this dumping has caused at Ok Tedi, Panguna, Porgera, Misima and Tolakuma... etc.
As the Minister for Justice explains in his introduction, the Issues Paper was commissioned in response to:

- the various concerns and comments raised by indigenous Papua New Guineans living within mine tailings disposal areas, including waterways and coastal areas over mining waste management and disposal into the environment and the consequential harm to the environment;
- recent concerns and reports on the high toxicity levels of hazardous chemicals and heavy metal traces which have been found to occur in the sample of population in mining waste disposal areas; and

- the need to systematically and properly consider these concerns and the need to take corrective measure should these concerns be found to be so;

The reference to the Law Reform Commission to prepare the Issues Paper was originally made in July 2007 - almost 6 years ago.

Porgera mine 'friendly to environment'

The National, 22nd February, 2013

PORGERA gold mine in Enga province has been certified to International Organisation for Standardisation (ISO) 14001 international standard for environmental management systems (EMS). ISO 14001 sets out the criteria for an environmental management system. It does not state the requirements for environmental performance, but maps out a framework that a company or organisation can follow to set up an effective environmental management system. It can be used by any organisation regardless of its activity or sector. Using ISO 14001 can provide assurance to company management and employees as well as external stakeholders that environmental impact is being measured and improved. Porgera's EMS, headed by the company's environment department received the certification following a certification audit last September conducted by consultants from Environmental Resources Management and Certification and Verification Services (ERM CVS).

Issue paper launched Post-Courier 21.2.2013

By ANCILLA WRAKUALE

THE long coming issue paper on the review of environmental and mining laws relating to management and disposal of tailings was launched in Port Moresby yesterday. The Constitutional and Law Reform Commission launched the issue paper yesterday after almost six years since 2007. The paper was the outcome of the then Minister for Justice, Mr Bire Kimisopa, who issued a Terms of Reference (TOR) following various concerns and comments raised by Papua New Guineans living within mine tailings disposal areas, including waterways and coastal areas, over mining, waste management and disposal into the environment. The primary purpose of the issue paper was to provide background information and context on the subject matter of this reference. It then asks a series of questions designed to stimulate discussions and responses from affected stakeholders and the general public.

Secretary of the CLRC, Dr Eric Kwa, urged all stakeholders, industry players and the general public to work together to find appropriate ways forward for this matter. "Our main function is to conduct inquiry and make recommendations for government to look into," Mr Kwa said. Submissions to the inquiry will end on 13 September this year. The objective of the reference was to inquire into and review the systematic development and reform laws relating to the management and disposal of mine tailings; including containment and treatment of toxic chemicals and heavy metals with the intension of making them consistent with the industry and world's best practise standards. Final draft report and recommendations on the issue paper will also be made later on. "We really want to give best report to the government that will benefit all of us. "We will also send the report to independent reviewers to give us feedback and to ensure we don't do mistakes. Starting today (yesterday) our office will be open to receive written submissions from the public and those from the industry," Kwa said.

Minister of Justice, Kerenga Kua said mines are responsible for massive local infrastructure development, which includes improvement in transport, housing, health care and education. "However, the biggest challenge for mines in PNG is to deal with the environmental issues in this pristine country and to address the needs and expectations of landowners", he said. There were nine issues raised in

the paper and some of these issues included:
- Should riverine tailings disposal be banned in PNG?
- Should Deep Sea Tailings Placement be banned in PNG?
- Should a specific legislation be enacted or should the Mining Act of the Mining Safety Regulation be amended to address tailings waste management?

PNG LNG growing Papua New Guinea businesses Post-Courier 21.2.2013

NESSO Highlands Limited, the local affiliate of ExxonMobil Corporation which operates the mega PNG LNG Project, is striving to grow local businesses and has spent approximately K1.29 billion. EHL operates the PNG LNG Project on behalf of its co-venturers Oil Search Limited, National Petroleum Company PNG, Santos Limited, JX Nippon Oil and Gas Exploration, landowners through Mineral Resources Development Company and Petromin PNG Holdings Limited. According to an ExxonMobil report published in the PNG Chamber of Mines and Petroleum publication called Profile (12th Edition), EHL considers "the engagement and development of local suppliers an important component of its National Content Plan." The report states that supplier development involves purchasing local goods and services, transferring knowledge and skills, and increasing PNG suppliers' capability to help them meet the global standards that are expected for contracts with PNG LNG and other projects. To boost its local business development focus it established the Enterprise Centre in April 2010, which is run by the PNG Institute of Banking and Business Management in Port Moresby, under a five-year agreement.

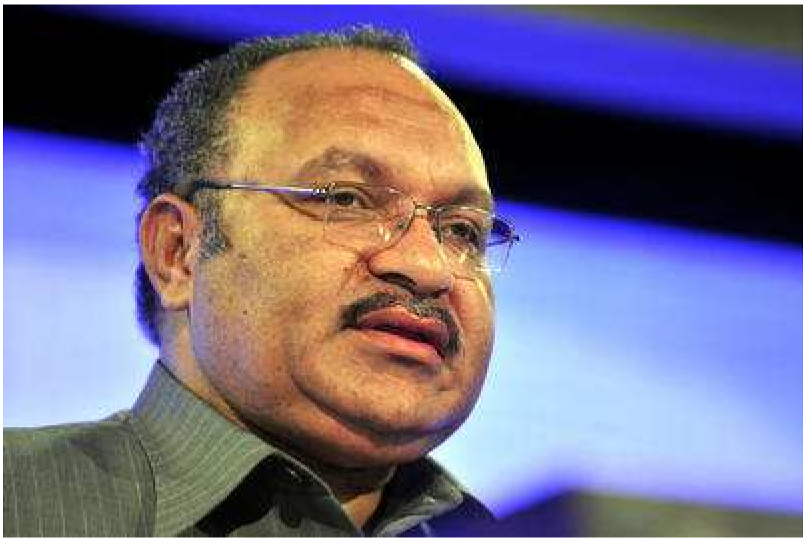
The centre supports PNG businesses, in particular Project landowner companies (Lancos), in many ways including building business skills, facilitating access to business opportunities and ensuring efficient communication with the Project, contractors and sub-contractors. The work of the Enterprise Centre and the Project's Business Development Team has played an important role in promoting local participation in the Project, with approximately K1.29 billion in Project-related spend with Lancos so far. The report further states that this has contributed towards a total in-country Project-related spend with both Lanco and non-Lanco suppliers reaching almost K5.7 billion (US$2.7 billion). Mid-2012 saw the Enterprise Centre achieve a milestone when it completed its 200th business assessment report since it began in 2010, with a pleasing record of more women's organisations taking advantage of the training and business assessment opportunities it offers.

Wafi-Golpu land case set for final trial Post-Courier 21.2.2013

By JASON GIMA WURI

PLAINTIFFS challenging the former Mining minister John Pundari for disbanding the Special Land Titles Commission hearing of the Wafi Golpu land ownership in 2010 have now been set their date for Wednesday 3rd April 2013, 9:30 am.The National Court on Monday 18th February, 2013 at the direction hearing heard by Judge Gavara Nanu, set this final trial. Mr Martin Tapei, chairman of Piu Land Group Incorporated, who is the principal plaintiff in this case, with 11 other parties, have already filed a review book of 1,077 pages in court; while the State lawyer has filed only two page of affidavit in court. "We are challenging the decision of the former Mining minister John Pundari in disbanding the three Special Land Titles Commissioners from hearing the ownership of Wafi Golpu mine. "I now would like to announce to the general public and the developer of the Wafi Golpu mining project, Morobe Mining Joint Venture, that there are so-called landowners and conmen going around and misleading the people with false information on ownership of Wafi Golpu in the media, while ownership is still pending in the National Court for judicial review, and that is a contempt of court. "We the plaintiffs in this case are now ready and waiting for the judge to hear the trial and finish the case without further delay," said Mr Tapei.

Can PNG convert growth into development?
East Asia Forum, January 20th, 2013, Author: Stephen Howes, ANU
Papua New Guinea experienced yet another year of high growth in 2012: GDP growth over the past 10 years has averaged close to 6 per cent.



Growth is expected to slow this year, but the medium-term outlook remains positive. Yet the World Bank's new country strategy for PNG states that poverty levels 'have not changed significantly over the last 15 years'. In the capital, Port Moresby, poverty has actually risen over this period. Many refer to the last decade as one of lost opportunity. Government revenue almost tripled, but there seems to be little to show for it. The recent observations of one PNG researcher, Andrew Anton Mako, are telling: I am from a very remote village deep in the Highlands of PNG. In the last fifteen years, the single health center, the primary school which I attended as a boy, an airstrip that brings supplies to the village, and agricultural extension services have all closed down, and shrubs are now growing on a new road which was built in the late 1990s to connect my village to the nearest town. The 10,000 plus people in that part of the country are literally struggling each day.

How can PNG do a better job of converting growth into development? There are no easy answers, but five issues will loom large in 2013. First, the new O'Neill-led government has decided to spend big, increasing expenditure by almost 30 per cent in the 2013 budget, pushing the deficit from 1 to 7 per cent of GDP, and devolving expenditure to lower levels of government. Effective expenditure is key to improving development prospects, but the new budget strategy is fraught with risk. The projections which return the budget to balance by 2015 assume real cuts to government salaries, which brings their credibility into question, but the bigger issue is whether the large increase in funds will be well spent. The government also announced in the budget a review of mining taxation. This is particularly welcome because of suspicions that PNG's mineral projects are riddled with tax exemptions.

Second, 2013 will be an important year for PNG's new sovereign wealth fund (SWF). Too often, the SWF is seen as the key for PNG to avoid the resource curse. In fact, it's only one piece of the puzzle, and it remains to be seen whether the SWF will make a positive difference. With the decline in commodity prices, it now seems unlikely that any funds will flow from government tax revenue into the SWF in the foreseeable future. But dividends from the country's mega LNG Project also go to the SWF. Whereas tax revenues were to be saved (in the Stabilisation Fund), the dividends will be spent (through the Development Fund). Yet the legislation to determine spending rules for the Development Fund has not yet been seen. That's a real gap, and a risk: depending on design, including fiduciary restraints, the SWF might make things worse than if the dividends were received and spent within the budget, like any other revenue source. Since LNG dividends will start to flow in 2015, the government has to fix this problem soon.

Third, the O'Neill government has been commendably active on corruption. But will we see in 2013 the establishment of an Anti-Corruption Commission, its key election promise? Fourth, state-owned enterprises continue to be a drag on development rather than an agent for change. Essential services, such as electricity and water, are under state control and are dysfunctional for that reason. As former prime minister Sir Mekere Morauta has suggested, there seems to be a choice in PNG between ownership by the people and services to the people. Unfortunately, despite widespread agreement that the Morauta government's 2002 privatisation of the PNG Banking Corporation was wildly successful, privatisation remains off the agenda.

While there might not be progress in this area in 2013, there could be regress. Most of PNG's state-owned enterprises are held by a trust, the Independent Public Business Corporation (IPBC), on behalf of the government. The Asian Development Bank has recommended that the IPBC be converted from a trust to a holding company, and PNG's minister for state-owned enterprises seems particularly interested in Singapore's Temasek Holding Company as a potential model. If the IPBC is corporatised, it is only going to make it easier for the government to develop new enterprises, and for state involvement in the economy to grow rather than shrink.

Fifth, gender is a critical issue for PNG, a country where gender-based violence is an epidemic. As a result of last year's elections, there are now three female members of parliament, up from just one. Three is still a small number, but the increase could be significant. Between them, the three hold the posts of minister, deputy minister and provincial governor. Two are party colleagues of the PNG treasurer, Don Polye. If the three MPs can get support from powerful allies such as Polye, there is at least a possibility that 2013 could be the year in which gender at last gets the attention it deserves in PNG.

Overall, opportunities and risks in PNG are finely balanced. On the positive side, not only is there more revenue and more job creation, but with the passing of the political torch from Somare to a younger generation has come a welcome impatience for change, and a number of promising initiatives. And political stability was regained in PNG last year. But, as the Somare era showed, political stability is not sufficient for development in PNG. This year won't see a turn-around in PNG's development prospects, but how the government handles the five issues above will go a long way to determining whether it will be a year of development progress or regress.
An expanded version of this essay is also posted here.

Mining Associations Discuss Re-Opening Panguna Mine

Landowners say reconciliation must come before any action

WELLINGTON, New Zealand (Radio New Zealand International, Feb. 20, 2013) – The leaders of the six mine lease associations in Panguna in the autonomous Papua New Guinea province of Bougainville (ABG) say they should be fully funded through the new Panguna Peace Building Strategy. Launched with Australian assistance last week, the Strategy aims to foster reconciliation around Panguna, where the mothballed copper mine that sparked the ten-year civil war is located. There is widespread interest in re-opening the huge mine but the lease association's chair Chris Damana, who is heading an interim landowners' umbrella group, says nothing can happen before a full reconciliation within Panguna communities. He says they are in Buka for talks with the Autonomous Bougainville Government, the ABG, about key issues that need to be addressed. "One of those issues that we will be talking [about] is for ABG government to fully fund Panguna landowners' associations. We have done our in-house preparation and I think are the things that need to be funded from this Panguna Peace Building Strategy."

Potential for coal mining in PNG Post-Courier 20.2.2013
By Paeope Ovasuru

Coal, one of the world's largest sources of fuel, can become one of Papua New Guinea's source of income like gold and copper. Despite having a strong mineral and petroleum industry, coal deposits have never been extensively explored. In the early 1900s, patrols recorded a number of coal deposits in the upper reaches of Kikori, Purari and Era rivers, though initial attempts to exploit these deposits were overcome by limitations of both access and technology. Waterford PNG, a company dedicated to developing a viable coal industry in the country, conducted coal explorations towards PNG's western border in 2010. At the same time, Oil Search also tried to access the coal bed methane (CBM) in Western Province. Though their exploration did not yield, they found coal bearing strata and a number of petroleum wells had encountered coal measures at varying depths.

Waterford has now approached Mineral Resources Authority to undertake a study of coal's potential economic benefit to the country. The main aim of the study now is to identify potential CBM and coal resource areas and provide basics for a future coal and CBM industry. For the Waterford project, the data has been collated to provide partial coverage of the western half of PNG. The locations of 357 petroleum exploration and production wells were compiled from DPE and are estimated to capture 90 percent of the existing data in the area of interest. Waterford is hopeful that a surface coal industry may one day be developed. If successful, the company predicts the development of a surface coal industry close to waterways followed by larger inland mines with access to existing roads.

Mt Kare locals warn MP not to interfere with mine issues
The National, 20th February, 2013

By ELIAS LARI
LANDOWNERS of Mt Kare gold mine in Enga are calling on Laigaip-Porgera MP Nixon Mangape not to get himself involved in the mine issue. The landowners, led by Isap Lape, chairman of the Apa Youpe Mt Kare Gold Deposit Company Ltd warned Mangape to keep his distance and not interfere. He said on Jan 23, at a warden hearing at Mt Kare, Mangape told landowners, investors and government representatives that the mine would proceed. Lape said MPs in Enga such as Mangape, Governor Peter Ipatas, John Pundari (Kopiam-Ambum), Don Polye (Kandep) and Robert Ganim (Wabag) should focus on delivering basic services to the people. "We are not interested in smart talk. "We expect action," Lape said. He said Mangape, who is the chairman of the Porgera gold mine, and cannot jump over to speak on behalf of Mt Kare. Lape said they have fought for more than 20 years and did not see any support from their MPs. He added that anything to do with mine should be addressed with the right people.

China: West Pacific exploration gets initial OK
By Wang Qian (chinadaily.com.cn), 2013-02-19

China's application to explore cobalt-rich ferromanganese crusts in the West Pacific Ocean in 2013 received an initial OK after evaluation by the Legal and Technical Commission under the International Seabed Authority in early February. Jin Jiancai, secretary-general of the China Ocean Mineral Resources Research and Development Association, said the International Seabed Authority will make the final decision on whether to approve the application in July, China Mining newspaper reported on Feb 19. He added China began exploring cobalt-rich ferromanganese resources in the 1990s, and an approval of the application will enhance the country's scientific acknowledgement and environment assessment capacity. Cobalt-rich ferromanganese crusts are composed of mineral resources such as manganese, cobalt, copper and rare earths, which are usually found on the flanks and summits of seamounts, 2,000 meters below sea level.According to the research and development association, it applied to the International Seabed Authority, a United Nations body overseeing mining in international waters, to search an area of about 3,000 square kilometers in the West Pacific Ocean in July. In the application, the association offers an equity interest in a joint venture arrangement with the authority to share at least 20 percent of its profits in the applied area in future exploration.

Gulf gas project to cost US$400 million

The National, 19th February, 2013

AUSTRALIAN company Twinza Oil Ltd says that the Pasca A field development, located about 250km northwest of Port Moresby will cost more than US$400 million. Chairman Bill Clough said the company was encouraged by the evaluations to date, which suggested that a significant rich wet gas resource remained undeveloped in Pasca A in the Gulf of Papua. “Twinza has been investing directly in Papua New Guinea since 2007 although its major shareholders, the Clough family, were previously involved via Clough Engineering in construction projects in Hides, Kutubu, Gobe and the Napanapa refinery,” he said. “Preliminary engineering estimates suggest that Pasca A field development would cost more than US$400 million. Twinza Oil Ltd will be joined by state-owned Petromin in petroleum prospecting licence (PPL) 328 in a joint operation after the signing last Friday. Clough said the joint-venture was studying how to develop these gas resources and was evaluating domestic gas options including gas supply to Port Moresby for power generation.

Bougainville: Call to re-open Panguna

Post-Courier 19.2.2013

By KONOPA KANA

A FORMER employee and one time fleet trucking contractor to Bougainville Copper Limited (BCL) has once again asked the O’Neill-Dion Government, the Autonomous Bougainville Government (ABG) leaders and the Panguna landowner’s co-operation to re-open the default multi-million Kina copper mine. Mr Kandaso Napi, Member of British Empire (MBE), urged all stakeholders, landowners and government to meet, discuss and explore all avenues available that would lead to reopening the Panguna copper mine as soon as possible for the benefit of Bougainvillian men, women and children. Mr Napi, who has a longstanding relationship with the people of Bougainville through his past association with BCL and the Panguna landowners, said he gets emotional when he comes across his former workmates, business colleagues and other Bougainvillians including landowners, who have been reduced to nothing as a result of civil war on the island.

He said he feels very sad and heartbroken to see Bougainvillians who were once successful entrepreneurs in their own rights now living off the streets of Port Moresby or the jungles of Bougainville. Mr Napi told Post-Courier that Bougainville contributed immensely to the nation’s coffers through the copper mine well before other mineral and petroleum resources were discovered in other parts Papua New Guinea. “It is therefore only fitting that the people of PNG, through the national government should show some form of appreciation by providing development packages and finding a way forward to bring back life to the abandoned mine so that it will play a part in resurrecting the island’s economy back to its glory days,” Mr Napi said.

He said the former Peoples National Congress (PNC) leader and prime minister the late Sir William Bill Skate was the first PNG leader to set foot on the war-torn island. He said now the current Prime Minister and PNC leader, Peter O'Neill made a commitment to provide a K500 million development package to the Bougainville people, of which K100 million has already been released. "The reopening of the mine would complement the PM's commitment to bring normalcy back to the island," he said. Mr Napi went further by requesting the O'Neill-Dion government, on behalf of the long suffering people of Bougainville, to set up a ministerial committee to urgently work with all concerned parties including BCL in finding amicable solutions to reopening the giant copper mine.

LNG: Parliament to approve additional equity

Post-Courier 19.2.2013

By ISAAC NICHOLAS

PETROLEUM Minister William Duma has stated that the possibility of increasing additional equity in petroleum and mining projects will have to have Parliament approval.Mr Duma said it is open to any Member of Parliament to move a private members Bill to seek Parliament approval to increase equity. "There is nothing stopping all of us from working together. It is not my private equity. All of us need to work together, and if this Parliament thinks that the time is right now for the entire petroleum regime to be reviewed, than I stand ready to assist." "We operate on what is called a concessional regime, if it is the intention of parliament to review that regime and introduce production sharing regime or hybrid combining mixture of all regimes we find in the region, it is a matter for this parliament and I stand ready."

Minister Duma was responding to questions from Komo-Margarima MP Francis Potape, who told Parliament that it took landowners, the government and stakeholders 6-weeks to sign the UBSA in Kokopo. "Why it took six weeks was because landowners wanted more equity and we agreed to 7 percent with 2 percent free-carry by the State and 5 percent of the money is to be raised by landowners in the affected provinces. I feel we have let the landowners down because the gas will leave our shores next year and we have done little to raise that money." Mr Potape asked whether the 5 percent can be free carried by the national government now for a total 7 percent free-carry as there are no government projects on the ground in Kutubu, Moran, Gobe and Hides. "There are no national government projects on the ground. There is nothing to show on the ground.

The current government and all the past governments have failed the landowners. We can blame the landowners but its not a blame game anymore." "Has the Minister got any plans to increase the equity for landowners, not just 2 percent but 10-15 percent?" Minister Duma said the price for the additional equity of 5 percent for the LNG project agreed to at the UBSA was packed at K240 million which does not include the 2 percent free-carry. He said the government is now in a better position then 10 years ago with international financiers willing to lend. "They have trust and respect in our prime minister. It will not be difficult for this government to raise additional equity. I can assure landowners that this government is responsible and will take care of your equity." Mr Duma said.

PNG gives mining giant a hurry-up

ABC Radio Australia, 18 February 2013, By Firmin Nanol in Port Moresby

Papua New Guineans are concerned that mining company Xstrata is yet to gauge the likely environmental impact of a copper mine in West Sepik province. The writing is on the wall for Xstrata - PNG wants to know its intentions in West Sepik. Papua New Guineans are concerned that mining company Xstrata is yet to gauge the likely environmental impact of a copper mine in West Sepik province. The government is asking the multi-national mining group to make a final investment decision on its Frieda River project. The Mining Minister, Byron Chan, says the government wants to know if Swiss-based Xstrata is going ahead with development of the mine. He said the company has a licence to develop copper deposits it has found.

But it has yet to complete an environmental impact assessment for approval. The provincial government of West Sepik wants to know the status of the planned operations, he said. Mr Chan said: "I am determined to make sure they develop this project. (Or) if not, I have been given the assurance by (local) leaders to determine the future of Xstrata mining in the country. "However . .. we will allow them the normal process and we will look at ways to assist this project." Development of the remote site at Telefomin is estimated to cost nearly $US5.6 billion. Mr Chan said the government was willing to to absorb some of the huge infrastructure costs. The member for Ambunti-Drekikir, Tony Aimo, whose electorate neighbours the Telefomin site, said he is anxious to avoid a repeat of the pollution of the Fly River in Western Province by the Ok Tedi mine

K10.5million in IDGs paid to landowner company account

The National, 18th February, 2013

By JEFFREY ELAPA

INFRASTRUCTURE Development Grants (IDGs) totalling K10.5 million were paid to a landowner company account and a sizeable portion withdrawn in cash and cheque payments drawing the ire of one Kutubu landowner leader. Bank South Pacific records showed that a Finance Department bank cheque for the amount was directly deposited into the Namo’Aporo Landowners Association account in March last year and allegedly misapplied by certain executive members. The IDG funds are normally administered by the Southern Highlands provincial government. Landowner leader Mark Sakai yesterday called on the provincial government and the national government to investigate the use of the public monies and recover the K10.5 million. In a note dated Feb 16 to Southern Highlands Governor William Powi, Sakai said: “Take note that after the administration funds were exhausted through withdrawals on a daily basis, the K10.5 million from the IDGs was touched and it is understood a total of K300,000 to K400,000 was used from that money and that may amount to misappropriation.”

According to BSP transaction records, cheque number 00038 was deposited by one Peter Heno into account number 1000145503 on the 12th March 2012 at BSP Waigani branch through teller number T6801 and cleared on the 21st March 2012 and drawdown commenced the very next day. It is clear from the records that only two bank tellers facilitated all transactions made on the account. Early this month, association leaders John Kapi Natto, Emma Attakaro, Roy Faso and Heno criticised Southern Highlands Governor William Powi for payments made to landowner groups in lieu of 2011 IDGs. “They were critical that IDGs were meant for projects in affected project areas and meant for individual landowner groups. “The very same guys who have petitioned the government and the governor last week have indulged themselves in the K10.5 million IDG,” Sakai said yesterday. Sakai is referring the matter to the police fraud squad.

Records at the Southern Highlands provincial treasury showed that the 2010 IDG for PDL2 (Kutubu) remain outstanding. After the cheque was deposited on March 21, 2011, cash transactions started immediately with a sizeable portion paid to companies associated with a particular executive. Other cash cheques of K10,000 were also written to individuals. The official signatories were Natto, Heno and Sakai with Natto being the master signatory who would sign jointly with either Sakai or Heno. Meanwhile, Natto said as per a court order, they never used more than K10,000 and the accounts were closed. He said after the court had declared him legitimate chairman of the association, he had not misused the money and could now deliver projects in the area. He claimed the allegations were framed to destroy his reputation.

JOA signed for Gulf gas Post-Courier 18.2.2013

PETROMIN PNG Holdings Limited (Petromin) and Twinza Oil Limited (Twinza) signed a Joint Operating Agreement on Friday for a graticular block PPL328 in the Gulf of Papua called the Pasca Gas/Condensate discovery. The Pasca discovery is located about 250 kilometers northwest of Port Moresby and was originally discovered in 1968, but was subsequently abandoned after the blow-out of the Pasca A3 appraisal well in 1983. PPL328 was awarded on 31 October 2011 to Twinza as Operator with 90 percent interest and Petromin through wholly owned exploration subsidiary Eda Energy Ltd with 10 percent equity. The license is currently in year 2 of the 6 year license tenure. Twinza is a private company categorized under Oil and Gas Exploration and Development and located in Nedlands, WA, Australia. Petromin is an independent company created by the State of Papua New Guinea to hold the State's assets and to maximise indigenous ownership and revenue gains in the mineral and petroleum sectors.

The Joint Venture partners have embarked on an aggressive technical work program to appraise and delineate the hydrocarbon resource and subsequently plan for early commercialization if economics are favorable. Petromin Managing Director and Chief Executive Office Joshua Kalinoe said: "Petromin is excited about its equity participation. We are confident that it is worth investing in such upstream petroleum development." Mr Kalinoe stressed that such investment decision is part of Petromin's strategic investment focus and direction it is taking to become a major exploration development company in both petroleum and mineral sectors within PNG. He said the JOA is adding value for Petromin and said both parties would work closely to ensure that more technical work is conducted to appraise and commercialise the Pasca gas/condensate discovery.

Chairman of Twinza Bill Clough, while signing the JOA, said Twinza was excited about the projects in the Gulf Basin and that they would not waste time in executing the JOA. Mr Clough said Twinza sees the Pasca gas/condensate discovery as a potential commercialization venture and would not hesitate to enter the JOA with Petromin. "Pasca gas/condensate discovery is one of the few projects Twinza and partners are looking at immediately to appraise and commercialize if viable. We are happy to partner with Petromin as it's also good for PNG in terms of commercialising the gas for the domestic market," Mr Clough added. He said the project if commercialized would look at Port Moresby as an ideal domestic market destination.

LOs welcome decision to revive National Petroleum Company Post-Courier 18.2.2013

LANDOWNERS have welcomed the National Executive Council's decision to revive the National Petroleum Company (NPC). Juha landowner chairman, Hengebe Haluja said the NPC which was dismantled by former Minister for Public Enterprise Sir Mekere Morauta, was not in the best interest of landowners. He said the cabinet decision to restore the NPC was to ensure that landowners' equity from the multi billion Kina LNG project can now be professionally managed by a State entity. Mr Haluja said the gas will leave Papua New Guinea shores by 2014 and landowners' equity can be transferred into an organization for accountability and governance. "On behalf of the landowners from the project impacted provinces, pipeline areas and licensed-based landowners, we commend Prime Minister Peter O'Neill for the initiative which will ensure stability and security for the LNG project." Mr Haluja said.

Globe and Mail Proclaims on Rapes in Papua New Guinea

MiningWatch Canada, February 15, 2013

On February 13, *The Globe and Mail*'s editorial board weighed in on the important issue of rapes by security guards at Barrick's mine in Papua New Guinea (*"Give due credit to Barrick Gold"*). Remarkably, *The Globe* determined that the deal Barrick is offering women who were raped and gang raped by employees of its Porgera mine in Papua New Guinea "seems fair." In return for such things as "counselling, access to micro-credit and medical care" Barrick requires of a rape victim that "she will not pursue or participate in any legal action" against the company "in or outside of PNG." Barrick's deal, however, is neither "fair," nor is it best practice. What Barrick is offering is not an out of court settlement. These indigenous women, who are poor and have very low levels of formal education, have not benefitted from any of the protections or safeguards offered by a court of law - and if they take what Barrick is offering them they never will. In similar cases that MiningWatch has documented of private agreements from the US and Australia, claimants are not required to sign away rights to future legal action on the same claims - they are even entitled to use compensation money to sue the entity that paid it.

Having proclaimed on the fairness of the deal Barrick is offering rape victims in return for legal immunity, *The Globe* brushes over the fact that Barrick has known for years that its guards were raping local women without doing anything about it, ignoring reports from local leaders, and legal and human rights clinics at New York University and Harvard. *The Globe* calls this lack of response by Barrick "regrettable" - not deplorable or unacceptable. In its choice of words *The Globe* shows disregard for the lives of these women and their families, even as it bends over backwards to "give due credit" to Barrick Gold. Like Barrick, *The Globe* has long ignored this story despite the fact that local leaders from Porgera have come half way across the world to Canada to issue press releases and raise alarm about the rapes at Barrick's annual meetings in Toronto since 2008. *Globe* reporters were always in attendance, but did not take the time to interview these community leaders.

Finally, *The Globe* uncritically adopts Barrick's excuses proclaiming sexual violence against women a "serious problem in Papua New Guinea, due in part to the country's patriarchal culture." In light of the horrors of the rapes in Porgera, this unexamined statement by the editorial board is all too similar to a dismissive statement made by Barrick Gold chairman Peter Munk in *The Globe* when he responded to questions about the rapes in Porgera by referring to countries in which "gang rape is a cultural habit." Violence against women is a problem all over the world, not just in so-called weak governance countries. This fact has come home hard this week in a Human Rights Watch report about high levels of violence by Canada's police forces against Indigenous women in Canada. When that violence is perpetrated by a company's security forces, the company should not exacerbate the abuse of those women's rights by securing legal indemnity for the company before providing remedy packages.

MRA promotes PNG Mine's in South Africa

EMTV, 15 February 2013

The Mineral Resources Authority says there is growing world interest in PNG's mineral sector. Acting Executive Manager in the Geological Survey Division Nathan Mosusu attributed this to the conducive mining fiscal regime in PNG.Mr. Mosusu attended the Indaba Mining Conference held last week in Cape Town South Africa, attracted business companies from all over the world. Nathan Mosusu represented the PNG mining sector. He told the conference that PNG has a strong and stable regulatory and policy mechanisms and processes to facilitate future potential investments. He gave an overview of South Africa's mining giant Harmony Gold who is in a joint venture arrangement with Australia's Newcrest Mining operating in the country. The two are operating the Morobe Mining Joint Venture in the Hidden Valley, Morobe Province.

The Mineral Resources Authority demonstrated PNG's capabilities in facilitating mining investments in the country in its booth. Featured were promotional materials like brochures, geological data and information on the regulatory and policy requirements were distributed. There were a lot of enquiries relating to PNG's geology, mining policies and regulations, and also the political situation in the country. The Mineral Resource Authority's delegation encouraged more South African companies to invest in the country and to show that PNG has the experience and ability to support them if they invested. They said investing in the PNG market is an advantage because of its favorable mining fiscal regimes such as low income tax on income and dividend.
Bernadette Efi, National EMTV News

LNG: Pipeline completed Post-Courier 15.2.2013

The PNG LNG Project's offshore pipeline is now complete following the final tie-in to the onshore pipeline in December 2012.The final tie-in – or connection – took place at the Omati landfall in the Omati River where the pipeline from the land (onshore) meets with the offshore (undersea) pipeline. The offshore pipeline is approximately 407 kilometres long and connects to the 292-kilometre-long onshore pipeline, which begins at Hides. Welding of the offshore pipeline began in October 2011; since then the progress has been rapid. "This is another example of the progress being made across the PNG LNG Project, despite difficult conditions," said PNG LNG Project Executive Decie Autin. "We are just over 75 per cent complete across the entire Project and on target for first gas deliveries in 2014." Ms Autin attributes the progress to the company's most important resource: people. "Our accomplishments have only been possible because of the extensive efforts of a strong team who have pulled together to make this Project possible," she said.

Elsewhere in the Project, the 2.4km jetty at the LNG Plant Site is almost complete, and hydrotesting of the two LNG tanks is underway. The major activities coming up for 2013 include the completion of the Komo Airfield and onshore pipeline, continuing construction of the Hides Gas Conditioning Plant, andongoing drilling activities. The PNG LNG Project is an integrated development that includes gas production and processing facilities, onshore and offshore pipelines and liquefaction facilities with participating interests being affiliates of Exxon Mobil Corporation including Esso Highlands Limited, Oil Search Limited, National Petroleum Company Papua New Guinea, Santos Limited, JX Nippon Oil and Gas Exploration, Mineral Resources Development Company and Petromin PNG Holdings Limited.

MRA invites South African mining investments Post-Courier 15.2.2013

The Mineral Resources Authority (MRA) has demonstrated at the Mining Indaba Conference 2013 in Cape Town South Africa last week, that it has the capability to facilitate South African (SA) mining investment in Papua New Guinea.The MRA used the conference to send out this message through a presentation to potential investors who attended the conference. The aim was to encourage more SA companies to invest in the country and to show that PNG has the experience and ability to support them if they invested. In his presentation the Acting Executive Manager of the Geological Survey Division Nathan Mosusu, gave an overview of South African mining giant Harmony Gold which is in a joint venture arrangement with Australian Newcrest Mining to operate Morobe Mining Joint Venture (MMJV) in Morobe. Mr Mosusu demonstrated how the PNG government was facilitating Harmony Gold's business interest in the country and that if there were other SA companies interested in entering PNG market, they would be given similar level of support. Mr

Mosusu said PNG had strong and stable regulatory and policy mechanisms and processes to facilitate future potential investments from SA. There were a lot of enquiries relating to PNG's geology, mining policies and regulations and the political situation in the country.

Bougainville: Talks on mine set Post-Courier 15.2.2013
By WINTERFORD TOREAS

THE second regional forum on Panguna negotiations will be held towards the end of this month in Buka.The forum, which will be held from February 26 - 27 at the Hutjena Secondary School, will be spearheaded by the Office of the Director for Panguna Negotiations. According to the Director-Panguna Negotiations, Raymond Masono, the aim of this forum was to engage and update the various stakeholders and the wider community in each region in Bougainville on the progress of preparing the ABG and the landowners to participate in the negotiations. Participants for this forum will come from Selau/Suir, Kunua, Tinputz and Torokina districts. One of the purposes of staging this forum is to gauge the views of people in these four districts regarding the possible reopening of the Panguna mine.

Mr Masono said this forum had continued the consultation process with the wider community regarding the Panguna mining issue, adding that consultation with the mine affected and impacted landowners and other stakeholders like the former combatants has already been completed. The forum will be officially opened by the President of the Autonomous Region of Bougainville Chief Dr John Momis. Other invited ABG leaders include the Mining Minister Michael Oni and Minister for Education John Tabinaman. The forum will be facilitated by officers from the ABG Mining Department, Division of Law and Justice and the Office of Panguna Negotiations. The first regional forum was held in November last year and was attended by various stakeholders from Buka, Nissan and the Atolls districts in North Bougainville. Many of those that attended the first forum had expressed support for the reopening of the mine because it will generate income for Bougainville.

No time for review
The National, 14th February, 2013

By JEFFREY ELAPA
FINANCIAL and time constraints are preventing the government from reviewing petroleum project memorandum of agreement in Southern Highlands, parliament was told yesterday. Petroleum and Energy Minister William Duma said this in response to a question by Southern Highlands Governor William Powi who asked if the department had any plans to review the MoA for the Moran, Gobe and Kutubu projects. Powi also asked if the government was going to fulfil all outstanding agreements with the provincial and local level governments and landowners. Duma said the landowners were at fault because they did not agree to any fixed amounts during the signing of the MoA. He added that the Moran review did not take place because of disagreements. The minister said that in some areas there were no developments to show for the funds received from the government. Duma said the PNG LNG project was the only project that had a fixed figure for the MoA funding. He reiterated that the reviews were necessary but could not proceed because of financial and time constraints.

Bougainville: Landowners want mine re-opened Post-Courier 14.2.2013
By WINTERFORD TOREAS

THE landowners of the world class Panguna mine in Central Bougainville want the mine to be reopened.Speaking during the launching of the Panguna Peace Building Strategy that was held at the Panguna Sports Ground on Tuesday, Chairman of the Panguna landowners association Chris Damana said the reopening of the Panguna mine is conditional, and that they are ready for the mine's reopening. However, Mr Damana said this will only come about if all factions, organisations and people within the Panguna area resolve their differences and work together. Mr Damana also told those present that the Panguna mine belongs to all the people of Bougainville. He said once the mine is reopened it will be owned by Bougainvilleans and not just the landowners. "If this Panguna is reopened, it is for Bougainville. "That is our mission statement. Panguna is for Bougainville, and I want to see the reopening of Panguna when I am still alive," Mr Damana said, which drew a lot of applause from the people. He said this is because all Bougainvilleans were affected as a result of the Bougainville Crisis.

Mr Damana also added that once the mine is reopened it will help generate revenue for Bougainville. "If we do not have the money, I am very sorry to say here today that we will not breakaway (from PNG). We need money to look after our schools. And this money must be generated here in Bougainville. The Panguna Landowners Association is made up of six associations from within the Panguna mining area. Other leaders from the Panguna area present during the launching said they also want the mine to be reopened. Meanwhile, Mr Damana is challenging the people of Panguna to unite for their future, which lies in their own decisions. He said in order to bring everlasting peace, they should work together with all the factions and organisations in the area. He also appealed to all Bougainville leaders to support the people of Panguna, adding that by doing this the Panguna Peace Building Strategy will achieve its purpose of establishment.

Leader: Leave miner be

Post-Courier 14.2.2013

By ANCILLA WRAKUALE

LANDOWNERS of Crater Mountain in Eastern Highlands Province would like the current developer, Gold Anomaly, to continue exploration in their area. A councillor and chairman representing a landowner group from Crater Mountain flew down from Goroka to Port Moresby on Tuesday to confirm that Gold Anomaly has started work in their areas and that they don't want people from the Nimi area to destroy the project. They refuted claims made by a John Peawa who claimed to be the Chairman of Nimi Landowners Resources representing over 10, 000 people. Chairman of Nevera Resource Owners Association Mr Mathew Kaulovo and Mr Daniel Ine Councillor of Wards 2 and 3, Unavi Local level Government in Lufa, Eastern Highlands Province said the other group was only trying to destroy the project and slow progress work there. They produced Investment Promotion Authority (IPA) and Mineral Resource Authority (MRA) registered documents were sighted by Post- Courier to prove they are the rightful landowners,.

Kaulovo said they are from the project impact area in Nevera and want the project to progress. Kauvulo said Anomaly is doing well and is planning to go into small scale mining at the end of this year. He said such actions by the other group will only chase away investors. Meanwhile, the other group, Nimi Resources Association claimed that both exploration licenses of Gold Anomaly had expired last year and that they were extracting minerals under the pretext of exploration licences. They are strongly objecting the renewal of the licences. Acting Managing Director of MRA Philip Samar said the tenement holder has two licences in the Crater Mountain area, one of which is current until September 2014. He said the other is under renewal and all rights of the tenement holder are preserved during that renewal process under the provisions of the Mining Act. "It is a matter for the tenement holder to disclose what its current activities are within the licence areas," Samar said.

Ramu locals elect executives
The National, 12th February, 2013

By JAYNE SAFIHAO
NEW executives have been elected for the four main landowner associations of the Ramu NiCo nickel/cobalt mine impact areas of Madang.The four landowner associations are inland and coastal pipeline, Kurumbukari (or KBK) and Basamuk. The elections were held at Basamuk in Raicoast with all previous executives returned to office. Many villagers were not happy with the results and threatened take to court action to challenge the executives, especially chairman Lima Mulung. Community leader and one of the plaintiffs challenging Ramu NiCo in the deep sea tailings placement case, Sama Melambo pointed out that Mulung had signed an affidavit claiming that he was from the Jaguat clan in Bibi village some kilometres away from Mindere village where he purported to be from and where the elections were held.

The four impact areas represented by the executives in Basamuk are refinery, limestone, accommodation and township and part pipeline. The re-elected executives were Mulung as chairman, Woi Gori as deputy chairman, Chris Duak as treasurer and Kuai Dup as secretary. "Dispela ino pinis yet, mipela bai karim igo lo kot (This is not over yet, we will take it to court)," said Gelep Josare, an elderly man who claimed to be one of the landowners who had missed out on benefits from the mining development. Chairman for coastal pipeline is Steven Saud, his deputy is Sauya Parara, secretary is Kisom Kud and treasurer is Jefferey Gamrai. Inland pipeline has Peter Tai as chairman, deputy chairman is Sam Aimai, treasurer is Mathew Apaura and secretary is Amos Ligai. KBK Landowners Association has Mathew Dengua as the chairman-elect, Diri Mobikai as vice chairman, Eddie Itarai as treasurer while the secretary's position is still vacant.

Bougainville Copper quotes increase in resource base Post-Courier 12.2.2013

The Bougainville Copper Limited has announced a significant increase in its resource base. BCL is currently completing a revised order of magnitude study (OMS) that evaluates the technical and financial requirements to redevelop the Panguna Mine. This study informed an updated Mineral Resource statement. Bougainville Copper Limited (BCL) is owned by Rio Tinto (53.83 percent) and the Government of Papua New Guinea (19.06 percent) with the remaining 27.11 percent publicly owned. Panguna is a large porphyry copper and gold deposit located on Bougainville Island. BCL operated the Panguna open pit mine from 1972 until 1989 when mining was suspended due to militant attacks on company personnel and operations. In 2012, BCL revised the OMS with current metal price and cost estimates, revised the scale and options for a potential development including consideration of a higher output and more efficient ore processing plant and larger scale open-pit mining.

The OMS base case considered mining rates of up to 100 million tonnes a year and processing DFO and PCS fines at 60 million tonnes a year. The resource estimate based on this OMS resulted in a 70 percent increase in tonnage to 1.8 billion tonnes, a 50 percent increase in contained metal to over five million tonnes of copper and 19 million ounces of gold and highlights the significance of the Panguna mineral resource. Assumptions used in the OMS can only be validated through further studies once safe access to the ground is made possible. BCL Managing Director Peter Taylor said, "Although we are only at the Order of Magnitude stage of project study, the revised resource estimate supports consideration of a number of potential development options. BCL continues to work with stakeholders on exploring ways in which the project may be advanced.

PNG owns MRDC Post-Courier 12.2.2013

THE Mineral Resource Development Company (MRDC) is a company for Papua New Guinea and not only for Southern Highlands.Community leader Joe Kambian said this when welcoming the re-appointment of MRDC managing director in Augustine Mano by the National Executive Council for another five-years. “Southern Highlanders must know that landowner equity from mines around the country such as OK Tedi, Lihir, Simberi, Ramu Nico, Porgera, Hidden Valley, and new ones that are coming through including Yandera and Frieda will be managed by MRDC.” Mr Kambian said MRDC was in the red when Mr Mano took over and has since grown MRDC into a very successful story. “We believe in Mr Mano’s capability and although he is a Southern Highlander, he has the interest of Papua New Guinea at heart and because of his milestone achievement, the government has extended another five years on his contract.”

He said if any other person who is optimistic of achieving better achievements than Mr Mano and can do much better than him can start criticizing and lobbying for the job. Mr Kambian said Pimaga station in Nipa-Kutubu was covered by bushes and the MRDC boss literally change the place around and also assisted in setting up BSP Rural banking at Kutubu. “We the people of Madang look forward to working under the stewardship of Mr Mano as we have new mines coming on stream including Yandera, Kurumbukari and the gas discovery in the Trans-Gogol area of Madang.” “We give our total support to Mr Mano and congratulate Prime Minister Peter O’Neill in extending the contract because he is one of the most capable managing directors.” Mr Kambian said.

SHP: Nari to test samples of fish

The National, 11th of February, 2013

By PETER ESOP WARI

THE Southern Highlands provincial government has sent samples of water and dead and live fish to the National Agricultural Research Institute at Aiyura in Eastern Highlands to find out why fish were dying at Lake Kutubu. The samples were collected by a team sent by the provincial government to Kutubu after landowners called on the provincial government to help them find out the cause of the deaths. Provincial adviser for the Agriculture and Livestock division, Kenneth Kuim Toap, said tests were being carried out on the mysterious deaths. Toap said a chemical spill from the LNG developer was said to be the cause of deaths, according to the landowners, but Esso Highlands Ltd refuted the claims, saying there was no evidence linking the fish deaths to any construction activity undertaken as part of the PNG LNG project.

“We cannot go ahead and pinpoint somebody without proper evidence and I appeal to the 7,000-plus people who benefit from the lake to stay calm as the tests are underway,” Toap said. He said according to reports, villagers saw dead fish floating since Dec 29 and had expressed concern as the lake was everything to them. “Once the tests are completed and if it was due to chemical spill from LNG developer, then the LNG developers will shoulder the blame,” Toap said. He it was an environmental issue. Esso confirmed receiving a letter from the landowners expressing their concerns and the Department of Environment had coordinated an evaluation and no evidence was found linking industry activities to the dead fish.

Rio Tinto plans to restart Bougainville copper mine

The National, 11th of February, 2013

RIO Tinto is looking into restarting its Panguna mine in Papua New Guinea, one of the world’s largest sources of copper and gold until the company abandoned it 25 years ago. A new study by Rio

Tinto's majority-owned subsidiary Bougainville Copper Ltd (BCL) says the mine on Bougainville Island still contains at least five million tonnes of copper and 19 million ounces of gold, worth US$41 billion and US$32 billion, respectively, at today's prices. Renewed interest in the Panguna mine comes as Rio Tinto, which is expected to report a 20% drop in annual profit to around US$10 billion on Feb 14, has earmarked a greater focus on its copper and iron ore businesses in the coming years. Rio Tinto has long-shunned returning to the island despite an end to hostilities in 2001 and discussions from time to time with the government. In 2005, it sold its stake in another mine in PNG's Lihir Island. There has been no exploration or mining at Panguna because the site remains off-limit despite the formation of an autonomous island government.

Between 1972 and 1989, some three million tonnes of copper and 9.3 million ounces of gold were mined from the Panguna lode. The potential for a restart could only be fully assessed once it was safe to return to the mine, according to Peter Taylor, managing director of Bougainville Copper, which owns the Panguna mine. The new estimate for copper and gold "supports consideration of a number of potential development options", Taylor said in a statement. "BCL (Bougainville Copper) continues to work with stakeholders on exploring ways in which the project may be advanced," Taylor said. Bougainville Copper's income is now generated primarily as interest revenue on a range of investments. In 2000, it began to dispose of its Bougainville assets and has since developed a portfolio of debt and equity investments. For the year ended Dec 31, 2012, it posted a loss of K5.4 million (US$2.6 million). – Reuters

Ramu Nico firms tri-nation bonds

The National, 11th of February, 2013

PAPUA New Guinea's first US$1.6 billion nickel project and fifth largest in the world has the potential to promote and further strengthen the mutual benefits and cooperation between China, Australia and PNG when it reaches its production capacity. Chinese Ambassador Qiu Bohua highlighted this during his brief visit to Ramu NiCo project's Basamuk refinery in Madang last Friday to convey the embassy's greetings and best wishes to Ramu NiCo staff and management on the eve of Chinese Spring Festival. Qiu was warmly welcomed by board chairman of Ramu NiCo Zhao Shimin, Philip Allcorn, general manager Basamuk refinery and other senior staff and management of the company. After receiving a site safety induction given by Ramu NiCo's training manager Jeffers Heptol, Qiu took a guided tour of the Basamuk refinery where he displayed great interests in the progress of the load commissioning and sent his seasonal greetings to the site staff.

"Ramu NiCo is not only China's largest investment project in the Pacific Islands region, but also the first large-scale project jointly invested by China, Australia and PNG. "We should make untiring efforts with earnest and down-to-earth spirit and strive for more sincere cooperation efficiency soon, to benefit the people of the three countries and to compose a new chapter of cooperation among China, Australia and PNG." Qiu said. He also shared his idea with the company's management that Ramu NiCo should work towards enhancing the awareness of cooperation and win-win mechanism for the three countries. He said China did not have a long history of full participation in international economic cooperation but would learn and draw advanced managerial experience and technologies from advanced countries to build a world-class nickel project in Ramu NiCo. Qiu encouraged the management to promote and intensify awareness on safety and prevent all the potential safety hazards and achieve work safety with zero accidents. "Ramu NiCo is a world-class large-scale mining enterprise with complicated mining, ore slurry transportation and metallurgical processes as well as high technical standards," he said.

Newcrest expansion to boost dividend Post-Courier 11.2.2013

PERTH: Gold miner Newcrest plans to reward shareholders with higher dividends when its two major expansion projects move into full production.Shares in Australia's biggest gold miner rose five per cent on Friday after Newcrest's first half profit met analysts' expectations, even though the result was down 51 per cent on the previous corresponding half year. Newcrest reported a net profit of $320 million in the six months to December 31, down from $659 million previously, due to weaker production and sales. Chief executive Greg Robinson said the half year result represented a transition period for the company as it moved to commission its Cadia East project in central western NSW and Lihir assets in Papua New Guinea.

The progress of its Lihir project will determine whether the company achieves its full year targets. "The focus for the company very much is maintaining a strong discipline on the operations and ensuring the big investments we've made give us adequate returns," Mr Robinson told reporters. Over the past three years, Newcrest delivered a higher dividend in the second half and it was intent on rewarding shareholders following its significant investments. Newcrest plans to focus on its longer-term Wafi-Golpu project in PNG, as it completes landholder agreements and moves into its feasibility stage next year. Apart from Cadia, the company also operates the Telfer mine in Western Australia, two mines in PNG - including Lihir - and a mine each in Indonesia and Ivory Coast.

InterOil records 100th shipment Post-Courier 11.2.2013
By ANCILLA WRAKUALE

THE energy backbone of PNG, the InterOil Napa Napa refinery outside Port Moresby, has recorded their 100th crude shipment over the weekend since its operation nine years ago. What made it even more significant was the crude oil was PNG's very own from Kutubu in Southern Highlands Province. The 650,000 barrels of crude oil was piped from Kutubu to the Kumul Terminal in Gulf Province and later shipped to Napa Napa in Port Moresby for processing and distribution. InterOil refinery planner Mr Andy Castillo said the 100th crude shipment represented a huge milestone for InterOil. "The first crude shipment to InterOil's Napa Napa refinery was in July 2004 and this one was the 100th shipment", Castillo said. Mr Castillo said the discharging of the cargo from the vessel to the refinery is always witnessed by an independent surveyor, Intertek, a service contractor who does the laboratory and inspection services.

InterOil gets its crude oil supply from Kutubu and sometimes imports it from overseas. Mr Castillo said last year most of their supply came from Australia, Middle East and West Africa. He said the purchase of crude is really dependent on availability and profitability. Mr Castillo also said that the company also achieved another milestone last month when they recorded 5 million man hours without lost time incidents at the refinery. Mr Castillo said the refinery will get another 650,000 barrels of crude from Kutubu next month. Napa Napa is the sole refinery of hydrocarbons in PNG and has the capacity to produce 36,000 barrels per day, sufficient to meet the country's domestic demands for refined products including jet fuel, diesel and gasoline. The surplus production is exported to other countries like Australia and China. InterOil also noted that a significant growth in mining industry has led to demand in middle distillates.

Yandera to cost US$1.42 billion
The National, 08th of February, 2013, By GYNNIE KERO

MARENGO Mining Ltd yesterday announced that it will cost US$1.42 billion (K3 billion) to develop the world-class Yandera copper-molybdenum-gold project in Madang.The money will come from major Chinese engineering, construction and mining company China Nonferrous Metal Industry's Foreign Engineering and Construction Co Ltd (NFC). The pricing will be used for a fixed lump sum, turnkey, engineering, procurement and construction (EPC) contract for the development of Yandera. Marengo Mining Ltd received a pricing of US$1.42 billion for engineering, procurement and construction (EPC). "The EPC pricing provides a strong foundation for the completion and delivery of the Yandera feasibility study, which is scheduled for completion in March 2013," Marengo said. "Even with the potential increased throughput, the development capital expenditure (Capex) numbers has remained just below the company's prior guidance.

"Other infrastructure, including mining fleet, pre- strip and power transmission line, subject to the completion of the pending feasibility study, is currently estimated in the range of US$300 million to US$400 million for a total project Capex in the range of US$1.7 billion to US$1.85 billion. "These Capex estimates do not include owner's costs, working capital, capitalised operating costs and third-party power supply, which will be included in the development costs." NFC president Wang Hongqian said Marengo's Yandera project was a high priority for NFC. "We remain fully supportive of Marengo as it advances the development of the project," Wang said. Marengo's president and chief executive officer Les Emery said: "For a company at Marengo's stage to have received a fixed price EPC quote from such a respected, major Chinese engineering, construction and mining company is a huge achievement and a recognition of the value inherent in the Yandera project. "With the EPC pricing provided by NFC, Marengo will include this in the feasibility study expected to be completed in March 2013. "Negotiations between Marengo and NFC on the EPC contract have now commenced."

Letter to the editor

OK Tedi mine's fate needs fair discussion Post-Courier 8.2.2013

I COMMEND Prime Minister Peter O'Neill for his patience and tolerance on Ok Tedi Mine Life Extension and issues surrounding this. The support from OTMIAA President, Nick Bunn and MP's Boka Kondra (North Fly) with Aide Ganasi (South Fly) for the review of MLE comes at a heightened time where mining activities are increasing and a lot more minerals have been discovered in Western Province and around PNG where there is potential for growth. I would like to highlight two important points for stakeholders to understand and appreciating the full context of MLE:
nThe overall goal of the MLE Consultation Process is "To provide detailed information to the mine affected communities so that they can make an informed decision to either support mine life extension or insist on its' closure".
nThe operational scenario of MLE is to have a "technically, environmentally and commercially feasible operation with an acceptable risk profile".

Because OTML is operating on a Social Mining Licence unlike other mines; the company is obligated to get community consent by way of conducting community meetings in mine impacted villages and acquiring their feedback through recorded meeting minutes which are all documented. The operational scenario on the other hand is technical and for OTML and the Government to consider at their higher level with relevant Stakeholders. Finally, there are three approaches to pave the way forward for the Government to consider in making a fair decision.
nState to engage and fund independent facilitators and consultants to conduct village meetings in all the 156 mine impacted villages to get their views on whether to accept mine continuation or closure.
nSTATE to engage relevant Departments to conduct its own
Environmental and Feasibility studies and table to Parliament for deliberation;
nStakeholders including MRA, Western Province Provincial Government and Department of Mi-

ning and Geo-hazards to send representatives to attend these community forums and report back their findings.
By this process, the Government can properly assess the MLE and most importantly the people in CMCA mine impacted communities have their say in their own livelihoods.

Michael Haino, Former Independent External Facilitator (MLE)

Landowners give developer full support to start exploration Post-Courier 7.2.2013

LANDOWNERS of Mt Kare Gold Mine in Hela Province are giving developer Summit Development Limited of Indochine Mining 100 percent support to start exploration and drilling activities at the mine. The landowners led by chief Johnson Nokope (Toma), Councillor Hogogo Minape (Pujoro), former Awi Lagayu Local Level Government (LLG) president James Huriawi, women's representative Ipai Ikime (Eli) made this known last Thursday in Tari. The group could not travel to Paijaka for the Mt Kare mine warden hearing meeting held there that day due to a prolonged tribal warfare and dispute between two tribes that live on the road to Paijaka. They feared for their security and stayed back in Tari at the Summit lay-down and forward camp to make their position known. Chief Nokope said the major clans Toma, Eli, Pujuro, Towanda and Kawi who were landowners of Mt Kare from the Huli side in Tari did not attend the warden hearing at Paijaka for their own security and safety. However, he said their non presence at the warden hearing did not mean that they were opposing the project.

"We give Summit and IndoChine Mining 100 percent support for the Mineral Resources Authority (MRA) to extend their EL 1093 exploration licence to proceed,'' Chief Nokope said. "There should not be any threats to the project by minority groups and Summit IndoChine must not bow down to threats issued in the media by Port Moresby-based paper landowners and con-artists. "We the real and genuine landowners are back home and Summit and IndoChine should deal with us for the project to go ahead without any further delay.'' Councillor Mel Perapu of Pi Nagia ward in Tari also supported the call, adding that the 17 councillors in the Tagali LLG area in Tari District also want to see the Mt Kare project being developed for services and development to flow into their area. Mr Perapou said after nearly 30 years of gold discovery and since the alluvial gold-rush mining days at Mt Kare, the mine was not fully developed despite several attempts by various companies. He said they had waited for far too long and many people had also died without benefitting from the project and as such the landowners were now united than ever before to give support to the developer to continue with the exploration and mine development. The Paijaka warden hearing was attended by Porgera-Laigap MP and Chairman of Parliamentary Committee on Mines Nixon Magape and senior executives of MRA and Summit IndoChine Limited.

Sode: PNGSDP run by people of PNG Post-Courier 7.2.2013

THE chief executive of PNG Sustainable Development Program, David Sode said yesterday that the company was controlled by Papua New Guineans for Papua New Guineans."We control our own destiny", he said. "We are an independent company, and we are not controlled by the State of Papua New Guinea or by BHP Billiton." Mr Sode said this after yesterday's media report, where Ok Tedi Mine Impacted Area Association refuted claims by BHP Billiton that it has no association whatsoever with OK Tedi Mining Limited or PNGSDP. "However, we are committed to work with Government's development focus, where we can find alignment. "We have a board and management dominated by Papua New Guineans, all of whom are competent, professional directors and managers." Mr Sode said PNGSDP's objective was to provide social and economic development in

PNG, and especially in the Western Province.

“It has a formal mandate from the state, BHP Billiton and the Western Province people to carry out its important and highly successful development work. “We are here for the long term. We are committed to serving the needs of people we can reasonably reach. All the value in Ok Tedi goes to the state and to PNGSDP”, he said. “We remain committed to deliver our programs. No third party benefits anyway from Ok Tedi. The structure of PNGSDP and its processes, agreed to by the state and BHP Billiton under the ninth national supplement agreement, are directed towards ensuring that the full benefits from Ok Tedi flow to the people and provides long term financial security to the people of the Western Province on a scale unprecedented in PNG”, he said. Mr Sode encouraged the state and BHP to deal with their issues themselves so that the maximum benefits continue to flow to the nation and to Western Province. “We acknowledge the people who have welcomed us and continue to support our development programs all over PNG and Western Province”.

MP: Landowners not co-operating Post-Courier 7.2.2013

THE Department of Petroleum is continuing with the process of land owner identification but that work is made more difficult when landowners are not co-operating, Petroleum Minister William Duma said yesterday. Mr Duma told Parliament that most of the landowners have been identified apart from Juha, Angore and Hides 4 and the plant and pipeline landowners. He said most of the landowners came from the existing oil producing PDL areas and they had now been converted into gas producing PDL areas. “Most of the genuine landowners have been identified. In a case such as this, all of us need to work together. I need continued support from Governors of Hela, Southern Highlands, Gulf, Central and Members,” he said.

Mr Duma said it was the policy of past and present governments for landowner studies be attended to. “I can confirm that the O’Neill Government has allocated money in this year’s budget for this work to be continued. It is an ongoing process made more difficult particularly when the landowners do not help us,’’ Mr Duma said. Minister Duma said this when replying to questions from Komo Margarima MP Franicis Potape in Parliament yesterday. Mr Potape said in May 22, 2008, the PNG Government signed the LNG Agreement and several months later the licensed based benefit sharing agreements (LBBSA)were signed in project areas. “At the end of that we concluded that no landowners have been identified and we parked that aside in the interest of the nation,’’ Mr Potape said.

“60,000 landowners (according to the forums) we have identified up that number of landowners in the project areas. Last week, Governor Anderson Agiru and myself visited a number of landowners in the pipeline areas. They are saying that when will the Government identify us. “There are too many landowners in Port Moresby and we do not know who are the genuine landowners. “The gas will leave our shores by 2014 next year and five years have passed. When will the landowners be identified and when will that process be concluded? “If the Petroleum and Energy Department is struggling on this issue, can the Government task the affected provincial governments to start identifying the landowners with assistance from DPE officers? We need to know who the landowners are. Their benefits cannot be parked aside when gas leaves their land.”

Cook Islands Negotiating Extension To Marine Boundaries

Expansion could lead to huge revenues from seabed mining rights

WELLINGTON, New Zealand (Radio New Zealand International, Feb. 6, 2013) – The Cook Islands has sent a delegation to the United Nations in New York to negotiate an extension of the country's continental shelf, which would give it seabed mining rights potentially worth millions. The delegation headed by Foreign Affairs secretary Jim Gosselin will present the application to the UN authority on seabed exploration this week. The Foreign Minister, Tom Marsters, says the Cook Islands first presented its case in 2009 and this will be the third visit to the authority. If successful, it will add over 400,000 square kilometers of continental shelf, which could eventually be mined. "Basically what we're looking at is the future possibility of prospecting for deep sea minerals where at the moment we are basically asking for an extension of the continental shelf which extends beyond our exclusive economic zone (EEZ)." Tom Masters says they don't expect any challenges to their application and is hopeful it will be the last time they have to present their case to the authority.

Agiru: Carry out social mapping

The National, 06th of February, 2013

HELA Governor Anderson Agiru has called on the Department of Petroleum and Energy to carry out social mapping and landowner identification to avoid delays in the PNG LNG project. Agiru said during a press conference in Port Moresby that the benefits of the PNG LNG project should not be affected by any delays and urged the department to start the identification process before next year. He said the social mapping and the landowner identification was long overdue and the department should consider prioritising it to avoid further consequences of landowner frustrations. He said the landowners were responsible and could cooperate but the department was delaying the whole process. "We do not want the benefits from the PNG LNG project to be failed by any delays and we must clean up any outstanding issues," he said.

He said landowner identification and social mapping for existing projects had been done by new projects such as Juha, Hides 4, Agore and the pipelines needed to be speeded up. Agiru said the government should honor its commitments to the landowners. He said the K10 million held in the Hela Transitional Authority account for the Tari airport landowners would be dispatched by member for Tari James Marape. However, he said it was the last payment and called on the landowners to use the funds wisely. He said the K100 million allocated by the government for Tari airport was not a grant for the landowners but an allocation for the building of the airport. Agiru also called on landowners that the Infrastructure Development Grants payment was not a free handout but was for development in the project areas which he negotiated during the umbrella benefit sharing agreement and landowner benefit sharing agreement for improvement in health, education and other rural infrastructure.

Ok Tedi folks slams BHP

The National, 06th of February, 2013

By MALUM NALU

OK Tedi Mine Impacted Area Association (OTMIAA) has refuted claims by BHP Billiton that "it has no association whatsoever with OK Tedi Mining Ltd (OTML) or PNG Sustainable Development Program (PNGSDP)". Association president Nick Bunn hit back at BHP after a company spokesman, in reply to Prime Minister Peter O'Neill's strong stand against mine life extension, said it had nothing to do with OTML or PNGSDP. OTML, meantime, did not comment despite being asked to by The National, while PNGSDP said its chief executive David Sode was out of the country and would comment when he returned today. Bunn said what the BHP spokesman said was “false” as a company shareholding search at Investment Promotion Authority showed that of a total 192,700,000 OTML shares, Mineral Resources Ok Tedi No 2 was issued 23,500,000; Independent State of PNG, 47,000,000; and PNGSDP held the majority of 122,200,000.

He said the search further revealed that on Dec 21, 2001, PNGSDP issued 100 shares. “Out of that 100 shares, 50 were issued to James Joseph Carlton, an Australian who specifically holds these shares ‘for trust for BHP Biliton’,” Bunn said. “The other 50 shares are held by Donald Wabirao Manoa for the Independent State of Papua New Guinea. “IPA searches further show that two charges – No. 15144 and 15145 – were created and registered on the Feb 7, 2002 over the 100 shares including the state’s 50 shares and all these shares are mortgaged to Insinger Trust (Singapore) Ltd, which is the BHP-nominated security trustee. “This means that that PNGSDP’s 122,200,00 shares in OTML are all mortgaged to BHP Biliton and the deed of trust and security deed puts the majority shareholder and mortgagor in control of these entities, which are the PNGSDP and OTML.

“These charges are fixed and floating for an unspecified amount and remain unpaid to date and for an unspecified period of time, meaning, BHP Biliton is still exercising mortgagee powers and control over OTML through PNGSDP, which has the majority shareholding in Ok Tedi mine. “These control mechanisms are reflected in the Clause 7.2 of the Articles of Association of PNGSDP, where it clearly restricts PNGSDP dealing with any of these shares or assets, but only in favour of BHP Billiton as a lender to PNGSDP.” Bunn said the affected people of the Community Mine Continuation Agreement (CMCA) communities were led to believe by BHP Billiton that it was giving them those 122,200,000 million shares in OTML placed into PNGSDP as compensation for environmental damage. “The game is up … everyone now knows the whole situation and how BHP Billiton manipulated the whole Ok Tedi situation for their own benefit.”

Landowners petition Minister for licence to mine

Post-Courier 6.2.2013

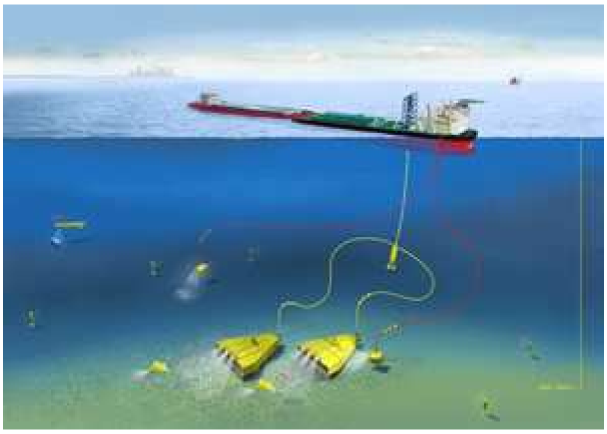
FOR the first time in Papua New Guinea, a landowner development association has decided to take the bull by the horn and petition a state minister to allow it to apply for Exploration Licenses. John Peawa who is the Chairman of Nimi Landowners Resources Association representing more than 10,000 landowners in the Crater Mountain area in the Eastern Highlands Province said that it is now timely for landowners in the area to take a lead in developing mineral resources on and in their land. He took this bold step after nine clans in the area strongly objected to the renewal of two Exploration Licenses application from Gold Anomaly for two ELs in the Crater Mountain area. The two ELs are 1115 and 1353. Chairman Peawa and his executive presented a 10-point written petition to the Minister for Mining Byron Chan detailing their objection in Port Moresby on Friday last week. The petition reiterated strong verbal objections raised by landowners during recent Mining Warden hearings in the area in response to two renewal applications from Gold Anomaly of Australia.

Mr Peawa said that he and his people have patiently waited for Gold Anomaly to transition their gold and other mineral exploration to a full-fledged mining development project for over 34 years in vain. He added that results from the drilling programs conducted by three Exploration companies including Gold Anomaly showed the level of gold mineralisation covering over 170sq/km to range from 6-13g/ton. This is comparable to other mines already developed by genuine exploration companies in Papua New Guinea and elsewhere. Mr Peawa added that during the 34 years of exploration he and other landowners have done their homework on the results of the drilling programmes conducted in the area, preparation of stock market capital raising briefs, mining warden hearings, and disposal and purchase of exploration companies and other technical and marketing data.

As a result of their homework they are aware that the statues of exploration in these two ELs are at an advanced stage and Chairman Peawa and his association have used this data to conduct joint venture discussions with gold mining and marketing survey companies worldwide. The interest shown by overseas companies' has been good. Minister Chan received their petition and undertook to seriously consider their application for ELs in the area on condition that they meet all EL conditions and their applications are in the interest of the state. Chairman Peawa was grateful that Minister Chan had taken time off his busy schedule to receive their petition.

New subsea mining concepts developed

Mining Australia, 5 February, 2013, Cole Latimer

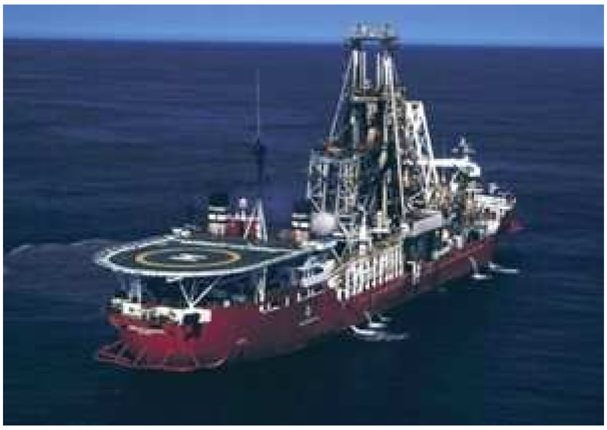


As the groundswell for subsea mining grows, new technology and seabed mining techniques are being developed. From 2009 to last year, Aker Wirth has worked with the German Federal Institute for Geosciences and Natural Resources (BGR) to develop a new method for accessing underwater minerals and metals. Subsea mining has come into the fore in recent years, particularly in the Pacific, which has vast quantities of seabed mineral deposits. While the economic costs seem prohibitive, there are rich pickings to found on the seabed.

Under the sea

The minerals are characteristically found near hydrothermal vents which form above cracks in the ocean floor, typically in volcanic areas of the seabed. They are created when water seeps into the bowels of the earth, dissolving the minerals found under the crust which is then spewed forth once more into the ocean, bringing it with the metal rich fluids. This creates massive plumes of debris that shoots upwards and then falls back to the ocean floor; gradually building up the vents, layer up layer, until they reach a height where they eventually collapse on themselves, creating the mineral rich and often high grade, sulphide deposits over the shell of the vent. These deposits can be up to seven times the grades typically mined on the surface. It just so happens that a high number of these vents are found near Australia and right around the Western Pacific's rim.

Exploration licences have already been granted for seafloor exploration off New Zealand, Japan, Fiji, Tonga, the Solomon Islands and Papua New Guinea. Australia has seen a spike in the number of applications for seabed mining, particularly in the Northern Territory, a move that forced the region to institute a moratorium on the practice. Japan is also changing its laws after discovering a massive potential seabed rare earths deposit approximately 100 times larger than those on land. The enormous rare earths minerals are estimated to be as large as 100 billion tonnes. The deposit lies approximately 3.5 to 6 kilometres under the sea and cover an area of more than 11 million square metres. At the start of this year the nation announced additional surveys of the seafloor around Japan in an attempt to uncover more deposits. Nautilus is the most well known subsea miner currently operating. Its Solwara 1 operation, off the coast of Papua New Guinea, has drawn intense scrutiny from both traditional miners and environmentalists.



Risks and rewards

While the rewards of subsea mining can be high, so too are the risks.The extreme deep-sea conditions – enormous water pressure, ice-cold temperatures and complete darkness – all present huge financial and technical challenges to the mining industry when extracting the high value materials. With this in mind, Aker Wirth and the BGR have created a new concept that allows miners to access metalliferous deposits, particularly rare earth and manganese nodules/ According to the company the system consist of two manganese nodule collectors, a transport system for conveying the material and a specially-designed production vessel. Steffen Knodt, vice president of technology and innovation at Aker Wirth, explained: “To ensure efficient mining, a continuous transportation of raw material from the collectors via rises that are several kilometres in length is required. At such water depths, this places considerable demands on the robustness of the single components as well as on the control unit for the complete system.”

It uses airlift technology to lift the manganese nodules to the drilling vessel. Last year it carried out studies on the system and its potential to access very deep seabed resources. The study addressed the entire process chain from the collecting of manganese nodules to the transport of materials and right through to land-based processing; coming to the conclusion that deep-sea mining is very lucrative, even given the current prices of raw materials and anticipated price developments. “At present, efforts are being made at an international level to first of all establish the regulations regarding mining of manganese nodules, which will then serve as a basis for the development of mining and transport systems," Knodt explained. "As a consequence, the mining of manganese nodules will probably reach an industrial scale in five to ten years’ time," he added.

Nautilus Minerals wants to resolve seabed mining issues with PNG.

ABC Radio Australia, 5 February 2013

The Canadian mining company Nautilus Minerals says it remains committed to developing Papua New Guinea's first sea-bed mining, despite unresolved financial issues with the PNG government. Nautilus Minerals wants to resolve seabed mining issues with PNG. (Credit: ABC) It has a license to mine copper and zinc under the floor of the Bismarck sea, in waters off the New Britain, New Ireland and Manus provinces. However, the construction of the equipment for its Solwara One Project remains terminated as a the result of a disagreement with the PNG government, which is yet to pay more than 23 million US dollars for its 22 per cent equity in the project. The company now says it's dedicated to resolving the issues amicably with the PNG government for the benefit of both parties. Nautilus Minerals' Country Manager, in PNG Mel Togolo says they look forward to achieving a resolution to ensure the project goes into production successfully. He's told our reporter, Firmin

Nanol, the project has many environmental advantages compared to land based mines, as it is working towards a zero tailings system and that no people need to be relocated.

One Year After Fatal Disaster Exxon Mobil Allegations Remain Unanswered

Dr Kristian Lasslett, Huffington Post, Posted: 05/02/2013 12:09

In the heart of the South Pacific is the resource rich nation of Papua New Guinea. Once lampooned by London Mayor, Boris Johnson, it is now tipped to be the region's new 'tiger' economy, and investors are flocking. Even the United Kingdom is trying to build trade and investment links with its forgotten former colony. But with the scramble for Papua New Guinea's resources new dangers are emerging in a country whose state lacks the institutional machinery, or political inclination, to robustly oversee gas, oil and mineral operators. Those living in the remote Tumbi area of Papua New Guinea's rugged Southern Highlands know this all too well. It was here one year ago that a landslide swept dozens of local villagers to their death. Twelve months later, families of the victims are no closer to finding an answer to the disaster's cause, or Exxon Mobil's alleged involvement.

At the landslide's epicentre was the QA1 limestone quarry run by MCJV, an Exxon Mobil subcontractor. The quarry serviced construction work for Exxon's $19 billion liquefied natural gas (LNG) project, known locally as PNG LNG. For villagers living near Tumbi, the quarry was always a concern. Indeed, as QA1 expanded up the mountain during 2010-11, residents raised questions over the quarry's effect on the mountain's geology and nearby waterways. These questions became deafening on 24 January 2012, when the land around QA1 collapsed, producing a massive landslide that deposited three million cubic metres of debris on top of village homes. A reporter from the national newspaper, Andrew Alphonse, captured the unfolding tragedy: "The sound of wailing fills the air around the legendary Gigira mountain in Tari as mothers openly shed tears as they go about trying to locate their loved ones in one of the worst landslides ever recorded in Papua New Guinea. Clad in mud and weeping and wailing, the mothers are joined by other villagers, lucky to be spared by the tonnes of mud, huge limestone slabs and debris that came down suddenly on the sleeping village at the foot of the mountain."

In the landslide's immediate aftermath local resident, Timothy Nogobe, remarked, "we have been living on this land for the past 6000 years this is the first time our mountain has killed us." Some eyes turned to Exxon Mobil. An official from the government's National Disaster Centre (NDC), Bill Yomba, told CNN, "we are still trying to find out the cause but at this stage we believe the gas project run by Esso Highlands Limited [Exxon's Papua New Guinea subsidiary] was a contributor because they had been digging for limestone in the area." Yomba's managers were not happy - Papua New Guinea's government has a 16.8% stake in the LNG project - and the NDC went into damage control. Several days later they released a report, heavy rain water it said caused the landslide - QA1 was not even considered. According to Reuters' reporter, Rebekah Kebede, Exxon Mobil had "provided logistics, transport and accommodation" for the NDC investigators. Durham University hazard expert, Professor Dave Petley, questioned the findings.

"Clearly at least a part of the quarry was lost in the landslide, so a proper discussion of whether the quarry played a role in activating these weaknesses seems essential to me", Petley observed. As these important questions circulated in the international media, local residents dug for their loved ones by hand. Meanwhile, just a stone's throw away, Exxon Mobil excavators were reportedly repairing a road vital to the company's Komo airfield worksite. At one stage angry Tumbi villagers threatened to shut down the LNG operation. In response, the Papua New Guinea government promised an independent inquiry. It never happened. Even a memorial plaque reportedly pledged by Exxon Mobil had not materialised when I spoke to Tumbi residents in December last year. And problems continue to beleaguer the Exxon Mobil operation. Radio New Zealand International reported last week that another "large landslide" has just occurred not far from Tumbi. Fortunately, no one was killed this time.

It seems landslides are becoming something of a reoccurring event at PNG LNG work-sites. Back in March 2011 the project's independent environment and social consultant (IESC) observed: "On November 13, 2010 a mudslide occurred... The failure took place in spoil from the EPC4 top camp placed by CCJV [Exxon subcontractor] apparently without distributing the engineering drawing to all responsible parties or without undertaking a thorough assessment of engineering and environmental/social risk." The independent consultant concluded: "The overall impression of the IESC is that incidents and situations have developed because the Project has circumvented correct procedures in the interest of schedule".

I feel multiple hazards at PNG LNG are suggestive of a pattern. Accordingly, the case for an independent inquiry into the Tumbi disaster is just as strong today. Indeed, those of us researching the landslide can't understand official reluctance to initiate an arms-length inquiry. Were fault to be found on the part of MCJV or Exxon Mobil, compensation payments would not break the bank.
It is tempting to wonder whether there is something else an independent inquiry might reveal? Speculation will continue until a thorough investigation is conducted. In the meantime the families of those who died at Tumbi continue to wait for answers. (The International State Crime Initiative's report on the Tumbi disaster can be accessed here.)

Papua New Guinea: Riding the Resource Boom

By Anthony Fensom, The Diplomat, February 5, 2013

Papua New Guinea could become the next resources boom state, with a new study revealing the potential for export revenues to swell six-fold by 2030 to U.S.$38 billion a year. According to a report by Port Jackson Partners commissioned by ANZ Bank, the island nation of 7 million people could benefit from U.S. $130 billion worth of resource-related capital investment through to the end of the next decade, creating more than 100,000 new jobs in mining, energy and support services. For a country with nominal gross domestic product of an estimated U.S. $15 billion in 2012 and with nearly 40 percent of households living below the poverty line, the boost to national wealth could be considerable. In a speech Monday to the Port Moresby Chamber of Commerce and Industry, ANZ chief executive Mike Smith said “modest gains” in market shares for key commodities such as copper, gold and gas would deliver major growth in revenues.

"…Even on more conservative assumptions, [the report] suggests that annual revenues from resources could reach U.S. $25 billion by 2030 – more than four times current levels," he said. Like Australia, Smith said Papua New Guinea could benefit from the continued urbanization and industrialization of Asia, with the prosperity of both nations "underpinned by a super cycle in mining and energy, and increasingly in agriculture." "I believe agriculture has the potential to be the next sector in PNG to experience significant Asia-led growth. Here there is enormous up-side in commodities like palm oil and coffee; an up-side that will also require significant investment which could in-turn create a new wave of additional jobs in rural communities." The head of the Australian-based bank warned, however, that the country faced competition from other investment destinations, with a need to share the resources boom's benefits across sectors, upgrade infrastructure and increase productivity to maintain competitiveness.

O'Neill: Political stability essential

Smith's comments were welcomed by PNG Prime Minister Peter O'Neill, who said they reflected "the policies my government has outlined as priorities for 2013"."The report commissioned by the ANZ highlights the enormous potential of our resource sector. Our challenge is to develop it responsibly, ensuring the benefits are shared, and ensuring the revenue inflows from resource development are responsibly managed," he said in a statement. O'Neill also used the remarks to bolster his case for political stability, after a standoff with past leader Sir Michael Somare that only ended with the July 2012 elections. "Every major investor I meet also stresses the need for political stability. That is why my government is absolutely committed to the constitutional change to ensure the Prime Minister chosen after a national election cannot face a no confidence vote in the first half of the five year life of the National Parliament," he said.

'A lot can go wrong'

While the bullish forecasts may excite many, PNG watcher Blair Price, editor of the *PNG Report*, told *The Diplomat* that resources and not agriculture held the prospects for the greatest gains."I won't comment on the estimates up to 2030 – 'potentially' a lot can go wrong quite fast in PNG. In my view the big opportunities come from gas and condensate developments which can build upon the PNG LNG project infrastructure. That includes additional trains for this project and the possibility that other gas finds can hook into this infrastructure for easier commercialization," he said. "The further copper-gold potential of PNG should not be overlooked either. Already the Wafi-Golpu and Yandera projects are world-class and the exploration potential at Bougainville is not well publicized – when that mine does reopen there will be huge opportunities if they are managed correctly.

"As for agricultural development, I think ANZ is being too optimistic. PNG is already facing stiff competition from Indonesia in oil palm and many parts of the country still have food production and drinkable water issues despite meters of annual rainfall and fertile soil. Then there is the dire lack of infrastructure to consider." According to the International Monetary Fund, Papua New Guinea has achieved buoyant economic growth averaging over 6 percent a year since 2007 on the back of strong commodity prices and macroeconomic stability, with growth estimated at 9 percent in 2012. Ensuring the boom continues while avoiding the so-called Dutch disease will be the challenge for policymakers, as one of the region's poorest nations suddenly finds itself among the emerging resources rich.

Export earnings could quadruple by 2030 Post-Courier 5.2.2013

IN a major speech to the Port Moresby Chamber of Commerce and Industry yesterday, ANZ Chief Executive Officer Mike Smith outlined new research findings that indicate PNG's natural resources sector could quadruple by 2030 producing K55 billion (US$25 billion) in annual export revenues.

Mr Smith told the chamber that on more optimistic assumptions, export revenues could grow to K83.6 billion (US$38 billion) by 2030 - six times higher than current levels - with a continued focus on policies which maximized PNG's participation in the global commodities cycle. "Fundamentally, like Australia, PNG's economic growth is now being driven by the urbanisation and industrialisation of Asia, and the prosperity of both countries is being underpinned by a super cycle in mining and energy, and increasingly in agriculture".

While this research is only broadly indicative, even the more conservative estimate implies resource-related capital investment in PNG of around K9086 billion (US$4130 billion) between now and 2030, and could involve the creation of more than 100,000 new jobs in mining, energy and support services. Mr Smith said that urbanisation in Asia were also driving an increase in global demand for food. "I believe agriculture has the potential to be the next sector to experience significant Asia-led growth. Here there is enormous up-side in commodities like palm oil and coffee; that will require investment which in-turn creates additional jobs in rural communities".

OK Tedi's extension resisted Post-Courier 5.2.2013

MORE than 100, 000 people from 165 villages along the Fly River impacted by Ok Tedi mine have thrown their support behind Prime Minister Peter O'Neill on the issue of mine extension. The landowners, who are members of Ok Tedi Mine Impacted Area Association (OTMIAA), made their position know in a press statement signed and released by their president Nick Bunn. "OTMIIA … fully agrees and supports the stand by the Prime Minister not to be pushed by either BHP or PNG Sustainable Development Program into extending the mine life for Ok Tedi Mine to 2025 until all the issues affecting the people and CMCA are sorted out," Mr Bunn said. He said 16 association leaders have pledged to work together with the government to ensure that all outstanding issues relating to environmental damage impacting on the people's health and social welfare are addressed before the issue of mine extension can be considered.

Mr Bun said OTML, OK Tedi Development foundation, PNGSDP and BHP "rushed" mine life extension negotiation, adding he has received numerous written complaints from CMCA regional delegates about the manner they were treated and allegedly forced to sign for mine life extension. Mr Bunn has also called on PM O'Neill to set up a commission of inquiry made up of eminent scientists and jurists to investigate "the whole Ok Tedi saga" and report back to the government for action. He highlighted eight issues for consideration, including:
nThe 9th Supplementary Act to be reviewed and amended to get rid of BHP control and manipulation.
nThe 2006-'07 MOA is overdue for review and many promises made by OTML, PNGSDP and OTDF have not been honoured, to the detriment of the people.
nOverdue dividend payments held in trust to be released to the people immediately as per the MOA of 29 June 2007.
nDeteriorating health, nutrition and water issues in the whole Fly River system to be addressed.
nLandowner business development and localisation training program to be given priority.

Mr Bunn also highlighted an independent environmental review done by a Dr Allan Tingay in 2007. He said the report's findings have not been taken into account, saying what Dr Tingay wrote about in 2007 "have been occurring since 2001". According to Mr Bunn, Dr Tingay predicted "that the most serious implication of these mine waste is on impacts on food availability and nutrition in many villages due to impacts on key food items such as sago and fish, increased potential for biological contamination of water supplies due to increased flooding and a potential increase in mosquito population and therefore mosquito borne diseases… "An effective response to these present and future health issues is fundamental to the success of all other development programs," according to Dr

Tingay. Mr Bunn said: “Dr Tingay’s advice has fallen on deaf ears as none of these issues have been addressed by PNGSDP, OTML and OTDF….this is a matter of life and death for my people and enough is enough…”

Landowners refute other group Post-Courier 5.2.2013

MANANDA Landowners Association chairman Kopol Pepe has again brushed aside media comments by chairman of Wadju ILG James Ai and Chairman of Poe ILG Luke Yula regarding ownership of the South East Mananda oil and gas project and PDL2 area in Kutubu, Southern Highlands Province. Mr Pepe said as far as he is concerned, there was no court decision made in favour of both parties. He said the dismissal of application to join parties by Wilson Mati and others in the Supreme Court on December 12, 2012 does not mean that it’s the end of the issue. “It is a disgrace, and selfish to demand the stakeholders to take into account the decision because there is no court decision or orders.

Why are these people so hungry for funding? If they want to be part of the beneficiaries, they must come to the land demarcation and social mapping which will be conducted by the department of petroleum and energy in three weeks time at the project area,” Mr Pepe said. “We will really prove who the legitimate landowners of the land are when we finished the proper land demarcation and social mapping,” he said. He said the Supreme Court will sit this month and that’s where the decision will be made. He is also calling on Mr Ai and Mr Yula not to mislead everyone, but to be involved in the social mapping studies and claim their land if they are genuine landowners. “I call these people foreigners because they are not really the landowners. They are but paper landowners of Port Moresby,” he said.

BHP: No link with OTML, PNGSDP
The National, 04th February, 2013

By MALUM NALU
BHP Biliton says the company “now has no association whatsoever with Ok Tedi Mining Ltd (OTML) or PNG Sustainable Development Program (PNGSDP)”. The Australian newspaper reported this at the weekend after The National’s lead business story last Friday about Prime Minister Peter O’Neill warning that the government might not approve the extension of the mine life of the nation’s biggest single taxpayer, Ok Tedi, unless BHP Billiton agrees to amend the terms of the copper-gold mine’s ownership. Also at the weekend, Ok Tedi Mine Area Impacted Association (OTMIAA) said in a statement (see separate story) it fully supported O’Neill’s stance not to be pushed by either BHP or PNGSDP into extending Ok Tedi mine life to 2025 until all issues affecting the mine and Commmunity Mine Continuation Agreement (CMCA) communities were sorted out. “BHP’s preference was to close the mine early,” the BHP spokesman said.

“This was not acceptable to the PNG government which was concerned about the socioeconomic impacts of early closure. “The PNGSDP is an independent company, which has provided a lasting legacy for the people of PNG.” Journalist Rowan Callick, whose article in The Australian last November infuriated O’Neill into banning then-OTML chairman Prof Ross Garnaut from entering PNG, wrote an article at the weekend explaining BHP’s non-involvement in PNGSDP and OTML. “Following a series of environmental problems, BHP - which built the mine in the then-remote Star Mountains in PNG’s Western province in the early 1980s - pulled out of the venture,” he wrote. “Through an agreement with the PNG government of the day that involved a form of indemnity over environmental damage, BHP placed 63.4% of the ownership in the hands of PNG Sustainable Development Program, a trust that was chaired by leading economist Ross Garnaut.

“The PNG government holds 24.4% of Ok Tedi Mining, and the Western province government 12.2%. “Under the rules established a decade ago, two-thirds of the dividends that PNGSDP receives are held in a fund for use only after the mine’s eventual closure. “The figure has now reached US$1.4 billion. “The other third goes into a development fund, which deploys about US$100 million a year, of which a third is spent on projects in Western province and two-thirds in the rest of the country. “In 2011, the mine paid US$543 million in taxes, about 16% of the PNG government’s income. “Last November, Prof Garnaut resigned as chairman of PNGSDP and was replaced by former prime minister Sir Mekere Morauta. “Recently, BHP ceased appointing three of the seven PNGSDP directors. “They are now chosen by the board itself, which also includes PNG government nominees. “But BHP must agree to any changes in the core terms of reference under which the trust operates.”

PM hailed for stance on Ok Tedi mine-life extension

Post-Courier 4.2.2013

PRINCIPAL landowners of OK Tedi Mine have applauded Prime Minister Peter O’Neill for his tough stance on the issue of mine-life extension, and further declared its continuous operations as illegal. The landowners, mostly from the mine pit village of Savanam at the foothills of Mt Fubilan in the Star Mountains local level government area, claim there is no head agreement in place to warrant the mine from continually operating without any formal Memorandum of Agreement in place, thus urging the prime minister to personally intervene. Kimka Sepiyan Sub-tribe Land Group Incorporated (KSSLGI) executive chairman Paul Eddie and secretary Clement John, both spokesmen for chief Kambomyap Allolim, issued a media release in Port Moresby at the weekend saying if it came from the Prime Minister himself to stall the mine extension plan, then it was a clear indication that “there are a lot of wrongs that need to be put right”. “On behalf of the genuine landowners, we thank and commend Mr O’Neill for his great vision and for being bold by extinguishing any plans to hastily extend the mine life, as we the principal landowners and others who have suffered for the destruction of our land and lifestyle, have not been properly compensated from day one,” the statement said.

Many attempts have been made by the landowners to seek audience with MRA and MRDC management in the past to address their landowner issues but to no avail, according to the leaders. The leaders said they acknowledged that some progress has been made with the MRA and MRDC to speed up the process of identifying and resolving the landowner issues. They, however, want the speedy outcome as they have suffered a lot in other benefits as well and said when the mine was first being developed in 1973, there was no proper social mapping and landowner identification being carried out, therefore proper landowners were never identified. The Land Act 1996 only came into effect in 1996, which called for a development forum to carry out social mapping and landowner identification before any development took place, therefore back then no such forum was held to identify the genuine resource owners. “Due to ignorance and deliberate attempts by State agents in denying us our full benefits through royalty and other compensation payments, we have remained undeveloped for more than three decades,” the leaders said. The two leaders called on the Prime Minister to allow for wider terms of investigations into the whole operations of OK Tedi Mine since its inception, and firstly establish whether a proper agreement was signed between all stakeholders including the principal landowners before any mining commenced.

The landowner group also called on the Taskforce Sweep Team to probe how royalty payments have been handled by only certain individuals as so-called “trustee” for the landowners. “We urge the anti-corruption watchdog to cast its net far and wide to punish those who have been taking us for a ride for so many years without seeing light of day,” the leaders said. “We believe this is an outright scandal that needs to be exposed by our local media as we have recently seen on television documentaries by ABC and a host of overseas writers saying that the people of Western province have not recieved any direct benefit from the project," the leaders said. Currently, a landowner delegation led by chairman Paul Eddie is in Port Moresby to meet with MRA officials to sort out these issues. On July 13th, 2009 the National Court ruled in favor of KSSLGI as the legitimate principal landowner group and ordered disputing parties in the case, including the State to pay royalties and other compensation benefits. This followed earlier decisions by the lower courts starting with the Kiunga Local Land Court which had previously in 2006 awarded 95-percent royalty payments from proceeds of OK Tedi Mine to be paid direct to KSSLGI as a registered ILG from Mt Fubilan area.

Prime Minister cold on Ok Tedi issue

The National, 01st of February, 2013

By MALUM NALU

PRIME Minister Peter O'Neill says he will not be pushed by either BHP or PNG Sustainable Development Program (PNGSDP) into extending the mine life for Ok Tedi mine in Western.He told reporters after addressing a Port Moresby Chamber of Commerce and Industry breakfast yesterday that there would be no mine life extension to 2025 until he was convinced that the mine was working for the benefit of people of Western and Papua New Guinea. The state, ironically, wholly "owns" Ok Tedi Mining Ltd (OTML) through PNGSDP (63.4%) and the State of PNG (36.6%). O'Neill, who last November banned Ok Tedi Mining Ltd (OTML) chairman Professor Ross Garnaut from entering PNG after comments made in The Australian newspaper, said there was no need to speed up mine life extension.

Earlier this month, OTML managing director and chief executive officer Nigel Parker, told The National that Western villagers numbering more than 100,000 from 156 villages had unanimously agreed that the company continue operations until 2025, pending government approval. "This is my favourite subject -- Ok Tedi and PNG Sustainable -- so I'm glad you asked that question," O'Neill said. "We will do the right thing for the people of Western and the country. "That is our priority. "We are not going to advance anybody else's priority. "Priority is people of Western, government of Western and the people of Papua New Guinea. "I think that any mine life extension must satisfy these criteria." O'Neill, who has accused BHP of running the PNGSDP by remote control from Melbourne and questioning whether PNG had benefited from the project, remained steadfast in his views."Whose interests are they (BHP and PNGSDP) protecting?" he said. "Who is it (mine life extension) really going to benefit, whether it is really going to benefit the landowners, the (Fly River) provincial government, and everyone else who are stakeholders in this project?

"The people who are wanting the extension, particularly BHP through PNG Sustainable, has to clearly indicate to the government that mine life extension will make a real change in our country. "So far, I am not convinced. "I can tell you that there is no certainty in whether the mine life extension will take place or not. "I have to be convinced, not only me but the entire parliament has to be convinced, that 10 years ago we made the right decision for the country (in accepting OTML from BHP and giving indemnity). "Unfortunately, I don't believe that. "We have given (BHP) protection from the environmental damage that caused misery for our people and cost huge damage to our people. "This is not the sort of development I want to encourage in our country. "I want to assure the people of Western that their interest will be paramount and the country's interest will be paramount when we go forward on this. "I am not in a hurry (on mine life extension). "We can wait; the resources are not going to run away. "We're quite happy to wait."

MP wants Nautilus to mine Post-Courier 1.2.2013
By ISAAC NICHOLAS

MEMBER for Pomio Paul Tiensten has called on the National Government to ensure that Nautilus starts undersea mining immediately in the islands region. "The Government and the people of PNG need to also give that project the same opportunity like all the other projects that have gone through the processes to be given a license to start mining,'' Mr Tiensten said. He said the New Guinea Islands region needed a bigger project like that of the LNG for Highlands region and next one to come out in Gulf Province. "We need these big projects to support regional development as well. Right now, NGI got Lihir, Simberi, Sinivit and fisheries there but most of the processing plants are in the Momase region so we have very little to support regional development,'' he said.

Mr Tiensten said people talk about the environment but 15 scientific institutions have done study on environment impact. Unfortunately, people are still calling for other independent studies to ascertain whether waste from that kind of development will affect the sea. "We are talking about so much depth in the sea that a lot of waste will be pumped into has no life and it will not affect the fish and I think the people of Papua New Guinea need to see the project in its own merits,'' he said. "When we bring in development we also expect at least a minimal environmental damage. We need to have that project." He said people are saying that Papua New Guinea is being used as a guinea pig in testing these new kind of technology but Misima and Lihir are using the same technology in pumping waste into the ocean but there is still fish there and life. Mr Tiensten said these were the same technology used in Lihir, Misima and now Ramu Nico.

COVER REPORT: Selling nickel to Asia

SMSP transforms New Caledonian mining
Nic Maclellan, Islands Business, February 2013

New Caledonia's nickel industry is being transformed as new joint ventures and exports to Asia challenge France's control of the strategic minerals sector. New Caledonia holds more than 25 percent of the world's nickel reserves, as well as other strategic metals. The mining, processing and export of these ores are central to New Caledonia's political as well as economic future, as the country moves to a new political status after 2014. The FLNKS independence movement sees the control of the islands' major industry as a key part of their struggle. Historically, New Caledonia's nickel sector has been dominated by Société le Nickel (SLN), a subsidiary of the French corporation ERAMET, which in turn is controlled by the French government through its FSI strategic investment fund. But there has long been tension between the French state and local New Caledonian interests over the management of the industry. During the nickel boom of the late 1960s and 1970s, SLN lobbied the French government to restrict investment from overseas competitors.

SLN's dominant position was assisted by the 1969 Billotte laws, which increased Paris' control of mining regulation, transferred the authority to set export quotas to the French Ministry of Industry and effectively restricted access by Canadian and Australian nickel companies. For decades, SLN has operated New Caledonia's only nickel smelter at Doniambo in Noumea, powered by the Yate hydro-electricity scheme. But in a period of European economic woe and expanding Asian economies, times are changing and SLN is not the only game in town. Today, the Brazilian corporation Vale is building a major processing plant at Goro in the south-east of the main island. But the major breakthrough in "economic rebalancing"—a central pillar of the 1998 Noumea Accord—is the new industrial activity in the Northern Province, where the population is largely Kanak. Recognising the importance of the mining sector for economic development, the FLNKS independence movement negotiated to break ERAMET-SLN's control in the 1990s.

Boom times in the north

The Noumea Accord was only signed in May 1998 after ERAMET and the French government agreed to a préalable minière (mining pre-condition), with the signing of the Bercy Accord in February that year. Under this deal, SLN ceded major nickel reserves at Koniambo to Société minière du sud Pacifique (SMSP), a mining company majority controlled by the Northern Province's local government. New Caledonia's three provincial governments also obtained shares in SLN, as a contribution to economic "rebalancing" that is a core element of New Caledonia's decolonisation process. New Caledonia's capital Noumea and the surrounding Southern Province have long hosted much of the country's economic infrastructure. But today, driving north to the provincial capital of Kone, you can see a range of activities which are transforming the rural north. There are new roads and roundabouts, industrial construction, housing estates and commercial operations along the corridor known as "VKP", linking the west coast towns of Voh, Kone and Pouembout.

The centre piece of all this change is the "projet du nord"—the construction of a processing plant in the north, which will end SLN's long-held monopoly of nickel smelting. But there are spinoffs in all directions, with new cultural, sporting and educational facilities across the province. In 2012, the Agence de Développement de la Culture Kanak (ADCK) opened a branch in Kone, as did the Chamber of Commerce and Industry (CCI). In early 2013, the Pentecost group will complete the giant Teari commercial centre with supermarkets and shops at Green Acre (a new subdivision south of Kone), costing 1.4 billion Pacific francs. The pace of construction is so great that a subsidiary of the Australian corporation BlueScope Steel is building a steel fabrication plant in the Northern Province to complement its existing factory in Noumea. As the project got underway in 2008, the President of the Northern Province Paul Neaoutyine outlined his vision in an interview with ISLANDS BUSINESS: "Building the Northern smelter has long been an objective of the FLNKS, not only to rebalance the economy between the provinces, but also to show that New Caledonia can be independent.

"We need projects of sufficient weight to turn things around. This is the whole challenge of economic rebalancing, which we started discussing in the Matignon-Oudinot Accords of 1988." The driving force of the Northern Province's transformation is the Société minière du sud Pacifique (SMSP), led by President and CEO Andre Dang. Dang is a long-time supporter of the FLNKS and a close friend of the late independence leader Jean-Marie Tjibaou. Starting as a garage owner, Dang made his fortune importing cars and trucks to New Caledonia. He moved into a leading role with SMSP after the November 2000 death of SMSP President Raphael Pidjot in a helicopter crash – an accident that many Kanaks still regard as suspicious. Controlled by the Northern Province's holding company SOFINOR, SMSP has diversified its operations through a number of joint ventures and subsidiaries. The Northern smelter project is run by Koniambo Nickel SAS (KNS), a partnership between SMSP and the major UK-Swiss corporation Xstrata.

Along with Cotransmine (shipping and stevedoring), SMSP also has two joint ventures with the Korean group Posco: the Nickel Mining Company (NMC) and the nickel processing company Société du Nickel de Nouvelle-Calédonie et Corée (SNNC). Although it relies on overseas technology, capital and expertise, SMSP has retained a 51 percent interest in all its joint ventures. In recent years, SMSP has become a leading exporter of nickel ore on the global stage, with exports to Australia, Japan and Ukraine. Since June 2006, SMSP has also been supplying the Chinese market through a deal with China's Ningbo Corporation. But the centrepiece of SMSP's re-alignment of the nickel industry is the Koniambo project. SMSP is developing mineral reserves from the Koniambo massif, with an estimated 21 square kilometres of high grade nickel in this central mountain range. The ore is transported over the mountains to a newly constructed processing plant at Vavouto. This complex, located north of the provincial capital Kone, includes a smelter, processing plant, power station, port and industrial zone. Since 2008, the joint venture KNS has been sending local Kanak workers to French-speaking Quebec for training, but now the project is moving from the construction phase to preliminary testing of the smelter, with production to begin early this year. The ore preparation plant and overland conveyer are in operation, with a second production line scheduled to be complete by mid-2013.

Deals with Korea and China

To raise capital for its share of the US$5 billion Koniambo-Vavouto project, SMSP has struck two major deals, firstly in Korea and now in China.SMSP has increased exports of lower grade base minerals that are unsuitable for processing by KNS and will use the profits to invest in operations at Vavouto. Dang's strategy has been denounced by some anti-independence leaders, who have criticised the increased export of ore without value adding. But SMSP is seeking to provide an alternative to reliance on French capital, by feeding the booming economies of Asia. So far, the joint venture SNNC project has been a major success for SMSP and its Korean partner Posco. Through its subsidiary Nickel Mining Company (NMC), SMSP exports up to 1.8 million tonnes of ore to Korea each year from mines at Ouaco, Poya, Nakety and Kouaoua (there are nearly 90 million tonnes of reserves, allowing exports to continue for decades).

SNNC uses these lower grade ores to feed a processing plant at Gwangyang, producing crude ferronickel (which contains about 20 per cent nickel and 80 percent iron). Although production only began in 2008, SMSP and Posco have already agreed to expand operations at Gwangyang from mid-2014. Using a $450 million investment to build a second electric smelting furnace and rotary kiln, with extra port and storage facilities, SNNC aims to increase production from 30,000 to 54,000 tonnes of ferronickel each year. Last June, members of the Northern Province assembly travelled to Korea to inspect the proposed expansion of the Gwangyang plant. Two months later, a Korean delegation arrived in New Caledonia to inspect new mine sites in the Northern Province.

The rapid growth of the Korean operation has sparked interest in other quarters, leading to a new deal with the state-owned Chinese corporation Jinchuan (the third largest nickel producer in the world, after Norilsk Nickel and Vale). After nearly four years of discussions, SMSP signed an initial partnership MOU with Jinchuan in June 2011. In a rare coup, SMSP retains a 51 percent majority in the partnership after Chinese authorities amended a law last year that bans majority control by a foreign corporation in China's metallurgy sector. Through the Caledonian Chinese Mining Company (CMCC), SMSP and Jinchuan will build a nickel processing plant in Guangxi, located in southern China near the border of Vietnam. The plant, scheduled to begin operations in 2017, will use laterite minerals from the east coast of New Caledonia's Northern Province. The project, worth US$1 billion, aims to produce 30,000 tonnes of nickel hydroxide and 3,000 tonnes of cobalt a year.

Debate over the future

In spite of these successes, there is still extensive debate in New Caledonia about the scale and timing of the SMSP initiatives.The decision to process more resources offshore has been criticised by anti-independence leaders like Frogier and Pierre Bretegnier of the Rassemblement UMP party (RUMP). In turn, FLNKS leaders have criticised ERAMET-SLN for its failure to develop processing capacity for lower grade minerals. In the Northern Province, there is some community concern about the rapid development along the VKP corridor, and how economic benefits will be shared with Kanak tribes along the east coast and in the vast mountain range that divides New Caledonia's main island. A key priority is to expand opportunities for local contracting, provide employment opportunities for women and training for young Kanak villagers.

Local NGOs seek better regulation of the inevitable environmental impacts from the mining and industrial production. Since 2010, the Comité stratégique industriel (CSI) led by French public servant Anne Duthilleul has been looking at strategic options for the future of the nickel industry. But Duthilleul's recommendations, issued in late 2012, were widely criticised by a range of New Caledonian leaders for favouring the interests of SLN's existing operations, rather than the SMSP's new initiatives. SLN's major shareowners are ERAMET (56 percent) and Japan's Nisshin Steel (10 percent), with New Caledonia's three provinces controlling the remaining 34 percent through a public company Société Territoriale Calédonienne de Participation Industrielle (STPCI). To further challenge control by the French government, independence leaders have suggested that the STPCI stake could be increased to 51 per cent. However, according to RUMP's Pierre Bretegnier: "If the STPCI takes 51 percent of SLN, ERAMET will leave. It won't have any reason to stay if it is a minority stakeholder." French attitudes to the Koniambo project have also been complicated by corporate manoeuvring between Xstrata and the Swiss-based corporation Glencore (the world's biggest private metals trader), which already owns 34 percent of Xstrata's shares.

Within months, a merger between Glencore and Xstrata should be finalised (Koniambo will start production regardless of the corporate restructuring). The newer technology utilised by KNS and SNNC will produce more profitable results than SLN's ageing Doniambo smelter in Noumea. In recent months, President Harold Martin and other politicians have criticised SLN for its plan to construct a new 180-MW coal-fired power station to support Doniambo, at a time when New Caledonia is increasingly concerned about the impacts of climate change on rural bushfires, cyclones or the World Heritage-listed reef ecosystem. However, SLN has its own expansion plans, looking at the development of new mine sites on the east coast, with the Stamboul mine (near Kouaoua) to feed the Doniambo smelter. Future expansion of the sector will be governed by the global market for nickel products—a drop in demand in 2012 has raised some tremors. In spite of all this, the deals with emerging Asian economies have threatened France's long-time stranglehold over the strategic minerals sector. This ongoing challenge to French power has significant implications as supporters and opponents of independence head to the polls in 2014.

Resource money destabilises Papua New Guinea - The gas boom

by Céline Rouzet, Le Monde Diplomatique, February 2013

A project run by ExxonMobil to supply China and Japan with liquefied gas for the next 30 years is changing life in Papua New Guinea with wildly inequitable results for local people.

Through the cracked windows of the local minibus we watched Port Moresby, the capital of Papua New Guinea, flash past: potholed roads, concrete and sheet metal buildings baking in the sun, weed-covered walls crowned with barbed wire. Port Moresby is dangerous, and foreigners are advised not to travel by bus, by taxi, or on foot. The slums that surround the city have swollen since ExxonMobil's huge Papua New Guinea Liquefied Natural Gas (PNG LNG) project started in 2009. Benjamin, a politics student who used to rob banks, took us to the Badilli slum, his home of the past 11 years, where a group of men gathered around us, chewing betel paste and eyeing us with a mixture of curiosity and distrust. "People kill each other here," said Benjamin. "There are all sorts: people fleeing tribal fighting or accusations of witchcraft in their villages, people looking for a better life in the capital, civil servants, professionals, criminals, prostitutes... we do what we can to survive."

Has anything changed since the PNG LNG project began? "We've got nothing out of it, the only difference is that now more people live here." In four years, the arrival of the second biggest oil company in the world and its $19bn project (20% financed by the government) has transformed the capital. It aims to supply China and Japan with gas for 30 years, and is the biggest development project ever undertaken in the Pacific. But it has caused a dispute between the US and China. On 2 March 2011 Secretary of State Hillary Clinton even accused Beijing of trying to push ExxonMobil out of the project: "We are in a competition with China,'' she told the Senate foreign relations committee. Papua New Guinea is rich in natural resources and has become a strategic pawn for the US in its attempts to counter the growing influence of China, which quadrupled direct investment in the country between 2005 and 2010.

Invisible foreigners

Luxury international hotels and apartment blocks for foreign executives have arrived in Port Moresby with ExxonMobil, raising prices. An average apartment in this dusty little city now costs $1,300 a week; offices and accommodation are more expensive than in Manhattan.“Exxon and its subcontractors only house foreign employees in Moresby; most local workers live with their families in the slums,” said Benjamin. Around us skinny children fought over empty beer bottles on the ground. A drunk staggered by and showed us his finger, stained purple with ink: “Look, I’ve voted! But our politicians are corrupt; they don’t care about us. In a year or two, this place will probably disappear. ExxonMobil wants to build tower blocks here.” It is hard to find any of the 8,000 foreigners who work for the company and its partners. “They are invisible,” said Nicolas Garnier, a French anthropologist who has been teaching at the University of Papua New Guinea for almost 10 years (locals call him “the white man who chews betel”). “During colonisation, certain areas were effectively reserved for whites” (1). Until 1958 locals were subject to a curfew at night. “Rents are so high now that entire areas are inhabited only by foreigners and a few local rich people. This has created a de facto apartheid, economic rather than ideological.”

The new apartment blocks stand on the top of Paga Hill, overlooking the centre of Port Moresby, or between the Royal Papua Yacht Club and the headquarters of PNG LNG. These air-conditioned fortresses with ocean views, private pools and security guards house the project’s senior employees. ExxonMobil’s obsession with security means employees staying at the Crown Plaza hotel are not allowed to walk the 30 metres to the office, and there are many “prohibited zones” in the city, considered too dangerous for employees to enter even in their chauffeur-driven cars. They use different security measures in Hela Province, where the underground gas reserves are. “Armed squads chased us from our land like we were wild pigs,” said Robert Dale, a landowner in Hides, a village in the middle of Hela. Opposite us, the Hides 4 treatment plant cast its shadow over the small reed huts and banana trees; on the horizon, mechanical diggers cut deep brown gashes in the hillside. For weeks Dale had been hanging about the plant’s barbed wire-topped gates hoping to get a job. In March 2012 thousands of people blockaded it to demand infrastructure, jobs and compensation for their lost land. “We protested, but the LNG police shot at us. We want the company to re-house us and provide the public services they promised,” said Dale.

The men around him chorused their agreement. Anger is growing in this wild highland region where 20,000 landowners are affected by the project. Land is passed down through generations and still represents the main source of livelihood for most of the population, who own almost 97% of the territory (2). The oil company protects its investment by giving logistical support to well-paid special police units known as “mobile squads”. They have been accused of human rights abuses (3), including the killing of a local employee of a French subcontractor, Spiecapag, a subsidiary of the Vinci group, on 3 April 2012, when villagers invaded the pipeline construction site at Tamadigi; there has been no independent inquiry. A French Spiecapag employee, who asked to remain anonymous, said: “The company aggravates the locals, and calls out the mobile squads whenever there is a problem. There is no dialogue. Everyone stays on their own side of the fence. The worst thing is the contempt they treat the Papuans with. When the Moro camp up the hill was divided in two, I was asked to separate the whites from the “monkeys” — that’s what we call the locals.”

‘The poor get poorer’

The pipeline penetrates deeper into the jungle every day and will soon reach the territory of the Huli, a highland tribe with a warlike reputation. Tari, the province’s tiny capital, is half an hour from Hides by pick-up truck, which costs $260 to hire for the day, not including petrol: the LNG project has raised prices and created winners and losers. Tari is a muddy, dusty, Wild West town. Outside a sheet metal grocery, we saw an old man in rubber boots, the dirty tatters of what was once a traditional skirt hanging around his thin legs. Men who once wore the headdresses of flowers and bird of paradise feathers, so celebrated in the West, now get drunk and play cards. Tari has no bank, no supermarket worthy of the name and just one hospital with no electricity or running water to serve the whole town of Hela Province. Illiteracy is over 60%, street fights are common and the air smells of alcohol: prohibition means people can make a small fortune selling drink on the black market. At the side of the gravel road, in the dust thrown up by the PNG LNG vehicles, a man told me: “The poor get poorer while the rich grow fat. People living in the villages affected will get royalties but where will the rest of Hela get money from?” Hope is gradually giving way to frustration, money is making people mad and jealousy is turning them against each other. Inhabitants of a nearby village quickly put up some houses along the road built to supply the project, so they could claim compensation. Another family demanded a huge amount of money from the project operator after a vehicle ran over their dog. “People are losing all sense of proportion. They hear about this project worth billions, and they want their share,” said Andrew Alphonse, a local who reports for the national newspaper. “Four or five years ago, Tari was a tiny ghost town. But today — just look at the traffic, the lorries, the foreign workers, the planes, the road... It’s an opportunity for us, there is money to be made.”

‘The locals want to learn skills’

Some locals have found jobs as security guards, chauffeurs, traffic controllers or lumberjacks. They earn a lot of money and share it within their tribe. But as Alphonse said, it gets spent very quickly: “There is no bank here, but we really need one. People go to the towns of Mendi and Hagen, further east, to deposit their money, but they get robbed along the way. Women get raped. The government doesn’t help us. We have no reliable police or courts. We also need roads, the internet, proper supermarkets...” As men gathered around us, Alphonse called them to witness: “Our young people want to be trained. The locals want to learn the skills to work on the production phase of the project, not just eat dust at the side of the road or play at being security guards.” The locals see employment as compensation for losing their land. ExxonMobil signed an agreement with the government to train local people, particularly those directly affected by the project (4). The company has already put in more than a million hours, but not everyone in the region can be trained or employed and the number of employees, currently around 17,000, including 8,000 foreigners, is due to drop to 1,000 in 2014 when the construction phase is completed.“ExxonMobil should remember that they have not yet had any gas from our land, and if they don’t do anything for the local people, they never will,” said Alphonse.

Roads blocked, work brought to a standstill, a pipeline construction site occupied, two foreign employees attacked with machetes at the Komo site in Hela: the list of incidents goes on. What would happen if the gas were not delivered on time? The government would pay: in its 2011 budget (5), it assumes financial liability of up to $2.6bn until 2014. The first compensation from the project was distributed in 2010, but $58m promised by the government to local landowners disappeared. In January 2011 thousands of exasperated landowners brought work to a standstill at the Hides site. The courts ordered a temporary freeze on all payments to “prevent fraud and corruption”. In February landowners demonstrated in the capital to demand their money and took three oil ministry employees hostage. I met Janet Koriama, president of a women’s association in Hela, at the Holiday Inn in the administrative area of Port Moresby. “At this hotel,” she told me, “a few clever, educated, English-speaking leaders managed to get money from PNG LNG by greasing the palms of members of the government. They just had to fill out a form and walk across to the government offices to make millions. But for everyone else, who couldn’t even get through the gates of the hotel, it was a different story.”

Not properly represented

Back in May 2009 the “development forum” had met on the island of Kokopo, 1,000km from the project zone, to decide how to distribute revenue among the different parties and infrastructure projects the government was planning. According to the Umbrella Benefits Sharing Agreement, landowners were due to receive $9.66bn over 30 years, but a report by Oxfam International (6) reveals that not all the landowners had even been identified at that time. “The agreement was thrown together, and we were not properly represented,” said Koriama. “The government chose a handful of villagers at random, paid their air fares and hotel bills, and gave them money and lots of beer.” The local director of Transparency International and adviser to the oil ministry, Michael McWalter, regrets that his organisation was not able to observe how the forum operated. “We were originally invited, but then the government got scared of what might happen.” ExxonMobil says it was present merely as an observer and did not take part in the negotiations. The landowners who stayed at home in their villages are now prepared to do anything to get their share.

Mineral exploitation in this country has a turbulent history. Koriama was part of an armed gang that attacked the gold mine at Mount Kare in Enga province, northern Hela, in 1992.“We forced the white owners to pour oil on the mine and set fire to it. Then we stripped them naked and tied them to the wire fence with a note for the operators, CRA [now Rio Tinto], ordering them to get out. The people of Hela are just as dangerous as those at Mount Kare. The gas is still under our feet. Perhaps the people at ExxonMobil don’t know what’s going on, or maybe they think everything is fine. We are not against them, we need them to help us build new public services.” Many hope the arrival of the top US company will compensate for the inadequacy of the government, and deliver long promised development. After much negotiation and an initial refusal, the head of communication at ExxonMobil, Rebecca Arnolds, agreed to see us in her office in Port Moresby. She said the company tried to help communities by putting forward projects to improve their standard of living, but it was up to the government to provide public services and distribute the profits in “an equitable, just and transparent way ... I know you have talked to a lot of people, but many people are very pleased with this project. They can already see a positive impact on their lives, either because they have a new job, or because they benefit from one of the projects we support.”

ExxonMobil is full of goodwill, according to PNG LNG’s glossy brochure. Smiling children in traditional dress illustrate how much good the oil company has done for the people of Papua New Guinea. The brochure tells a story: “When Janet Mbuda started the Personal Viability Training course in December 2011, she had no idea how different her life would be today. She is one of over 250 people from Hides and the Plant Site communities who participated in the training, focussed on making the best use of the greatest resource: yourself.” The training gave lessons in respecting others, learning to think positively, managing a family budget and earning money. Marilyn Tabagua took one of their courses: “ExxonMobil sent me to the United States to study management and communication, which I really enjoyed, but I don’t work for them now.” She stands out in Tari: educated, divorced and remarried to a younger man, she got rich by setting up her own stall, and employs society’s rejects, drug addicts and prostitutes.

“The LNG project is really good for business. People have money. Every morning employees from PNG LNG and men working in the area buy chips, doughnuts and coffee. But if you look at the young women, they are so poor they turn to prostitution. Things change so quickly. They need a mobile phone or nail varnish to be like everyone else. They sell their bodies and sometimes get HIV.” Royalties will start flowing as soon as the gas is sold, so from 2014, and for the next 30 years, some families in the project area will receive not millions, but billions. Money already rules. After dark, in the casinos of Port Moresby, you can see the fluorescent green dollar signs of the slot machines reflected on the faces of newly rich villagers. Land, women and food are being traded for cash. But in the Badilli slum an old man told me: “We were living here before the company arrived, and we’ll still be here when they go.”

Mining in PNG: Power, Privilege and Denial

Charles Roche, Mineral Policy Institute, 31st January 2013

The mining industry in PNG has come under increasing scrutiny in recent years with the establishment of PNG Mine Watch and Act Now along with efforts from international community based organisations. Confronted and affronted by the glaring disparity in the benefits obtained by ex-pats and locals, PNG communities are increasingly challenging both an assumed right to develop and the de-facto method of development, mining. This is not a surprise to anyone who has been listening. The groundswell of opposition has arisen from mining related problems and a disparity, inequity and injustice when it comes to the distribution of mining's benefits. There is a long list of troubled projects and mine sites including Misima, Tolukuma, Ok Tedi, Mt Kare, Ramu, Porgera, Solwara 1, Ok Tedi and Bougainville.

The fact is, that mining is often conducted for the companies benefit, with little regard for the national, regional or local impacts from mining and the management of its waste streams. Similarly, while the benefits of mining should be fairly distributed between company, the state, landowners and affected people, this is rarely the result in PNG. Unfortunately, the Government of PNG has struggled to balance the need for development with other goals, a task made harder with the pressure from companies and their home countries. The era when industry representatives can impose enormous environmental impact and social dislocation justified by tightly controlled studies and consultant's 'grey literature,' is over. No matter what ex-pat miners, directors, consultants and companies say, locals from PNG are concerned about the impacts of mining and mine waste on their land (and water) and their future, whether it is from Hidden Valley, Lihir or Simberi.

The real story behind the recent coverage of Ross Garnaut's sudden departure from the PNGSDP is not diplomatic tension or obstructing Australian enterprise. Only those in ivory towers with powerful friends, influence or assets could believe the issue was about them. The real story is one of ongoing colonialism where rich and powerful people reference expensive plans and reports; at the same time locals die premature deaths, suffer from a lack of medical assistance, poor education and a lack of opportunity. Despite a recent independent review, many questions remain about transparency and the impact, success and sustainability of the development and investment decisions made by PNGSDP. In an extended interview on the ABC following his resignation, Garnaut seemed to be grounded in the past, defending past actions and standards rather than advocating for reform. This is not to deny that Garnaut has made a contribution to PNG, it is just a shame that such an influential figure was not a more effective advocate for much needed reform in the PNG mining industry.

Similarly, BHP has looked to the past in controlling the PNGSDP. They could hardly expect to retain control over the board of such an important entity, both financially and symbolically, for so long, without expecting to raise the ire of an independent nation. It has taken far too long for BHP to hand over control of the Board. The recent statements by BHP and possible collusion with DFAT reflect either a poor understanding of the situation or simply denial masquerading as a defense of free speech and trade. Interestingly while some commentators exaggerate the significance of the dispute and the impact on industry, the industry represented by Exon, Horizon Oil and Highland's Pacific seems untroubled by recent events.

The 'low point' of diplomacy or mining in PNG is not a travel ban, but the continued state of denial about the impacts of mining and the need to find solutions appropriate for this century rather than the last. Without doubt, mining has an important role to play in PNG's future, unfortunately the industry is operating on assumptions grounded in the past. The need for industry reform is stark, and all those insiders who cannot support positive change should make way for those who will.If we were able to examine this episode from the view of the PNG people, rather than from an industry or Australian perspective, then the story would be completely different. There is an increasing recogni-

tion in PNG about the problems associated with mining, be it pollution or the resource curse and the viable alternative that agriculture offers. Rather than focusing on vested interest's, Australia should be supporting a future for PNG where mining contributes to the development of the nation rather than just the development of isolated mine sites.
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Ok Tedi landowner company prospers

The National, 31st January, 2013

By GYNNIE KERO in Tabubil
LANDOWNER company and major contractor with the Ok Tedi Mining Ltd (OTML) Mineral Resources Star Mountains (MRSM) Ltd has been making good in its operations for the past eight years. General manager Paul Povey said MRSM's performance was reflected in its financial reports and investments both in PNG and overseas. He said the MRSM group of companies generated revenues of K95 million in the last financial year. Povey said the company's total investments had exceeded K180 million and to date, it has paid more than K20 million in dividends to its shareholders composed of 10 mine villages. He said MRSM will expand its activities because of the steady working relationship it has with OTML.

MRSM group of companies include Fubilan Catering Services Ltd (FCSL), Tabubil Engineering Ltd (TEL), Highway Transport Ltd (HTL), Fubilan Security Services Ltd (FSSL) and The Weigh Inn Hotel Ltd (TWIHL). "MRSM is a landowner company that was established through the Mineral Resources Development Corporation (MRDC) in 1997," Povey said. "It represents the economic and social interests of the Ok Tedi mine landowner groups at Tabubil, along the Star Mountains and Fly River basin in the North Fly district of the Western. "To date, MRSM has paid more than K20 million in dividends to its shareholders, composed of 10 mine villages. "Today, MRSM's total investments exceed K180 million. On Aug 29, 1997, the secretary for finance settled the Star Mountains Trust and the Star Mountains Landowners Trust was established.

Povey said the trust deed made MRSM a corporate trustee following the terms of the heads of agreement. Beneficiaries under the trust are the villages of Atemkit, Bultem, Finalbin, Kavorabip, Migalsim, Wangbin, Ok Tideta, Niu Osikwi, Kumkit and Ankit. "The major asset of the trust was the 2.5% interest in the OTML," Povey said. "The deed of settlement also appointed the company as the trustee. "The board therefore also acts as the 'board of Trustees'. "The company began operation in 1997 with initial capital of K1,569,785 made of the Ok Tedi project dividend payment. "In the same year, a total of K780,780 in profits were distributed to the beneficiaries. "In 1998, prolonged drought caused the shutdown of the Ok Tedi project. "This resulted in a significant reduction of revenue from the company's investment in the project. "In 1998, the company received additional revenue of K288,122."

Ok Tedi Mining pays US$350million dividends

The National, 31st January, 2013

OK TEDI Mining Ltd (OTML) has paid US$350 million in dividends to landowner beneficiaries in the last financial year, managing director Nigel Parker in Tabubil said yesterday. The Ok Tedi mine is a major producer of copper concentrate for the world smelting market. He said despite some operational issues, OTML had also invested a lot in mine life extension (MLE) and was waiting for government approval. "Last year's performance was good," Parker said. "OTML paid US$350 million in dividends, invested a lot in mine life extension. "The 156 villages have already signed the community mine agreement. "OTML is 100% state-owned so we are waiting for government approval for mine life extension." Parker said OTML was committed to working with the people of the Western province to help build a sustainable long-term future from the wealth that the mine had created. Parker said one way to achieve that was to send children overseas for quality education.

Ok Tedi: North Fly students to study in Sydney

The National, 31st January, 2013

By GYNNIE KERO

FOUR students from the North Fly area, Western, will be sent to study in Sydney, Australia, each year as part of the Ok Tedi Development Foundation (OTDF) education programme. This was made known during Mineral Resources Star Mountains' (MRSM) presentation of K1 million towards the Ok Tedi education trust fund in Tabubil, Western, yesterday. Ok Tedi Mining Ltd (OTML) managing director Nigel Parker said the funds received from MRSM and the royalty trust fund would be administered by OTDF for the education programme. Parker said the boys from the mining villages would attend Scots College in Sydney starting next January. He said the college was known for good discipline and quality education and was a good training school. Parker said the education programme would help the students to share different cultures and learn from each other.

"The K1 million from MRSM and Royalty Trust's K2 million we receive each year would go towards the Ok Tedi education trust. The money will be managed by OTDF for the 15-year education programme," he said. "Boys will leave immediately in January because screening process is completed. Next thing is to send the girls to an all girl's college ... we're looking at Presbyterian Ladies College. We have built strong relationship with Scots." Mineral Resources Development Company (MRDC) managing director Augustine Mano said OTML was the first resource developer to get community involved in quality education programme. He said Western and PNG would require quality and skilled trained Papua New Guineans once the mine life extension is over. Mano said the education programme also compliments the national government's education policy. "MRDC funded two double building classrooms for Finalbin and Wangbin Primary Schools at a cost of K2 million," he said.

Xstrata looks for Frieda River partners

The National, 31st January, 2013

By GYNNIE KERO

XSTRATA Copper continues the process of assessing the interest of a number of potential investors in the US$5.6 billion Frieda River project in East Sepik, according to an Xstrata spokesperson. "We have confidentiality agreements in place and are unable to mention the number of interested parties," she said. Studies on the Frieda River project have identified a potential operation with an estimated capital cost of US$5.6 billion, according to Xstrata's feasibility study and 2012 study programme report. According to the spokesperson, the project has an estimated annual production profile of 204,000 tonnes copper and 305,000 ounces of gold, over a 20-year mine life.

"The Frieda River Project is owned in joint venture by Xstrata Frieda River (81.82%) and Highlands Pacific (18.18%)," she said. "We delivered our feasibility study and 2012 study programme report to our joint venture partner (Highlands Pacific) last month (December 2012). "The extended 2012 study outlines a project with an estimated initial capital requirement of US$5.6 billion, with a 20-year open pit mine life capable of producing on average an estimated 304,000 tonnes copper and 451,000 ounces of gold in its first five years. "A decision has not yet been taken to start mining at the Frieda River project and in 2013 we will progress further technical studies associated to infrastructure for the potential mine.

“Following that, a decision to start mining would depend on the identification of a sustainable profitable project (final execution model), government approvals of the environmental impact statement (EIS), successful completion of land issues, compensation and resettlement agreements, and corporate approvals.” “At this stage we do not have an expected date for the project to start production. However once construction commences the proposed construction period is approximately four and a half years. “This year (2013), we are conducting additional infrastructure studies, including a study programme focused on more efficient waste management and associated infrastructure that could potentially reduce the initial capital to US$5 billion. “We will also continue our comprehensive community affairs activities, environmental baseline monitoring, and of course engagement with the various levels of government to discuss the outcomes from the recently-delivered feasibility study and 2012 study programme.”

Report: LNG on track for first sales in 2014 Post-Courier 31.1.2013

AS of the end of last year, the PNG LNG Project was approximately 70% completed and on track for first LNG sales in 2014. The estimated Project cost has increased to $19 billion while the plant capacity has risen to 6.9 mmtpa (million metric tonnes per annum). This was reported in the Oil Search Ltd fourth quarter report released to the market yesterday. The report said a number of major pieces of project infrastructure are now at, or nearing, completion, with the remainder of works progressing generally in line with schedule. Importantly, runway pavement at the Komo airfield is progressing well and first cargo flights, which will bring in key items of equipment for the construction of the Hides Gas Conditioning Plant (HGCP), are planned to commence early this year.

Oil Search’s Associated Gas and PL 2 Life Extension Projects are also advancing and remain on track to supply commissioning gas to the LNG Plant this year. The operator, Esso Highlands Limited, has reconfirmed the Project remains on schedule for first LNG sales in 2014. Following a cost and schedule review by the operator in November, the capital cost estimate for the Project has increased from $US15.7 billion to $US19 billion. While this is disappointing, the economic impact is largely offset by a 5% increase in LNG plant capacity and considerably higher oil prices than when the Project was initially sanctioned.

The report said Oil Search continues to develop its options for LNG growth. During the quarter, design studies for the P’nyang gas resource in PRL 3 continued, with a range of options under consideration, including the potential for a third PNG LNG train. “Our Gulf of Papua gas strategy also continues to move forward”. “As highlighted in the third quarter report, the farm-in, subject to Government approvals, by TOTAL S.A. into our Gulf of Papua licences early in the fourth quarter satisfies one of the Company’s core strategic objectives, which is to bring an experienced LNG operator into the licenses, to share risks during the exploration phase,” Oil Search said. Assessment of the new 3D seismic data in the Gulf licenses has been encouraging and planning for the offshore drilling program, commencing in the first-second quarter of 2013, is well advanced.

PNG’s new gas prospect Post-Courier 31.1.2013
By frank Mills

Papua New Guinea could find itself with a major new petroleum project supplying gas and liquids to markets in Asia, if Talisman Energy’s extensive exploration effort in Western Province continues to make discoveries. Talisman is a Canadian company, producing and exploring for gas and oil in several regions across the world, and now exploring in PNG. Talisman’s executive vice president for the SE Asian region, Paul Blakeley, said in Singapore recently that the company expected to have new production coming on line in both Vietnam and Papua New Guinea in the next two years.

The company reports that the exploration and appraisal wells already drilled in Talisman's 12 operated and non-operated acreage on either side of the Strickland and Fly Rivers, have identified 1.5 trillion cubic feet (tcf) of gas (gross 2C contingent resource). A gas export project, aggregating the production from several fields to an export facility in the Western Province, could be commercially viable on a basis of 2 to 4 tcf of 2C resource (gross).

Exploration drilling and an extensive seismic acquisition program for more leads is continuing in 2013 across a wide area, stretching from Kiunga upstream past Nomad, and east to the slopes of Mt Bosavi. Talisman holds a total licence area of almost 30,000 square kilometres (gross), an area approximately the size of Taiwan or half of the State of Tasmania. Talisman is working to consolidate the base camp at Yavo on the Strickland River, supporting the company's drilling rig and a second rig belonging to Parker Drilling, both rigs operated by Parker. The drilling and seismic programs are supported by two BK helicopters provided by HeliNiugini and a giant Chinook heavy-lifting helicopter operated by Columbia Helicopters.

Up to five hundred local men are being recruited into the seismic work program, cutting the tracks that criss-cross the acreage, and more people are expected to be trained for work in drilling. Since Talisman began operating in the Western Province in 2009, over a million Kina a year has been invested in a community benefits program, working in close co-operation with churches, schools, community groups and the Provincial Government. The emphasis is on improving health and education outcomes for local communities. Doctor visits, immunisation programs and local clinics are arriving in remote areas, where small isolated communities seldom see government services. Talisman Energy Niugini is a quiet achiever, not as high-profile as the Kutubu and Hide- based LNG Project or the planned InterOil development in the Gulf Province. But in the far western lowlands of the country, all the signs are visible that another big thing in oil and gas could be on the way.

Court settles landowner issue in oil, gas project area

Post-Courier 31.1.2013

THE battle over the ownership of the South East Mananda Oil and Gas Project and PDL2 area in Kutubu, Southern Highlands, has been settled in Court.Now, the Secretary for the Department of Petroleum and Energy (DPE) has been urged to consider the Supreme Court decision that was made in favour of two Incorporated Land Groups (ILGs). The court battle between the Huli Wabiao clan over the ownership of the South East Mananda Oil and Gas Project and the PDL2 area in Kutubu was made in favour of Chairman of Wadju ILG James Ai and Chairman of Poe ILG Luke Yula. The decision was handed down by Chief Justice Salamo Injia on December 12, 2012. Mr Ai and Mr Yula went to court to seek orders for fair distribution of royalties and equities for the four sub-clans in the Huli Wabiaos.

In a joint statement yesterday, the two chairmen called on the DPE secretary and his officers not to comply with the court orders and not to entertain any other third party groups that claim to be members of the Wabiako clan. "We now demand the stake holders, especially Mineral Resources Development Corporation, DPE, State, Exxon Mobil, Oil Search and other business partners to take into account the decision of the court and comply with its orders," Mr Yula said. He said those stakeholders must also be cautious of any claimant landowners as any distribution of shares outside the stipulated orders could amount to contempt of court. "The four sub-clans of Wabiako which are Wadju, Poe, Taro and Miya would equally share 25 percent of the benefits as per the court order," Mr Yalu said, adding that any outside dealings would be deemed as contempt of court.

Rape Victims Must Sign Away Rights to Get Remedy from Barrick

MiningWatch Canada, 30.1.2013

Ottawa – Washington, D.C. - Oxford – January 30, 2013. Following years of denial, Barrick Gold is implementing a remedy program for victims of rape by employees of its Porgera Joint Venture (PJV) mine in Papua New Guinea (PNG). In order to receive a remedy package, women must enter into an agreement in which “the claimant agrees that she will not pursue or participate in any legal action against PJV, PRFA [Porgera Remediation Framework Association Inc.] or Barrick in or outside of PNG. PRFA and Barrick will be able to rely on the agreement as a bar to any legal proceedings which may be brought by the claimant in breach of the agreement.”

Included in the remedy options offered to women are “access to phychosocial/trauma counseling” and “access to health care.” “We do not believe women should have to sign away rights to possible future legal action in order to access the types of remedy Barrick is offering these victims of rape and gang rape,” says Catherine Coumans of MiningWatch Canada, “this requirement is not best practice in cases of non-judicial remedy.” "We are also concerned that Barrick is not offering remedy to those women who have been raped and gang raped by members of police Mobile Squads who are being housed, fed and supported by PJV on PJV property" says Tricia Feeney, Executive Director of Rights & Accountability in Development.

"Barrick appears to be rushing women through the claims process," says Rick Herz, Litigation Coordinator for EarthRights International, which has brought several transnational lawsuits in U.S. courts against extractive companies for similar abuses. "Women should not be coerced into giving up their legal rights and, at a minimum, Barrick should allow women to keep the remedial offers made to them open long enough for them to seek legal counsel and evaluate their options." MiningWatch Canada, Rights & Accountability in Development and EarthRights International are currently engaged in mediated discussions with Barrick Gold as a result of a complaint filed with the Canadian National Contact Point for the OECD Guidelines. The information and related documents provided in this release were obtained outside of that process.

Australia: MCC Contributes $858 Million to Blow Out at Citic Iron Ore Mine

Bloomberg, By Elisabeth Behrmann - Jan 30, 2013

Metallurgical Corp. of China Ltd., the contractor building the world’s largest magnetite iron ore mine for Citic Pacific Ltd. (267) in Australia, said it would contribute $858 million after construction costs blew out. Metallurgical will provide the money “to drive the project forward,” the Beijing-based company said late yesterday in a statement. Citic Pacific noted the comment in a separate statement, saying an independent assessor will determine the costs incurred by Metallurgical and “render an opinion on whether they were reasonable.” Citic Pacific and Metallurgical, known as MCC, have been in dispute over delays and cost increases at Sino Iron, with Citic announcing last year a more than fourfold blowout to the budget to $8 billion.

MCC said in a separate statement that the provision will result in a 3.1 billion yuan ($498 million) charge in its 2012 accounts, contributing to a 7.2 billion yuan annual loss. “The nature of most large-scale projects usually results in certain claims by both the contractor and his employer and these are typically resolved at the completion of the project,” Citic Pacific said in its statement. The first line at Sino Iron is now producing iron ore concentrate, with the first shipment expected next month, Citic Pacific said. The company aims to complete line two by May. Output was originally slated to begin in the first half of 2011, shipping to steel mills in China. Citic Pacific blamed difficulties in planning, construction and transportation for the increase in costs and delays.

Palmer Dispute

Citic Pacific, controlled by China's biggest state-owned investment company, rose 2.6 percent to HK$12.84 yesterday, trimming its loss in the past 12 months to 12 percent. MCC fell 1.1 percent, for a decline of 4.4 percent in the past year. Australian mining magnate Clive Palmer sold the rights to the project to Citic Pacific in 2007 for $200 million. Palmer, who is also developing coal assets in Australia, stands to receive monthly royalty payments from the operation. That relationship has since soured, with Citic Pacific last year winning an injunction to stop Palmer's Mineralogy Pty Ltd. from terminating mining right and site lease agreements. A court hearing is expected to take place this year.

Mt Kare landowners want probe on mine report

The National, 29th January, 2013

By ELIAS LARI

LANDOWNERS of the Mt Kare gold mine in Enga have called on the government to investigate a report about the mine put up on the website. They said it would stir up more problems in future. The landowners made this known at the launching of the Mt Kare primary report at the mining minister's office last week. Relevant authorities also attended the launching and the matter was brought to the attention of Mining Minister Bryan Chan. The Indochine Exploration Co released a 49-page document in its website last Nov 28, about the mine and landowners, but the landowners have no knowledge where and how the company had gathered the information. They claimed that Indochine had quietly released the document titled "The Awakening of the Sleeping Giant" on its website.

"Indochine claimed that this was its final report after completing the Bonanza Zone drilling at the heart of Mt Kare's hard-rock gold deposit, according to the geologist report," a senior human rights activist and secretary for the Apa Youpe Mt Kare Gold Deposit (AYMKGD) Co Ltd, Karath Mal said. "I condemn the report of Indochine for saying that landowners are already being identified. "The AYMKGD company urged the Mining Department two weeks ago to send an investigation team to Mt Kare to verify the website reports, if they were true," Mal said. He said this would instigate problems because nothing was solved and called on Indochine to confirm if the reports were true about the recognition of landowners.

"You try to go to the website and there you will come across pictures, the mine and gold bars. But we are asking where the company get all these because landowners don't have any idea when Indochine interviewed them. "Refer to the history of the giant Porgera gold mine, a similar trick was played by Australians and Americans cheating the landowners back in 1989 at Porgera and subsequent to the mining agreement all landowners were without mine benefits." Mal said the landowner problem in Porgera was hard to solve because they were not consulted properly and it was a similar approach Indochine was taking. "Prevention is better than cure. I want to tell everyone that we have to sit and talk and come to a decision that is final."

Esso denies link to fish deaths

The National, 29th January, 2013

By HENRY MORABANG

PNG LNG project developer ExxonMobil has denied landowner claims that the project is to blame for the mysterious death of fish in Lake Kutubu in Southern Highlands. Esso Highlands Ltd (EHL), the PNG subsidiary of the global oil and gas giant, confirmed in a statement yesterday that it had received a letter from landowners expressing their concern over dead fish found in the lake. EHL adviser Rebecca Arnold, however, denied claims by the Ibuga Landowners Association that the project pipeline construction activity was to blame for the mysterious death of fish in the lake since December. Association general secretary Allan Ricks and chairman Dick Hubao had said earlier that it was a serious case and the government and relevant authorities, including the petroleum and energy and the environment and conservation departments, needed to investigate. They claimed ExxonMobil and Oil Search Ltd, were keeping silent on the issue.

However, Arnold said EHL recognised the importance of Lake Kutubu and had been implementing site-specific procedures to protect the lake, utilising carefully chosen ecologically sensitive construction methods while working in the area. “We understand the concerns of the landowners and we are taking steps to assist them to identify potential causes of the apparent fish deaths. The Department of Environment and Conservation is coordinating an evaluation of the cause of the fish dying within Lake Kutubu,” she said. Arnold added that there was no evidence linking the death of fish in Lake Kutubu to any construction activities undertaken by project. “We’ve implemented these procedures right from the start of our operations and we monitor regularly for potential impacts of our construction. Evidence to date indicates that construction activities have not caused negative impacts to the Lake Kutubu catchment area,” she said.

In addition, there are stringent environmental control measures in place for all our operations and we utilise construction methods that minimise impacts to waterways. Lake Kutubu is the lifeline to the 22 villages in Lake Kutubu, providing food (fish), drinking water as well as cooking and washing. The two men said the 22 villages in Kutubu, including, Inu Health Centre, Kutubu High School, Inu ECPNG Mission station and Inu Primary School, had been affected by flooding and the mysterious dying of fish, which the government and the association were assisting with the relief supply. The Ibuga Landowners Association represents more than 4,000 beneficiaries at the petroleum development licensing (PDL 2) Two area of Kutubu.

Landowner reports case of fish dying in Lake Kutubu Post-Courier 29.1.2013
By ANCILLA WRAKUALE

PEOPLE from Lake Kutubu in the Southern Highlands Province are concerned about the mysterious death of fish at Lake Kutubu. Principal landowner from Petroleum Development Licence (PDL) 2 in Kutubu, Allan Ricks said they assumed that fish in the lake were dying as a result of the LNG construction project in their area. Mr Ricks and his chairman of the Ibuga Landowners Association Dick Hubao, last Friday, showed Post-Courier pictures of dead fish found in the lake. Ricks said they believed that chemical spillage from the LNG project might have caused the mysterious deaths of the fish which have been seen floating to the surface of the water as of December 29, 2012. They have written to concerned authorities including developers, ExxonMobil and Oil Search Limited, and are still waiting for a response. Ricks said the lake serves as the livelihood of the people for food and water and this has posed a health threat for the 7000 plus villagers along the lake. “We are now calling on our provincial government to come and assist us,” he said.

Meanwhile, the operator of the LNG Project, Esso Highlands Limited responded in a statement confirming that they have received a letter from the landowners expressing their concerns about Lake Kutubu. “We understand the concerns of the landowners and we are taking steps to assist them to identify potential causes of the apparent fish deaths. The Department of Environment (DEC) is coordinating an evaluation of the cause of fish dying within Lake Kutubu. There is no evidence linking the death of fish in Lake Kutubu to any construction activities undertaken as part of the PNG LNG project. “EHL recognises the importance of Lake Kutubu and for that reason has been implementing site-specific procedures to protect the lake, utilising carefully chosen ecologically sensitive construction methods while working in the area. “Evidence to date indicates that construction activities have not caused negative impacts to the Lake Kutubu catchment area. “In addition, there are stringent environmental control measures in place for all of our operations and we utilise construction methods that minimise impacts to waterways,” EHL said.

Landowners dispute Mt Kare report

The National, 28th January, 2013

MINING Minister Byron Chan has been urged not to be misled by a report by Indochine Exploration Company on the Mt Kare mining prospect in Enga. A landowner company claimed the report titled “The awakening of the sleeping giant” and released on Indonchine’s website last Nov 28, was erroneous and misleading. Apa Youpe Mt Kare Gold Deposit Ltd chairman Chief Isap Lape and his secretary Karath Mal said the report was “totally wrong” on the identification of landowners and land boundaries. Lape claimed no survey was carried out to identify land boundaries and landowners and how the landowners would benefit from the mine. He condemned the Indochine report and urged the government and relevant authorities to investigate the report’s findings. “I want to call upon all the landowners of Mt Kare to work together as a team to claim what rightfully belongs to us,” he said.

Miner plans to help PNG

The National, 25th of January, 2013

CHINESE mining company Metallurgical Group Corporation (MCC) is looking at new opportunities for a “win-win” cooperation in PNG and the South Pacific. MCC president Guo Wenqing said this during celebrations for the construction completion and load commissioning of the Ramu nickel/cobalt project at the Basamuk refinery in Raicoast, Madang, recently. MCC is the major shareholder of the multi-million kina project. Guo said project developer Ramu NiCo’s success would determine its prosperity and stability as well as economic and bilateral prosperity of China and PNG. “MCC is delighted to see Ramu NiCo, a project once hidden in the jungle, proudly establish itself as a world-class mine after having overcome various difficulties and challenges,” he said
He described Ramu NiCo as the biggest investment by Chinese enterprises in the South Pacific and a significant milestone for MCC on its path to developing overseas market.

“The successful completion of Ramu project provides MCC with valuable experience to develop overseas markets and has explored a well-trodden path for China’s enterprises to ‘go global’,” Guo said. Ramu NiCo board chairperson Madam Luo Shu also expressed her satisfaction and described the project as a shining example of international cooperation through successfully integrated capital investment. “I can foresee that in a not-too-distant future, the PNG mining industry will gain more international recognition and respect because of Ramu NiCo. “The project community and Madang province will become more prosperous because of Ramu NiCo, and all our shareholders will earn the reputation as responsible developers on the global stage as a result of the ‘cooperation and win-win’ strategies that Ramu NiCo has been committed to,” Luo
said.

Ramu mine good for 40 years

The National, Friday 25th of January, 2013

By GYNNIE KERO
THE US$1.5 billion (K3.13 billion) Ramu nickel and cobalt project is designed to operate for 20 years and has the potential to extend mine life to 40 years. According to Ramu NiCo Management’s

(MCC) Ltd latest quarterly publication, the project is subject to a steady ramp-up. “Ramu should by mid to late 2013 be operating near its name plate output of 31,150 tonnes of nickel and 3,300 tonnes of cobalt as a mixed hydroxide product,” the report says. “The next target, scheduled for early this year, is to get the last and third autoclave load commissioned and to operate all three production lines together. “When successful, it would be a major step toward official operation and expected to reach the designed operating capacity in 2014. “Ramu NiCo is proud to present to the people of PNG the first nickel laterite project and places PNG as the host of the fifth largest nickel laterite mine in the world.” The project currently employs more than 1,400 people at the Kurumbukari mine, Basamuk refinery plant and Madang office.

Prospect of mutual benefits in lively ties with PNG

ROWAN CALLICK, The Australian, January 24, 2013

AFTER a few years when Australia's closest neighbour, Papua New Guinea, seemed to have drifted far from our thoughts, in recent weeks the relationship has intensified immensely. Prime Minister Peter O'Neill last month spent a week "down south", during which he delivered three especially stimulating and constructive speeches about the economic relationship with Australia. Before coming, he had barred economist Ross Garnaut, one of Australia's leading public intellectuals, from entering PNG. Garnaut consequently quit the chairmanship of PNG's biggest- earning company, Ok Tedi Mining. Partly as a result, O'Neill became embroiled in a fierce debate with BHP-Billiton. And the Australian government's new Pacific Solution for asylum seekers has been thrown into jeopardy by a legal challenge from PNG's controversial opposition leader Belden Namah. What's triggering such willing events?

They emerged as separate skirmishes. But the context has magnified what's at stake here. For Australia has now invested more than $16 billion in PNG, about the same as in China. PNG has become a very important sphere of operations for many of our resource companies, and for the firms that service them across a broader front, geographically and sectorally, than ever before. It is this investment flow that has chiefly propelled the PNG economy into "Pacific tiger" status. Its gross domestic product has risen by more than 6 per cent for six consecutive years now, hitting an average 8 per cent over the past three years. So it's crucial that the flow keeps on coming on that broad front, especially as the construction of the country's first, $19bn, liquefied natural gas plant has already peaked.

This will buy the government some time to achieve what has so far eluded all its predecessors since independence in 1975 -- to find the missing link between such resource growth and the economy and population as a whole, to drive the creation of sustainable jobs and of successful small and medium-sized businesses. Even before independence, the Australian and German eras saw colonial authorities attempt to pay their own way, chiefly through plantation revenues, but they never quite stretched far enough. The chief result instead was that the building blocks for PNG development -- roads, ports, clinics and schools -- were constantly underfunded. It is inevitable that as PNG's economy builds rapidly through the industry in which Australia is a world-beater, as all manner of flows multiply between our countries, then this intensification of the relationship will result in clashes and disagreements as well as in better understanding and mutual alignments.

The relationship simply starts to matter more. As long as both sides become well informed about the other, and communicate honestly and often, these issues will get resolved. One that is lurking in Canberra's in-tray is the recent statement by Sam Koim, the smart young lawyer who heads PNG's anti-corruption agency Task Force Sweep, that Australia is PNG's "Cayman Islands" and that it is turning a blind eye to corrupt money pouring down south. At the centre remains that core mutual project, leveraging the mining investment and high-end real estate boom to transform the economy.

Garnaut, a senior Finance Department officer in PNG's early independent days, recently told Radio Australia's Jemima Garrett that this is "a huge opportunity", and that "right from the early days of independence there has been a great struggle for development going on. Development from the base that PNG had at the time of independence is very difficult.

"It was always the case that successful development would take generations. You've got to build institutions, many of them from scratch. The rules that guide a successful democracy and a successful market economy don't emerge naturally in any human communities. They were hard to build in the West. They are hard to build everywhere." Garnaut said one dimension of the desired mutual respect "is to be able to straightforwardly and constructively put alternative views to those you are hearing from a PNG leadership, that we are not supine in our relations with PNG". In such a mode, while applauding the O'Neill government's focus on infrastructure, he warned that its budgeting this year for the highest deficit since independence also amplified macroeconomic risk. This relationship is in for a lively -- but potentially hugely mutually profitable -- ride.

New Initiative For Transparency In Pacific Mining Operations

EITI will push disclosure of revenues and royalties paid

MELBOURNE, Australia (Radio Australia, Jan. 22, 2013) – A new transparency initiative is set to help small Pacific Island nations protect themselves from the dangers of dealing with powerful international mining companies. The Extractive Industries Transparency Initiative (EITI) will encourage mining companies to disclose the tax revenues and royalties they pay to governments, and encourage governments to disclose what they receive. Oxfam Australia's Mining Advocacy Coordinator, Serena Lilywhite, says the EITI will enable citizens to hold their government to account and ensure they are getting their fair share of resources. "They [citizens] have an opportunity to ensure that the revenues that do flow are being used on the sorts of essential services that they need, such as schools, hospitals, decent roads and basic infrastructure," Ms. Lilywhite told Radio Australia's Pacific Beat.

Ms. Lilywhite says the initiative will put pressure on governments to introduce laws that will assist in combating corruption. With Sydney set to host the Extractive Industry Transparency Conference in May, Ms. Lilywhite says it will be a good opportunity for attention to be focused on the Pacific. She says she hopes Pacific Island representatives will be able to travel to the conference to share their experiences of the impact of mining on their communities. Australia is yet to fully sign-on to the EITI, but Ms. Lilywhite says it is "really important" that it does. "It is a really good opportunity for the Australian government, as well as Australian mining companies, to lead by example, and send a clear signal that they are really serious about conducting their mining activities in the region to the highest possible standards," she said.

People of Choiseul Province in Solomon Islands oppose Nickel Mine

ABC Radio Australia, 21 January 2013

The Solomon Islands' government is ready to issue a nickel mining licence to a Japanese mining company in the southern part of Choiseul province. People of Choiseul Province in Solomon Islands oppose Nickel Mine (Credit: ABC) A group of local land owners is strongly opposed to the project and has submitted a petition to the government outlining their opposition. Premier of Choiseul Province, Mr Jackson Kiloe is backing their concerns saying that mining is destructive and that people will suffer in the long run.

Tari airport Landowners want BDG released Post Courier 21.1.2013

TARI airport landowners have appealed to Hela Governor Anderson Agiru and Finance Minister James Marape to recognise the legitimate landowners of the aerodrome land and release the K10 million parked in the Hela provincial government trust account to them. The K10m is part of the K100m state commitment to the landowners under the 2008 PNG LNG Umbrella Benefit Sharing Agreement (UBSA) signed in Kokopo, East New Britain. Principal landowners Ben Mangobe, Thomas Pole, Aluja Tipaja and Luja Tipaja, speaking on behalf of other 26 disgruntled landowning clans, requested the Hela provincial government to ensure the K10m parked in the trust account is released directly to their company account.

The landowners threatened the provincial government to shut down the aerodrome, which is a vital state asset providing service to the 300, 000 people of Hela, tourists, businesses and the multi-billion kina PNG LNG Project. Mr Mangobe, as the chairman of the Airport Tari Town & Construction Company Ltd, said his company represented the interest of all the 26 landowning clans living around the aerodrome and the town. “Our company represents the collective interest of all the genuine landowning clans. We are not paper landowners claiming to be genuine owners. We have the backing from the people back at home and the provincial government must give us what is rightfully ours,” Mr Mangobe said. The veteran six-term council president for Tari Urban LLG said the airport issue had resulted in loss of four lives when a tribal warfare over the land ownership of the Tari airport started in the middle of last year.

“This is a serious issue. The tribal warfare hasn’t been settled as yet. The fight was over the K11.7m and if the government repeats the mistake, more lives could be lost. I will fight for what is rightfully mine. My other 26 clan members are behind me,” Mr Mangobe said. ATT&CC managing director, Thomas Pole said under the Kokopo UBSA Agreement, the state had committed K100m of which K10m should be disbursed annually as a business development grant for the landowners of Tari airport. “K11.7m was released as a first BDG payment last year but it unfortunately ended up in the hands of the wrong people,” Mr Pole said. “We the rightful landowners of the airport did not receive any portion and we are now looking at receiving the K10m now held in the Hela provincial government trust account,” he said. Mr Pole called on the Hela leaders to release the funds into their umbrella company account.

Maru to check mining, energy firms Post Courier 21.1.2013
By ISAAC NICHOLAS

MINING and petroleum companies or developers must ensure that they execute their National Content Plan satisfactorily in order to bring tangible development to the people living in the project impacted communities. Minister for Trade, Commerce and Industry, Richard Maru said this when announcing that he will be visiting mining and petroleum companies or areas around the country to review their supply and procurement and local business development as per their National Content Plans. The department of Commerce and Industry is responsible for the monitoring and evaluation of supply and procurement and local business development by mining and petroleum companies provided for in the memorandum of agreements that are individually signed for the respective projects.

Minister Maru’s visit will cover questions and issues like how many new businesses were given contracts by the company to supply goods and services in a quarter or progressively over the past years. He said it is important that mining and petroleum companies adhere to, or comply with the terms or clauses of the agreements that they had signed. A Goods and Services Monitoring Committee meets quarterly or otherwise as agreed to by the committee to discuss issues on local business development and supply and procurement. State representatives on the committee include officials from the departments of Commerce and Industry, Mining and Petroleum and Mineral Resources Authority and other line departments that get briefings from project developers on compliance. Minister Maru said the value of contracts have to be noted, as well as to what extent the companies are complying with the provisions of the agreements that they had signed.

“Firstly, preference is given to the certified landowner companies or businesses, then to others in the province and to other PNG companies or contractors, and finally to overseas based companies,” he said.“While this is the case, the requirement of competitive bidding has to be adhered to. “That is, competitive price — they meet quality requirements to undertake such tasks — and that services rendered are on a timely basis,” the Minister said. In terms of selecting local contractors, preferential treatment may be on special case by case basis as determined and agreed to by the committee, or the prerogative of the company and relevant government representatives. In essence, the process has to be transparent and that contractors are selected on merit, though at times, special consideration has to be given to landowner companies.

Ross Garnaut defends BHP's role in PNG

ABC Radio Australia, 18 January 2013

Leading Australian economist, Ross Garnaut, that says the $1.4 billion Papua New Guinea development fund at the centre of a dispute between BHP Billiton and PNG's Prime Minister, does not need its rules changed. Ross Garnaut defends BHP's role in PNG (Credit: ABC). Earlier this week, PNG's Prime Minister Peter O'Neill launched a stinging attack on BHP Billiton saying it needed to get over its colonial mentality and hand its remaining powers over the huge development fund to PNG. The fund, known as the PNG Sustainable Development Program, was set up to take over BHP's shares in Ok Tedi Mining Limited on behalf of the PNG people when BHP left in disgrace having caused for a devastating environmental damage down stream from the Ok Tedi mine. Professor Garnaut, who chaired the fund from its inception in 2002 until his retirement in October, says the rules do not need changing.

Presenter: Jemima Garrett

Speaker: Ross Garnaut, Professorial Fellow, Melbourne University, former Chairman of Ok Tedi Mining Ltd and PNG Sustainable Development Program Ltd

GARNAUT: BHP put a lot of effort into developing, with the Papua New Guinea government, by the agreement of the Papua New guinea government of the day, a set of rules that would provide a good chance of what was going to be, certainly the largest act of corporate philanthropy, the donation of this mine for charitable development purposes in PNG, to give that a reasonable chance of succeeding under good governance rules. It was also very concerned to make sure that if it agreed to the continuation of the mine after its departure, it was under governance arrangements that could ensure responsible management from an environmental perspective, from a safety perspective. This is a huge industrial undertaking in a remote environment and any slippage in governance would lead to potentially very large problems. BHP went to great lengths in the rules for PNGSDP to ensure that there was the best possible chance of the new arrangements leading to good governance of the mine and the funds generated by it. Subsequently, I think the experience of PNGSDP and of Ok Tedi, has borne out the wisdom of the Papua New Guinea government of the day and BHP, in setting up these rules. There has been a very large effort in environmental remediation, a billion dollars spent since the hand over. There's been a very careful management of finances so that PNGSDP has developed as a model for good governance. If there is ever to be a successful sovereign wealth fund in PNG it will need to be governed as well as PNGSDP's long term fund. It is a model of good governance. It is unlike the public enterprises in PNG with their poor record on audit, on transparency, on accounting for monies within their responsibility. And the mine has run well with very high safety standards, excellent financial and technical performance, and as I mentioned, effective

high priority given to environmental management, which is not to say that the historical legacy was a small one or that it has gone away. Material that was put in the river a long time ago continues to go down the river and to cause problem, that is part of the historical reality, but I think that BHP can feel that it did what it could, once it recognised the problem, to make up to Papua New Guinea communities for the damage that had once been done.
GARRETT: The Papua New Guinea Sustainable Development Program is at the heart of this dispute and Prime Minister O'Neill says it should be a PNG-based, PNG-run organisation. Doesn't he have a point 10 years since BHP left Ok Tedi?
GARNAUT: There is a new Chairman in place, both for PNGSDP and for Ok Tedi, and it is in everyone's interests now that the existing arrangements work as effectively as they can for Papua New Guinea development. PNGSDP is a Papua New Guinea organisation. Its headquarters is in Port Moresby. It is registered in Singapore for good reasons that are on the public record. It manages an international long term fund but has been investing an increasing proportion of that onshore in Papua New Guinea, as investments become available that fit, responsibly, into a low risk portfolio. In management of the long-term fund the crucial thing is that the money is there for keeping development going in Western Province after the mine closure. Every mine closes one day, although some go on for a very long time. Ok Tedi won't be an exception. There was an important Commission established by the World Bank under eminent Indonesian, Emil Salim, to investigate the impact of mines in remote locations on development and the conclusion of that was that the standard mine that created a lot of activity and infrastructure for a while, and then closed leaving dislocation, did more harm than good. There is good prospects of Ok tedi not being like that because the money is in the long term fund and it requires careful low-risk management of that fund to make sure that it is there for keeping development going after mine closure. But it is all based in Papua New Guinea. Increasing proportions of the long-term fund are invested in PNG. There is development expenditure now running at the rate of over 100 million a year, 100% of that in Papua New Guinea. The Chief Executive has always been a Papua New Guinean. The majority of the board are Papua New Guineans so it is a Papua New Guinea organisation.
GARRETT: What future do you see for PNGSDP if it loses the independence it has at the moment?
GARNAUT: Well, let's not speculate about things that, I hope, are unlikely to happen. The rules are robust rules, not easily changed. The Prime Minister has expressed confidence, in my presence, with the new Chairman of the Board of PNGSDP, at the time that the new Chairman and I advised him of the change of arrangements way back at the beginning of October, and we shouldn't presume that the unfortunate ructions of recent times will continue. If the current arrangements continue to work, and that is what we all hope, and that is what will be best for Papua New Guinea, then Papua New Guinea will have something that lots of poor developing countries don't have and that is some pluralism in the development effort; a development agency that is not part of the system of government, that can introduce some variation in the way things are doing. It also will have a development organisation, a development partner, that is able to take very long term perspectives. In Papua New Guinea every important development takes a very long time to reach fruition, whether you are talking about a new mine, a new gas field, a new large-scale agricultural development or development of rural institutions for community development. One of the problems of standard aid and, frankly, one of the problems of government programs, is it is very hard to maintain expertise, personnel and consistent perspectives over long periods of time. PNGSDP can do that as a development partner of the government and the resources under its control are large enough for that to make a substantial positive contribution to Papua New Guinea development.
GARRETT: Papua New Guinea's former Prime Minister, Sir Mekere Morauta, has been nominated to take over from you as Chairman of both Ok Tedi and PNG Sustainable Development. What sort of job will he do?
GARNAUT: Oh, Mekere is eminently well qualified for those roles. For those of your listeners who don't know his background, he was the first Papua New Guinean Secretary of Finance and Treasury. Just before independence he ran those departments. with high proficiency for over a decade. That was a period known for strong financial and economic management in Papua New Guinea. He was

subsequently Managing Director of the Papua New Guinea Banking Corporation, subsequently Governor of the central bank, the Bank of Papua New Guinea. He has been Prime Minister through a remarkable period of reform of financial institutions at the beginning of this century that stood the test of time. Sir Mekere has also been on the Board of Ok Tedi in the first few years, ex-officio when he was Secretary for Finance and when BHP was in the driving role, so he has got a strong background to run those two organisations very well.

GARRETT: Papua New Guinea is in the throws of a resources boom much bigger proportionately to that which is going on in Australia. Just how much of an opportunity is this for PNG to lift itself out of poverty?

GARNAUT: Oh, it is a huge opportunity. It really began with a lift in commodity prices from about 2004. At first, the impact on the national economy was principally through revenues from Ok Tedi which rose enormously from substantial but moderate levels to levels, which took it for a while, well above the total contributions of Australian aid. The Ok Tedi contribution is very large still. The high gold prices made other gold mines in Papua New Guinea major contributors to revenue and, in the last few years, we have had very large levels of resources investment boosting economic activity. The contribution to revenue will come later on. There is always a substantial lag in that but a big immediate boost to general economic activity. So this is a great opportunity. Whether or not it is transformational in a positive way for PNG development will depend on the quality of financial management and the quality of implementation of development programs.

GARRETT: Some people might be surprised to hear that you say one of the biggest enemies of good governance in Papua New Guinea is people in Australia who indiscriminately criticise the country. What makes you say that?

GARNAUT: Well, in Papua New Guinea, right from the early days of independence there has been a great struggle for development going on. Development from the base that PNG had at the time of independence is very difficult. It was always the case that successful development would take generations. You've got to build institutions, many of them from scratch. You've got to gradually spread education. The rules that guide a successful democracy, and a successful market economy, don't emerge naturally in any human communities. They were hard to build in the West. They are hard to build everywhere. And so successful development is always the result of a struggle between people with different perspectives different motivations, giving different priorities to probity and good governance and that struggle has been intense in PNG all along. PNG is very fortunate to have a strong civil society, a lot of it based in the vibrant Christian churches, but going well beyond that. There are always people ready to stand up for good governance, to criticise poor governance, to make self-sacrificing contributions to the development of institutions, to constrain corruption and poor governance more generally. And what helps Papua New Guinea, from foreigners is for foreigners to take a deep interest in all of that, to recognise the nuances, to recognise that things are never all good or all bad and to know enough about Papua New Guinea, to understand enough about Papua New Guinea, to discriminate in their comments between the things and the people that are positive and the things and the people that are negative. What has tended to happen is that relatively few Australians have put the effort in to understand all of those nuances in Papua New Guinea and you tend to get either indifference or strong general negative comments not directed at particular issues that need to be addressed. A blanket indiscriminating condemnation of Papua New Guinea undervalues and demoralises those who are working in selfless ways for the public interest and provides cover for those who are not.

GARRETT: What action would you like to see from Foreign Minister, Bob Carr, or from the Gillard government, to improve the way Australia relates to Papua New Guinea?

GARNAUT: Oh the general point I'd make is, first of all Papua New Guinea is enormously important to Australia. It's got more people than New Zealand and the number of people growing very rapidly. It is right on our doorstep. A successful PNG is a very important partner for Australians of future generations. An unsuccessful PNG is an immense problem on our doorstep. Just imagine the problem that the Caribbean and Central America has been for the United States, from time to time. When you have instability and problems on your doorstep ... well, Papua New Guinea, proportio-

nately, is many, many times larger than those Caribbean and Central American countries to America. But I'd emphasise the positive gains that Australia would get from having a successful, vibrant prosperous democracy on its doorstep and there are prospects for that. The most important things Australians have to do is to understand that development in PNG and in other countries, but PNG is the one we are talking about, and the one that is most important for Australia, is complex. You've got to put a lot of effort into understanding the dynamics of development. Secondly, we should be engaged in being helpful to development on the basis of knowledge and not ignorance. Thirdly, it is crucially important that we treat Papua New Guinea and Papua New Guineans with respect. And respect starts with accepting the complexity of things and putting effort into understanding them, understanding the complex realities, and one dimension of respect is to be able to straight-forwardly and constructively put alternative views to those you are hearing from a PNG leadership. So the fourth requirement is that we are not supine in our relations with PNG.
GARRETT: You have said you are an optimist about PNG, but not a starry-eyed one, where do you hope to see the country in ten years time?
GARNAUT: Oh, I can tell you where I hope to see it and where I think it might be but whether or not it is there depends on struggles that will work themselves out in PNG over the next ten years. Let me say that some of the goals and aspirations that Prime Minister O'Neill has articulated would be a very important contribution to successful outcomes. But with good governance, with good management of the financial consequences of the resources boom, with focus on effective implementation of carefully thought-out development efforts, Papua New Guinea in a decade's time could have the basic transport and communications infrastructure that makes broadly-based development possible. It is possible that in ten years' time we could be well along the way to raising the quality of education of large numbers of people to the levels that will be necessary for any country Papua New guinea included, to be successful in the competitive world of the 2020's. On health,, the PNG general standard is poor at the moment and standard measures of health outcomes, like life expectancy, put PNG towards the bottom end of the developing world. PNG will have the resources and the opportunity to raise those health levels over ten years towards the middle of the developing country range of standards, and that would be a major improvement for the Papua New Guinea people. I think all of these things are possible and they are worth working for.
GARRETT: Papua New Guinea's Prime Minister in his latest budget has put out a big agenda which is hoping to achieve just these things. What do you see as positive in that budget and what are the risks?
GARNAUT: I think the government's focus on infrastructure is a good one. There has been too little focus on maintenance of existing infrastructure assets as well as development of new ones in the resources boom so far. It has only really been in the resources boom, since about 2004, that PNG has had the financial capacity to do much in this area, but now it has got that financial capacity. Of course, successful development over long periods of time has to be based on macro-economic stability so the very first condition of successful development is running an economic policy that maintains stable monetary and financial conditions and the main risk I see in the current budget is the sudden, within one year, extraordinarily high level of growth in public expenditure, the most rapid growth since independence in any budget and the very high budgeted deficit, I think the highest budgeted deficit since independence, at a time when the economy is still being buoyed up by exceptionally high resource incomes and activity and there may be some dip in that. So, the risks I see are mainly to do with macro-stability. Papua New Guinea has people who understand these risks and I wish them well in managing them.

New copper-gold discovery in Star Mountains: HPL Post-Courier 18.1.2013

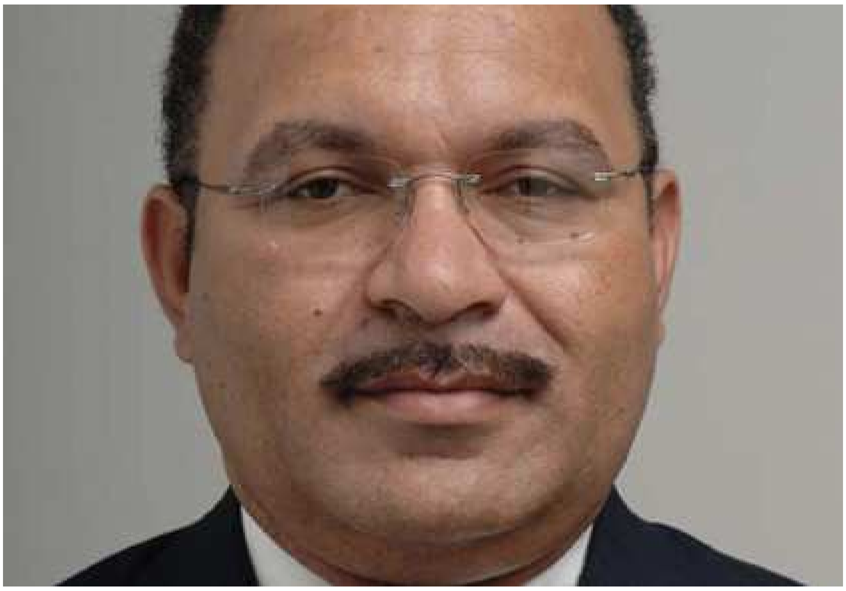
HIGHLANDS Pacific Limited has reported a new discovery of copper-gold porphyry in Star Mountains in Western Province. The company yesterday reported assays from the first hole at Kum Kom prospect in the Star Mountains. Assays are analysis of a metal or ore to determine its components.

The discovery highlighted the potential for another copper- gold porphyry-skarn system just 5km north of the Olgal porphyry identified last year that contained a 596 metre intersection of 0.61% copper and 0.85g/t gold. The Kum Kom prospect approximately 25kms northeast from Ok Tedi copper mine is the fifth prospect drilled by Highlands PL in the Star Mountains, the fourth that has encountered copper porphyry mineralisation and the first with skarn-style alteration - often associated with higher grade copper-gold zones.

Drilling in the Star Mountains was suspended in late December due to an unseasonal dry spell which prevented fuel and food supplies being shipped to the Ok Tedi supply town of Tabubil. Some recent rains have improved the river depths and it is expected a logistical backlog will be overcome soon with drilling in the Star Mountains to recommence in February. In the meantime drilling pad construction and exploration preparations have continued. Managing Director of Highlands Pacific John Gooding said this is another encouraging discovery, highlighting the potential copper-gold systems that exist in this important new district. “It is still early days and we need to drill more holes at Kum Kom while continuing to explore at more of our untested targets in the Star Mountain district.

O’Neill blasts Australian ‘false claims’ over mine newspaper report

Pacific Scoop:Report – By Pacific Media Watch, 17 January 16, 2013



PNG Prime Minister Peter O’Neill … critical of BHP Billiton. Image: PNG Govt

Prime Minister Peter O’Neill has attacked “false and misleading claims” by a mining company as reported in the *Australian Financial Review*, the *PNG Post-Courier* reports. O’Neill said BHP Billiton needed to get over its “colonial era” mentality, and appreciate that Papua New Guinea was an independent nation. He said Australia should negotiate with Papua New Guinea in the “same, mature and reasonable way” numerous other Australian resource companies do. “Instead of seeking the intervention and assistance of the Australian government, the company should negotiate with my government, and me, as Prime Minister,” O’Neill said. “The article claims that I had blocked the granting or extension of exploration licences because it would not agree with my proposals regarding the determination of the board of PNG Sustainable Development Programme.

“This is totally and utterly false. It is just dishonest,” the prime minister said, according to the *Post-Courier*. “BHP Billiton surrendered the licences entirely on its own accord. It did so when it made a decision early last year not to invest in Papua New Guinea – after I had personally invited the company to meet with senior cabinet ministers, including myself, to consider investing in PNG. “We did everything possible to encourage the company, just as we encourage and assist other major investors all the time. They decided not to take up the offer. “That occurred before the mid-year elections, and eight or nine months before I made my comments on Professor Ross Garnaut,” he said.

‘Inaccurate comments’

O’Neill said the central issue was not Professor Garnaut and his “inaccurate and ill-informed comments” on why he wanted the issues surrounding the way the board of PNGSDP was appointed to be changed. “The central issue is this – 11 years ago, BHP Billiton was done an enormous favour by the then PNG government and allowed to exit ownership of the Ok Tedi Mine without accepting any financial or moral, responsibility for the enormous environmental and social damage that occurred in the 20 years it operated the mine,” he said. “Surely, 11 years on, there can be no reasonable case made out to justify BHP Billiton continuing to exercise effective control over the PNGSDP, and as a consequence, the Ok Tedi Mine itself. “The claim by BHP Billiton and by Professor Garnaut that I want the PNG government to get its hands on the funds of the PNGSDP is personally offensive. All I have sought, and will continue to seek, is negotiations that can lead to BHP Billiton ending a role that it is not justified to continue to play.

“My position is supported by my government, and I believe by the national Parliament and the people of the Fly River, Western Province,” he said. O’Neill said BHP Billiton should reflect on the appalling environmental damage that occurred during its management of the Ok Tedi mine, and the terrible consequences for the people of the Fly River area – consequences which continue to be felt today. “The PNG government of the day decided just over a decade ago to legislate to allow BHP Billiton to walk away from any responsibility for the damage that was caused during its management of the mine. “That spared the company the massive costs, and international humiliation it faced because it effectively ended compensation claims by landowners and local communities along the Fly River. “The provisions that allowed the company to effectively control the appointment of the board of the PNGSDP, and therefore continue its influence over Ok Tedi, were generous. There can be no justification for their continuation,” he said.

“The Australian government is well aware of the position of my government. The legislation that effectively let BHP Billiton off the hook is PNG law, not Australian law,” he said. O’Neill said he rejected the claims in the article that his position was damaging the PNG investment climate. “This is total nonsense. Last month I addressed 1400 mining, oil and gas leaders, and financiers and analysts, in Sydney, at the annual PNG Mining and Petroleum Conference. “At that conference, there was strong confidence expressed about PNG as a country in which to invest, and in the range of policies my government has in place, and is committed to, to give investors confidence and certainty. “The claim that this issue has undermined confidence could not be further from the truth,” O’Neill said.

Western villages for Ok Tedi Mining to run until 2025

The National, 17th of January, 2013

WESTERN villagers numbering more than 100,000 have unanimously agreed that Ok Tedi Mining Ltd (OTML) continue mine operations until 2025, according to managing director and chief executive officer Nigel Parker. He said the feasibility study for mine life extension (MLE) was now with government agencies for consideration. Parker confirmed this yesterday when asked to give the latest on MLE. “The mine-associated communities, numbering 156 villages located from the mine area down through Western to the coast, have unanimously agreed that the mine continue up to 2025,” he told The National. “The community mine continuation extension agreements (CMCEA) were all signed by the nine community region representatives, representing the 156 villages, early last month after a three-year consultation process guided by independent PNG facilitators, government agency representatives, the World Bank, PNGSDPL (PNG Sustainable Development Program Ltd, 64% shareholder in OTML) and observed by two independent external observers.

“The feasibility study for mine life extension is with the respective government agencies for consideration.” Parker said last month at the PNG Mining and Petroleum Investment Conference in Sydney that majority of people wanted the mine to continue operations. Recently, three MPs called for the closure of the mine, citing the site poses both health and environmental risks. Parker said this seemed to be at odds with what the communities wanted. “The communities definitely wants the mine to continue and are unequivocal about that,” he said. “I am sure the elected politicians have the communities at heart and if they do get reports coming through of unidentified medical issues I am sure they would react and possibly that is why they are reacting so much. “I have personally signed on the company’s behalf those agreements and the people are extraordinarily happy with Ok Tedi Mining Ltd, with the continuation of the mine.”

Yandera plan to cost US$2billion

The National, 17th of January, 2013

By GYNNIE KERO

CAPITAL cost of the Yandera copper project in Madang is expected to be between US$1.8 billion and US$2 billion and developer Marengo Mining has already invested more than US$150 million. According to a company spokesperson, the project was massive with much of the property still unexplored. “The company has been working in PNG in developing a large copper deposit in the Yandera area 100km inland from Madang,” she said. “To complete the project, it would usually be very difficult for a company of Marengo’s size to do it on its own. “However, the company did not want to sell the project, so it entered into an agreement with a Chinese group NFC (China Nonferrous Corporation), which will provide a fixed price contract to develop the project”. “NFC will assist in providing financing by Chinese banks for at least 70% of the capital costs of the project. “So they are assisting in providing Chinese loans, which would be used to hire their construction company to do the work. “This way, Marengo maintains control of the project. “NFC may participate in financing. “It will also have some of the off take for a portion of the copper and moly concentrate – but at the going prices, based on LME (London Metal Exchange) prices at the time).”

The spokesperson said Marengo would expect to receive the fixed price contract from NFC by the end of June. “In addition, Marengo is doing its own feasibility study - and this is expected by the end of the second quarter,” she said. “We had two investment companies from Toronto visit the site before Christmas and they have their reports on the project. “The company has also been followed by other investment firms.” Marengo also had interest from PNG state-owned Petromin, which may invest up to 30% in the project as a contributory interest. The company has just re-domiciled to Canada effective this month. The shares are still on the Port Moresby Stock Exchange (POMSox) and Australian Securities exchange (ASX), but they are under the new symbol” MMC” (formerly it was MGO). Marengo is still on the Toronto Stock Exchange (TSX) under the symbol MRN. Yandera is a world-scale copper project, which features, strategic, long-life porphyry copper asset with first production targeted for 2016.

Claims of Bougainville Copper shares being manipulated

Post-Courier 17.1.2013

THE European Shareholders of Bougainville Copper officially claim there is an ongoing fraudulent market manipulation scheme in the Bougainville Copper Limited shares. Head of ESBC Axel G. Sturm has officially written to Marquet International to extend their research data base by adding Bougainville Copper Limited on their list. This equity is listed at the Australian Securities Exchange Sydney (BOC), New York and in Frankfurt. Marquet International is one of the world's renowned companies that provide services in Professional Investigations, Litigation Support, Due Diligence and Security Consulting Services and offer timely intelligence and analysis that allows their clients to assess strategic opportunities and mitigate corporate risks. "Currently BOC shares face major share price manipulation that is supposedly originating in the United States of America," Mr Sturm said. J.P. Morgan Nominees Australia, a subsidiary of J.P.Morgan and Citicorp Nominees both based in New York City are holding approximately 15% of BOC shares in custody.

As both companies were also involved in an unauthorised ADR Scheme a couple of years ago, they might also now be responsible for un-authorized lending of shares which they hold in custody," he stated in his letter. "Bougainville Copper Limited (BCL/BOC) is one of the biggest copper, gold, silver and molybdenum assets of the world, situated on the Bougainville (PNG). The operations were shut down in 1989 due to local unrest related to Bougainville's struggle for independence. Our company is a subsidiary of Rio Tinto (54%), co-owner is the state of Papua New Guinea (19%). Only 27% of the remaining BOC shares are in free-float! This makes it easier to influence the share price and makes BOC shares even more vulnerable to fraudulent manipulation. This is what happens today," he said. "Although the Australian Securities Exchange repeatedly had been alerted by the ESBC to stop fraudulent trading practices in BOC shares, they do not appear to be interested to provide correct business at the ASX," he said. As the European Shareholders of Bougainville Copper (ESBC) are only a small group of private investors (we own approximately 4%), we do not have a lot of means to fight against these fraudulent practices."

The letter comes amidst the crucial time when Bougainville leaders led by President John Momis are now in the forefront to lead the negotiations again for the re-opening of the Panguna Mine. Meanwhile, ESBC provided the paper with the list of Top 100 shareholders of BCL – which includes Rio Tinto Limited with 211,774,646 (52.80 %) shares and the Independent State of PNG with 76,430,809 (19.06 %). Others include companies like JP Morgan Nominees Australia Limited, Citicorp Nominees Australia, National Nominees Ltd, Rio Tinto Base Metals Pty Ltd, HSBC Custody Nominees (Australia) Ltd, Persing Australia Nominees Pty Ltd, Westco Nominees Ltd, ABN AMRO Clearing Sydney Nominees Pty Ltd and the Noble Hope for Construction to name a few. The list also includes individuals and their families who are listed in the top 100 shareholders list.

Mining and forestry blamed

The National, 17th of January, 2013

THE National Weather Service says mining and deforestation activities in the country are contributing to landslides and floods. Assistant director Jimmy Gomoga said leaves absorbed rain drops and their roots held soil together during wet seasons. "Rivers where there are mining activities upstream, sediments will build up in their basins downstream due to soil erosion, causing rivers to burst their banks during bad weather." He said Fly River in Western was an example. "Farming and other development activities added to erosion and flooding." Over the past week, flooding and landslides in the southern, Mamose and highlands regions had been prevalent. The heaviest rainfall, Gomoga said, was experienced last Sunday night in Port Moresby, recording 136mm of rainfall.

Commentary: Seabed mining still lacks ground rules

Wylie Spicer, Special to The Northern Miner, 2013-01-16

As the natural resources available on land become less and our need for them grows, exploration activities move offshore. The oil and gas industry is the most advanced and over the years has developed more and more sophisticated technology to permit it to extract oil and gas from wells in very deep water and in formations thousands of metres below the ocean floor. It's not surprising that the mining industry is now actively investigating the recovery of orebodies from the ocean floor. Minerals recoverable from seabed mining include coal, copper, lead, zinc, gold, silver, manganese, cobalt, nickel and rare earth elements. These can be available from seabed mining at higher grades than are obtainable through mining on land. The deposits occur in the territorial waters of a number of nations and are present on the seabed in international waters. Higher commodity prices, better technology and robotics, and the promise of stable legal frameworks within which to operate have brought this industry to a place where we can reasonably expect that it will start to take a prominent role in satisfying the world's increasing need for these metals in the near future. At the moment the desire of the industry to begin producing is compromised by the fact that both within territorial and international waters, the legal framework for exploitation and production is lacking. It is difficult to carry on business without certainty about the ground rules.

Seabed mining is the search for three types of mineral deposits: polymetalic nodules, seafloor massive sulphides (SMS), and deposits located in the crusts that form around mountains, ridges, and plateaus in the ocean. These deposits are on the surface of the seabed floor. Mining requires a technology that can prepare the seafloor for the deposits to be picked up and brought to the surface. The deposits that are in international waters are more difficult to collect because of the depths and pressures involved. Having said that, it was not too many years ago that the oil and gas industry would not have expected to be drilling in the very deep waters where it now carries on business. Need drives technology and the technology for seabed mining has kept pace with the need. There are SMSs located in the coastal waters of several Pacific island countries. A number of these countries have granted leases to companies wishing to explore in this region. In August 2012 the Secretariat of the Pacific Community launched a regional protocol intended to ensure that deep seabed mining in the Pacific island countries is conducted in a "conserved manner". This framework is needed because many of these countries have considerable deep sea mineral potential within their authority but do not have the legislation or regulatory structure to govern exploitation of the minerals.

The secretariat sees seabed mineral potential in Papua New Guinea (PNG), Fiji, Federated States of Micronesia, Kiribati, Tuvalu, Solomon Islands, Vanuatu, Cook Islands, Samoa, and Niue. Most of these countries have already issued licenses for prospecting. The lack of a legislative framework can be highlighted by reference to a resolution of the Congress of the Federated States of Micronesia in 2012. The preamble to this resolution articulately states the problem: "Urging the President to review a mining proposal and authorize a foreign company to engage in a seabed mining survey pending applicable legislation that regulates seabed mining, and to propose new or amendments to existing national legislation that explicitly provides for the procedures, fees, and regulatory mechanisms over mining activities in the Exclusive Economic Zone of the Federated States of Micronesia." In the vernacular this can be seen as the cart before the horse conundrum. The Pacific island countries stand on the verge of benefiting from deep seabed mining, but the lack of a regulatory framework and consensus on the scientific issues stands in the way of reliable and stable development.

In international waters the leasing of seabed deposits is regulated by the International Seabed Authority (ISA), which derives its powers from the UN Convention on the Law of the Sea. The ISA has granted 17 contracts for exploration in areas of the Indian, Atlantic and Pacific oceans. These licenses are held by states parties to UN law of the sea and by companies sponsored by states parties. National government participants include those from South Korea, India, France, Japan, Germany, the Inter Ocean in Metal Joint Organization (a consortium of Bulgaria, Cuba, the Czech Republic, Poland, Russia, and Slovakia). Countries that have sponsored companies to explore include France, the U.K., Kiribati and Belgium. The ISA is developing a complete regulatory framework. While it has in place regulations that address issues related to prospecting and exploration, it has not yet developed a "mining code" to regulate the exploitation of the deposits. The most recent indication from the ISA is that such a code will not be in place until at least 2016. The ISA is also developing financial arrangements between it and the licensees as work moves into the exploitation phase. A study concerning these issues is to be presented to the Legal and Technical committee of the ISA in February 2013.

The ISA is conversant with the environmental management issues in connection with both exploration and exploitation of deep seabed deposits. In an ISA technical study emanating from a workshop in December 2011, a working group on legal issues identified a number of international obligations that are required in any statutory framework for offshore mining. This list gives a flavour of the approach that the ISA considers necessary to move deep seabed mining forward. These are partly based on the a articles of UN law of the sea itself, and include a duty to protect and preserve the marine environment (Article 192), a duty to prevent, reduce, and control pollution from seabed activities (Article 208), and ongoing monitoring of environmental impacts (Article 204). The Pacific island countries are also taking steps to put ground rules in place that complement the ISA’s effort. At this point the nascent deep seabed mining industry awaits rules within which participants can confidently invest and operate.

Solomons Landowners Oppose Nickel Mining Operations

Choiseul residents say value of land outweighs ‘quick money’

HONIARA, Solomon Islands (Solomon Times, Jan. 16, 2013) – Land-owning tribes in south-eastern parts of Choiseul have lodged a petition to the Solomon Islands’ ministry of mines and energy opposing the proposed nickel mining operation by Sumitomo mining group. The landowners are concerned that mining will permanently destroy the fragile ecosystem including its many river systems and traditionally significant hunting and fishing grounds. They say any economic benefits would be insignificant compared to the destruction of the environment. The petition was initiated after a series of forums and educational awareness held in Boeboe village on Choiseul and again in Honiara during the festive season. Chief David Hakezama of Kamaboe tribe and Chief Helson Pitakaji of Zeleboe tribe, whose portion of lands have been found to have the most nickel, have both signed the petition. One of the tribal members of Kamaboe says that land is more important than quick money. "Our identity as a people and tribe, our livelihood, our pride, our history, they are all tied to the land," he said. "So we will lose much more than the land, we will lose a big part of ourselves."

The demand for nickel, and other raw materials, is being fuelled by high demand from China. Experts say that the demand from China will remain at least for the next 5-10 years. They also say that, generally, the market price for raw materials will continue to rise, and might level off in the next 5 years. Such high demand gives multinational companies high incentives to do exploration and, should the deposits are good, full mining operation. Sources within the ministry of mines and energy say there is a huge increase in applicants keen to do exploration. "And this is in all the provinces, we have good deposits, but mining companies often prefer the latest data, that is why there are a number of prospecting taking place," he said. He also says there is a number of landowning groups opposed to mining despite some of the benefits that come with it. "We have had a lot of petitions sent directly to the minister opposing prospecting or mining, so while there is certainly increased interest landowners do not seem too keen."

Lihir Gold projects mark a milestone
The National, 16th of January, 2013

LIHIR Gold Ltd's (LGL) tax credit scheme (TSC) marks a milestone for the company as the first 14 projects approved are ready to be rolled out in the province. Last Dec 31, the first two LGL TCS contracts were signed and awarded to Northsea Engineering Services Ltd and Roivill Resources and Development Ltd to begin work on projects within the education sector. Northsea Engineering will carry out renovation work at Mongop Secondary School worth K167,077 while Roivill Resources will do a K251,654-renovation work at Utu High School and at Namatanai High School worth K1, 314, 120.Other contracts are expected to be awarded in the coming months, all within the approved budget for the first round of LGL TCS projects of K32.5 million. According to LGL's manager of sustainable development Dr Tim Grice, LGL was adopting a partnership approach with the New Ireland provincial government in the delivery of TCS projects throughout New Ireland.

The projects will be rolled out in close consultation with the district administration, the local level government and local communities. "By working closely with our stakeholders in New Ireland, we are better able to align TCS projects to local developmental priorities including the Lihir sustainable development plan on Lihir, the provincial development plan and the Malagan declaration in broader New Ireland," Grice said. "To reflect the partnership approach, we will seek to engage local businesses where possible to help build local capacity and to broaden the flow of benefits to Lihir and New Ireland." "The signing of these two contracts marks the beginning of the implementation phase of the LGL TSC and we now look forward to working with the New Ireland provincial government and our other stakeholders on new project submissions to the Department of National Planning and Monitoring." A TCS stakeholder committee has been set up with representatives from NIPG and LGL.

Sinivit: Royalties with MRA
The National, 16th of January, 2013

A TOTAL of K756,000 for royalty payments for landowners at the Sinivit Wild Dog mine is still with the Mineral Resources Authority.From this, K700,000 is the 50% withheld from the first royalty payment of K1.4 million while K56,000 was withheld from the second royalty payment of K112,000 made recently. MRA's development coordination acting executive manager Sean Ngansia said the authority was waiting for the royalty investment trust fund to be set up. Ngansia said the delay in the establishment of the fund was due to the lack of coordination between key stakeholders that were required to develop the trust deed and establish the trust fund. Another factor was the absence of a good relationship with the East New Britain government and its administration to push for the trust to be set up. The first royalty payment of K1.4 million was an accumulation of four years (2007-11) and K112,000 paid to the landowners was year's (2012) royalty payment. Ngansia said the recent payment was made directly to the seven clans.

Prime Minister refutes claims by BHP Billiton Post-Courier 15.1.2013

Prime Minister, Peter O'Neill, has responded to false and misleading claims by BHP Billiton as reported in the "Australian Financial Review." Mr O'Neill said BHP Billiton needed to get over its "colonial era" mentality, and appreciate that Papua New Guinea is an independent nation, and negotiate with Papua New Guinea in the same, mature and reasonable way numerous other Australian resource companies do. "Instead of seeking the intervention and assistance of the Australian Government, the company should negotiate with my government, and me, as Prime Minister," Mr O'Neill said. "The article claims that I had blocked the granting or extension of exploration licences because it would not agree with my proposals regarding the determination of the board of PNG Sustainable Development Program. This is totally and utterly false. It is just dishonest. “BHP Billiton surrendered the licences entirely on its own accord. It did so when it made a decision early last year not to invest in Papua New Guinea – after I had personally invited the company to meet with senior Cabinet Ministers, including myself, to consider investing in PNG. “We did everything possible to encourage the company, just as we encourage and assist other major investors all the time. They decided not to take up the offer. “That occurred before the mid-year elections, and eight or nine months before I made my comments on Professor Ross Garnaut,” he said.

Mr O’Neill said the central issue was not Professor Garnaut and his inaccurate and ill-informed comments on why I want the issues surrounding the way the board of PNGSDP is appointed to be changed. “The central issue is this; 11 years ago, BHP Billiton was done an enormous favour by the then PNG government and allowed to exit ownership of the Ok Tedi Mine without accepting any financial or moral, responsibility for the enormous environmental and social damage that occurred in the 20 years it operated the mine,” he said. “Surely, 11 years on, there can be no reasonable case made out to justify BHP Billiton continuing to exercise effective control over the PNGSDP, and as a consequence, the Ok Tedi Mine itself. “The claim by BHP Billiton and by Professor Garnaut that I want the PNG Government to get its hands on the funds of the PNGSDP is personally offensive. All I have sought, and will continue to seek, is negotiations that can lead to BHP Billiton ending a role that it is not justified to continue to play. “My position is supported by my government, and I believe by the national parliament and the people of the Fly River, Western province,” he said.

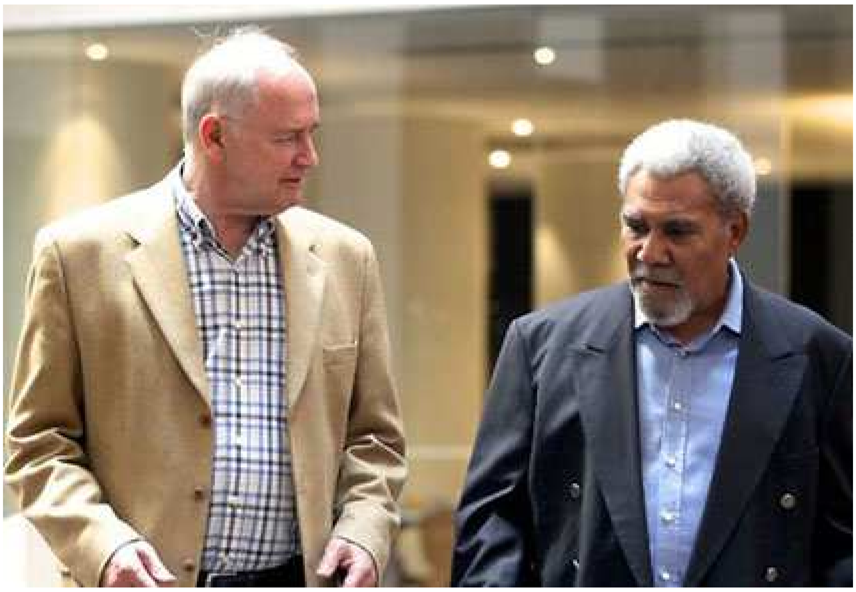
Mr O’Neill said BHP Billiton should reflect on the appalling environmental damage that occurred during its management of the Ok Tedi mine, and the terrible consequences for the people of the Fly River area – consequences which continue to be felt today. “The PNG Government of the day decided just over a decade ago to legislate to allow BHP Billiton to walk away from any responsibility for the damage that was caused during its management of the mine. “That spared the company the massive costs, and international humiliation it faced because it effectively ended compensation claims by landowners and local communities along the Fly River. “The provisions that allowed the company to effectively control the appointment of the Board of the PNGSDP, and therefore continue its influence over Ok Tedi, were generous. There can be no justification for their continuation,” he said. “The Australian Government is well aware of the position of my government. The legislation that effectively let BHP Billiton off the hook is PNG law, not Australian law,” he said.

Mr O’Neill said he rejected the claims in the article that his position was damaging the PNG investment climate. “This is total nonsense. Last month I addressed 1,400 mining, oil and gas leaders, and financiers and analysts, in Sydney, at the annual PNG Mining and Petroleum Conference. “At that conference, there was strong confidence expressed about PNG as a country in which to invest, and in the range of policies my government has in place, and is committed to, to give investors confidence and certainty. “The claim that this issue has undermined confidence could not be further from the truth,” Mr O’Neill said.

BHP slams O’Neill government over forced resignation of Garnaut

Pacific Scoop, January 15, 2013, Pacific Scoop:Report – By Malum Nalu in Port Moresby

Mining giant BHP Billiton Ltd has hit out at the government of Papua New Guinea over an immigration ban which saw Professor Ross Garnaut resign from his position as director of Ok Tedi Mining Ltd, *The Australian Financial Review* reports. According to the newspaper, BHP said in a Department of Foreign Affairs and Trade document, that PNG’s treatment of Prof Garnaut sent “a very bad message’’ to companies looking to do business in the country. The miner also took aim at PNG Prime Minister Peter O’Neill, accusing the leader of improper dealings in the granting of of exploration licences. “He (O’Neill) subsequently blocked our lease applications and made it clear they would only be granted if we transferred our rights to the government,” BHP said. In November, the PNG foreign affairs department was instructed to prevent Professor Garnaut entering the country after the prime minister said the Australian was no longer welcome and accused him of insulting to the nation’s leaders. During a grievance debate in parliament a few days before the November decision, O’Neill referred to a report in *The Australian* newspaper quoting Prof Garnaut as saying that with such an accumulation of wealth in PNG, it was “tempting for political figures to think of better ways of using it right now rather than putting it into long-term development”.



Professor Ross Garnaut (left) with a former PNG prime minister, Sir Mekere Morauta. Image: The National

Sinivit landowners get royalty payments Post-Courier 14.1.2013

By GRACE TIDEN

LANDOWNERS of the Sinivit Gold Mine in East New Britain Province received their second royalty installments over the weekend which was facilitated by the Mineral Resource Authority. Landowners from the three incorporated land groups within the mining lease area and the other four sub clans from the surrounding communities under the Uramot Baining Clan were given 50 percent of the total royalty payment in line with the 2009 Memorandum of Agreement. The 50 percent royalty payment of around K56,000 was distributed amongst the seven Uramot Baining villagers on Saturday at Rieit Ward. MRA acting Executive Manager Sean Ngansia said the remaining 50 percent was withheld until the establishment of the landowner’s royalty investment trust fund for development projects as specified under the MOA adding that the trust fund should be set up this year. He said the payments were made by New Guinea Gold Limited, developer of the gold mine to the National Government who then allocated 50 percent of the royalties to the landowners.

Out of the 50 percent, 30 percent of the royalties was distributed to the three immediate ILGs while 20 percent was given to the other four sub clans. Mr Ngansia said the distribution of the benefits was done in accordance with the MOA. He said the first lot of royalties totaling K1.4 million was released by the company by MRA at the beginning of last year which saw 50 percent being paid to the landowners while the remaining was put aside which will be paid into the landowners investment trust fund. Landowner representative Douglas Augustine thanked MRA and the developer for releasing their royalties and said they will continue to work with the government, MRA and the company to reach a common goal which is to bring benefits to the Uramot Baining people. He also said they were working on a number of projects that will benefit the landowners. Two of the projects include cocoa rehabilitation and water supply in which the landowners have started working on. ENB Deputy Administrator Policy, Planning and Evaluation Levi Mano was also present during the occasion including company and MRA representatives.

Former PNG prime minister to head Ok Tedi

ABC Radio Australia, 13 January 2013

Papua New Guinea's former Prime Minister Sir Mekere Morauta has been nominated to replace Australian economist Ross Garnaut as Chairman of PNG's largest mining company.

Papua New Guinea's Ok Tedi mine (Credit: ABC licensed)

Papua New Guinea's former Prime Minister Sir Mekere Morauta has been nominated to replace Australian economist Ross Garnaut as Chairman of PNG's largest mining company. Professor Garnaut resigned after being forced out of the job by PNG government travel bans. Sir Mekere was nominated to Chair Ok Tedi Mining Limited by the board of the PNG Sustainable Development Program, Ok Tedi's biggest shareholder. Sir Mekere, who was appointed as Chair of the Development Program in October, has a long track record of fighting corruption and improving financial administration. Sir Mekere thanked Professor Garnaut for his ten years of involvement with Ok Tedi and PNGSDP saying he had made a very significant contribution to Papua New Guinea. PNGSDP is a charitable trust now worth AU$1.4 billion [US$1.47 billion]. PNG's Prime Minister Peter O'Neill banned Professor Garnaut as a result of a dispute with BHP Billiton over control of PNGSDP.

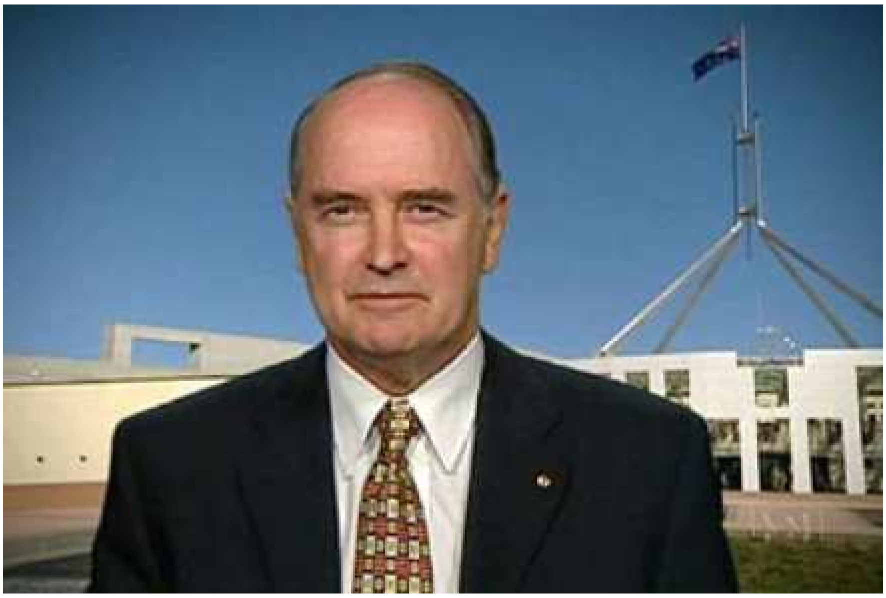
Ross Garnaut resigns as Chairman of OK Tedi

ABC Radio Australia, 12 January 2013

Papua New Guinea's ban on Australian economist, Professor Ross Garnaut, has forced Mr Garnaut to resign as Chairman of one of PNG's biggest companies.

Papua New Guinea's ban on Australian economist, Professor Ross Garnaut, has forced Mr Garnaut to resign as Chairman of one of PNG's biggest companies. Professor Garnaut has resigned as Chairman of Ok Tedi Mining Ltd saying it is not possible for him to fulfil his responsibilities to this large and complex company while the PNG government maintains its ban on his travelling to the country. The ban was imposed in September after BHP Billiton refused to comply with Prime Minister Peter O'Neill's demand to renegotiate its agreement governing control of Ok Tedi's major shareholder, PNG Sustainable Development Ltd, a $1.4 billion charitable trust set up for the benefit of Papua

New Guineans. Professor Garnaut's resignation takes effect immediately, bringing an end to his last official role in PNG after an association of 47 years.


Economist and former chairman of Ok Tedi, Professor Ross Garnaut. File Photo (Credit: ABC)

Islanders clean up oil spill Post-Courier 11.1.2013
By NELLIE SETEPANO

KWAIWATA Island community is engaged in the oil spill cleanup after a vessel ran aground at the island. The Japanese-owned 136-metre reefer vessel MV Asian Lily, which wasn't carrying any refrigerated cargo at the time, was negotiating Milne Bay – a province comprising 160 islands to the southeast of the Papua New Guinean mainland – en route from New Zealand to the Philippines, ran aground at Kwaiwata Island on Christmas Eve. The remote Kwaiawata Island is no more than three kilometres long and located in the Samarai Murua District north of the Jomard Passage – a busy international shipping lane. The province contains a high diversity of corals and marine life that are vital to the livelihoods of local communities, and as a result concerns have been raised over the destructions caused by the oil spill.

Yesterday, the province's disaster coordinator Eric Balaria said not much damage had been done to reef and surrounding islands except for the shoreline. Mr Balaria said from Alotau that a team of assessors from the National Maritime Safety Authority (NMSA) including a marine environmentalist were on the site, visiting as clean up was in progress. The shipping company has engaged a local coastal cleanup of oil (sheen) spill that spread about 130 metres of the island's coastline. Also yesterday, a chopper with equipment left the province's capital Alotau for Kwaiawata to continue the cleanup. An additional tow barge that was on site few days ago is helping to pump oil into the barge. A team of salvage experts are currently on board with the crew. The vessel is expected to be refloated today as tides set in.

Leaders oppose Mt Kare 'paper landowners' Post-Courier 10.1.2013

THE people living on the fringes of Enga and Hela, where the soon to be mined Mt Kare gold-silver project is situated, view the development of the mine project as vital to opening up economic corridors for the isolated communities there. Basic government services have never reached these people since Independence and they are worried that 'paper landowners' will abuse this opportunity and scrape up the mining deal for self-interest. Spokesmen for Hetapula Association Inc David Tabi and Mark Tulija jointly echoed this sentiment over the weekend during the company's meeting in Port Moresby. "Tribal warfare had hindered our progress. Most of our children are uneducated because schools are rundown. Our mothers are giving birth in the jungles because the nearest referral hospitals are in Porgera and Tari, some 50 and 70 kilometres away respectively.

"To retain all other basic services like schools, hospitals, roads, bridges and electricity, we view the Mt Kare project as the only 'golden chance' that would come only once. If we misuse it for self-interest motivated greed, our poor people will suffer," Tabi and Tulija jointly said. Lately, a lot of sham landowners in Mt Kare, like Nogo Gris Holdings Ltd and Mt Kare Resource Owners Association, to name a few, have popped up like mushrooms as IndoChine Mining Subsidiary Summit Development is gearing up to have the mid-sized high grade gold-silver mine go into full operations by 2015. "Why are these landowners emerging from nowhere when we have the umbrella landowner association in place? Hetapula Association is here to represent the interest of all those legitimate landowning groups from Mt Kare. Hetapula has been the duly recognised mouthpiece of Mt Kare since day one and it is still here."

Hetapula had existed during the initial alluvial mining days when CRA-Rio Tinto was the developer of Mt Kare. "Hetapula had delivered fairly and equitably to the people and it still has been bestowed full recognition by the state through Mineral Resources Authority (MRA)," the landowner leaders said. They expressed concern over egoistic deeds of certain self-proclaimed landowners whose main intention is to "steal what is rightfully owned by Heli, Pujaro, Tawini and Lanopa clans." "The state and the developer know who are thieves and who the real owners are. We are the legitimate custodian of EL 1093, and our position is clear. We are doing it for the benefit of all landowners from both Enga and Hela because we all relate to the four major clans." With Hetapula on board, the government had conducted social mapping, landowner identification, land demarcation and vetting process already during the alluvial mining days and these records haven't disappeared, they said.

Mendi locals threaten, hold-up contractors at LNG project site Post-Courier 10.1.2013
By JOHNNY POIYA

SOUTHERN Highlands province, especially the section of the Highlands highway in the lower Mendi area, has become notorious and a haven for criminals who target contractors with the PNG LNG project. Since November last year, contractors with the resources projects in the Hela and Southern Highlands Provinces have lost 10 vehicles to threatening locals who demand payment over very minor issues, provincial police commander Symbron Papato said yesterday. Chief Inspector Papato said the rapid increase in extortion cases, especially locals hijacking and holding onto vehicles belonging to contractors and demanding compensation, has become a major concern as people take it as a money-making opportunity without knowing that it is an offense under the Criminal Code Act section 390, and they are liable to a maximum of seven years imprisonment.

He said locals refused to return the vehicles by peaceful negotiation and Mendi police used force to retrieve eight of them while two were still in the hands of the extortionists. Chief Papato raised concerns that the sudden surge in the extortion cases involving vehicles belonging to contractors with the LNG project has completely stretched his manpower and left most of their normal duties incomplete. He said police contingents attached with the LNG project did nothing although they were provided with allowances, vehicles and fuel, mainly to prevent such disruptions to the project by locals. "Most of the police personnel attached to the LNG project are seen roaming in Mendi and Mt Hagen doing nothing while the local police force is being stretched to the limit. "They made no attempt to recover those vehicles, hence forcing us to leave our job and do their job," Chief Papato said.

He said locals choose to use threat and forcefully seize vehicles over very trivial matters like when somebody gets terminated or security is provided by locals over broken down trucks. "They demand hefty payment when one of them is terminated or when they provide security for the project trucks when they breakdown. Their demands are incredibly high. "When the company tells them to lower their demand, they go for the vehicles, especially the light escort landcruisers," he said. He appealed to contractors to contact Mendi police to provide escort as soon as they leave Ialibu to prevent further hold-ups. Meanwhile, special operations by Mendi police for the Christmas and New Year period along the highway is still in progress.

Use of Landowner grants will be reviewed Post-Courier 10.1.2013
By ISAAC NICHOLAS

THE national government is concerned about hundreds of millions of kina paid as infrastructure development grants (IDG) with little evidence on the ground that the money has been used for tangible infrastructure projects in the provinces concerned. As a result, the government will conduct a review into how these funds have been used – or misused – in the past, National Planning Minister Charles Abel announced at a press conference in Port Moresby yesterday. Minister Abel however assured landowners and provincial governments that the IDG for 2012 will not be affected but released to respective provincial governments once it is cleared by the Bank of PNG. He said there have been some concerns in relation to IDG payments, which are commitments the government made during the Umbrella and Licensed Based sharing agreements meeting. "The government through these MOAs has made a commitment for a 10-year period under the IDG program for K120 million a year, a one-off K120 million in business development, and high impact projects of K50 million a year over 10 years," Mr Abel said.

He said K360 million had been paid since 2011 and K240 million paid under the processes established through the MOAs through the Expenditure Implementation Committee under the Oil and Gas Act. He said the recent payment for 2012 is still going through the process, with the funds warranted and at the Bank of PNG, from where it will go through subsidiary trust accounts of the respective four impacted provincial governments where the PDLs are located. "The IDG funds are not held up by anyone in particular but by banking procedures and technicalities that are delaying the transfer from the BPNG to the subsidiary Trust Accounts at BSP," Mr Abel said. He said the process was for landowner companies to put in their project proposals at provincial level and come back to EIC for endorsement, and to the provincial level and implemented following normal procurement processes and procedures for public funds, in particular, in line with the Public Finance Management Act.

"There have been funding going into different trust accounts through different processes but we all know that by the end of the day not much is delivered on the ground. We are trying to turn this money into tangible projects on the ground," Mr Abel said. "Because of the concerns, and to make sure that it is clear and transparent to everybody, the Prime Minister has asked us to quickly conduct a review of this process and tighten up on how this was supposed to work. "Our government is concerned that funds are spent properly and benefits are derived from these resource projects. We do not want to see that when the gas, gold and oil is gone and our people are still living in poverty. "We know that over the years millions of kina have been expanded through the various MOAs in OK Tedi, Porgera and Kutubu. We cannot continue on this trend where there is very little accountability and very little evidence of this money. "It is not easy to balance expectations of landowners.

You are trying to meet commitments that government has made to landowners and other stakeholders and at the same time trying to build our country for the future," Minister Abel said.

Group calls on Porgera police to follow law

The National, 09th January, 2013

By JAMES APA GUMUNO
A HUMAN rights activist in Enga's Porgera mining township is calling on hired police mobile squads members deployed there not to bully or attack innocent people. Karath Mal of the Akali Tange association urged armed policemen and security guards of Barrick Gold Ltd to respect the villagers and not to terrorise them. "If they break the law deal with them accordingly and not by using force against them," Mal said. He said that after a 14-year-old boy, Bonny Salakai, a Grade 7 student at Laiagam primary school was injured in Porgera last Saturday. Mal said a policeman attacked the student and hit him with a gun butt on his upper arm. Salakai is nursing his arm at the Paiam general hospital. He said Salakai was attacked at Lukulama village when a fight broke out between policemen and villagers over a pig. Mal said Salakai was a bystander and not a party to an argument involving the mobile squad and villagers over a pig run over by a mobile squad vehicle. He said the owner of the pig told the mobile squad members to take the pig away and pay him compensation but the policemen refused and it developed into an argument.

"During an argument a fight broke out between the villagers and policemen and Salakai, who was standing nearby, was attacked with a gun butt," he said. Mal said in recent times 10 pigs belonging to Lukulama villagers roaming beside the road had been killed by the police. "If police want to maintain order and bring normalcy back in the mining township then they must involve in community policing and the people will respect them and cooperate with them," he said. He called on Police Commissioner Tom Kulunga to investigate the matter and discipline the policemen involved. Provincial police commander Supt Martin Lakari was not aware of the incident and called on Mal to lodge his complaint with the police complaint's office in Wabag. He said police would investigate if a formal complaint was lodged.

K135m plan to benefit mine villages

The National, 09th January, 2013

WESTERN communities involved in the community mine continuation agreement (CMCA) will benefit from five major projects worth K135.8 million starting this year, four of which are tied to economic development. Mining Minister Byron Chan last month approved the money for the five projects following a submission of the respective feasibility studies by Ok Tedi Development Foundation (OTDF) last September. The funding will come from the CMCA's Western province people's dividend trust fund (WPPDTF). The secretary of the Department of Mineral Policy and Geohazard Management is the custodian of the trust fund.

The five approved projects are Pampenai road rehabilitation in North Fly district (K27.5 million); Ningerum foot bridge across Ok Tedi River in North Fly (K6.5 million); Lake Murray-Aiambak Road in Middle Fly district (K58.8 million); and Middle Fly and South Fly health plan (K43 million). Pampenai road is a 15km thoroughfare linking six villages, which have large areas of mature rubber trees. There are 106 rubber farmers from these villages registered with North Fly Rubber Ltd. Ningerum foot bridge will be a 162m bridge across the Ok Tedi River, which, once completed, would provide a safe crossing to the people of Nupmo trust region into Ningerum. Work on the Aiambak-Lake Murray Road will be the first step in what is expected to be the redevelopment of the entire road, formerly Barramundi highway, linking Kiunga.

It is expected that the road will support expanding rubber developments, barramundi farming, and sustainable forestry projects taking place in the Middle Fly. The Middle Fly and South Fly health plan is primarily targeted at funding the provision of primary health care to ensure general health services are affordable and consistent with community values while encouraging community participation. “It features back-to-basic health care in line with the National Department of Health Plan 2011-20,” OTDF chief executive officer Ian Middleton said. “The health plan will be coordinated through Western’s health steering committee. “OTDF is also committed to implementing the provincial education plan and a submission for funding will be made to the WPPDTF in 2013.”

K82mil spent on Ok Tedi projects

The National, 09th January, 2013

MORE than K82 million has been spent on community mine continuation agreement (CMCA) trust investment projects, according to Ok Tedi Development Foundation (OTDF) chief executive officer Ian Middleton. He revealed these figures at the launching of mv Fly Warrior at Sturt Island in South Fly and Obo in Middle Fly at the weekend. The money has been spent on three vessels, two Twin Otter aircraft and a new housing estate and OTDF office complex in Kiunga. “The actual amount of money spent was K82,775,168.68, which not only included the three vessels and the two Twin Otter aeroplanes, but also a new housing estate and the OTDF office complex both in Kiunga,” Middleton said. “These investments will generate an 8% return per annum on each investment. “These investments are all in Western and therefore visible to the communities that are here.” The investments are:

n Two Series 400 Twin Otters (K34,708,548.32);
n Fly Hope (K6,898,442.71);
n Fly Explorer (K5,941,842.68);
n Fly Warrior (K18,678,496);
n Kiunga office complex (K8 million); and
n Kiunga housing estate (K8,547,838.97).

Approval of these trust investments was made following approval by the CMCA advisory committee, which is made up of 18 community nominated leaders from the 156 villages in the eight trust regions and mine villages and the OTDF board, which includes the four associate directors. Middleton said the CMCA trust investment projects derived income from Western people’s dividend trust fund (WPPDTF), PNG Sustainable Development Program (K21.5 million each year) and direct contribution by Ok Tedi Mining Ltd. He hailed the relationships with the Fly River provincial government headed by Governor Ati Wobiro. “The relationship with the provincial government is excellent,” Middleton said.

Western ‘next boom’ province

The National, 08th January, 2013

By MALUM NALU in Tabubil
WESTERN Governor Ati Wobiro says his province – dismissed as the “poorest” in PNG despite its abundant natural resources – will make its way up to become the “next boom” province of Papua New Guinea. He made the bold prediction at the launching of the K19 million vessel mv Fly Warrior at Obo in the Middle Fly on Sunday. Wobiro said the richness of Western was revealed at last month’s mining and petroleum conference in Sydney, where he said focus was on Western’s mineral, gas and oil resources. “The three-day conference was focused on Western,” he said. “Great things are happening for Western and this province will be the boom of the whole country. “We’re

going to do a lot more.” Wobiro said in the past, so much money –especially pay outs from the Ok Tedi mine – was misused by provincial government and administration. “In the past, a lot of government money was misused,” he said. “There will be change. “I will make sure that every toea is accounted for.”

Gobe Landowners expecting K16.4m payment

Post-Courier 8.1.2013

GOBE landowners from three licensed areas are expecting to be paid K16.4 million in outstanding PNG LNG Project Infrastructure Development Grant (IDGs) payments. This total payment is from K8.2 million outstanding for 2011 and the same amount outstanding for last year. The three licensed areas are Gobe Main PDL 4, PDL 3 and the South East Gobe facilities. The facilitator, the Southern Highlands Provincial (SHP) Administration gave its assurance that the payments will be paid before Christmas and New Year last year. That has not transpired. Not only that, the landowners have received some information confirming that the SHP administration has already received K16.4 million from the Bank of Papua New Guinea. Now the Gobe landowners want to know why they will be paid only K8.2m, when outstanding payments for 2011 and 2012 have already been transferred to the SHP administration for disbursement. Gobe Main landowner spokesman and Erave Local Level Government (LLG) deputy president councillor Max Apua is calling on the SHP administration to explain why they are only being paid half of what is owed to them.

“Whilst we appreciate the efforts of the Provincial Administration we would like them to utilise the legal instruments in place like the License Based Sharing Agreement (LBSA) understanding whereby the Gobe landowners have agreed to be recognised under three groups for any benefit distribution,” he said. Councillor Apua advised the provincial administration that the payment structure as agreed will see Gobe Main receiving 50 percent, South East Gobe 3 group with 30 percent and facility group to get 20 percent of the total payment. He also said that the Chief Secretary’s office has appointed Alfred Wapiri to co-ordinate the Infrastructure Development Grant (IDG) payments for Gobe and Kutubu landowners of Southern Highlands. He said the total amount to be paid to the Gobe and Kutubu landowners is K36.4 million. When contacted, Mr Wapiri also confirmed that the IDG payments should at this stage be paid within the first or second week of January, 2013.

People miss out on LNG

Post-Courier 8.1.2013

By DAVID MURI

PAPUA New Guinea boasts of hosting one of the biggest Liquefied Natural Gas (LNG) projects in the world, but the windfall from these resources are not trickling down to the rightful landowners as anticipated. Instead, landowners are living like refugees in their own lands, and as mere spectators. This is the scenario in many project areas, according to some disgruntled landowners in Port Moresby yesterday. "We, the project area people, are living like refugees up in the hilltops while the developer claims all the land. We are not benefitting from our resources. We are carrying the name (landowner tag) for nothing," says Hides landowner, John Kaloma. Mr Kaloma says the ILGs have not been established, meaning no legitimate landowner has ever been lawfully recognised for most of the project sites.

He holds the interim position as Chairman of PDL 7 South Hides Umbrella Association. Mr Kaloma says this position will be permanent once a legal ILG is established. There are four other such interim associations at Hides. They are Hides PDL 7 Resources Owners, Conditioning Plant Landowners, Hides 4 Landowners Umbrella and Pugupa Landowners Association. Mr Kaloma’s deputy Andy Hamagu shared similar sentiments. "We want the Department of Petroleum and Energy to push the ILG issue so that our royalties and grants can be channeled through legitimate associations,'' he said, adding the Government and the developer must not be misled.

Villagers welcome MV Fly Warrior

Post-Courier 7.1.2013

By ANCILLA WRAKUALE

THE last of the three vessels procured by Ok Tedi Development Foundation (ODTF) for the impacted villages of OK Tedi was welcomed in Western Province yesterday. MV Fly Warrior was welcomed in two different villages along the Fly River on Saturday and yesterday respectively. The first welcome reception was held at Sturt Island in South Fly and Obo station in Middle Fly electorate yesterday. Chief Executive Officer of OTDF Mr Ian Middleton urged the people to look after their assets so that it will benefit them and their children even after the Ok Tedi mine closes. MV Fly Warrior is the last of the three vessels procured by OTDF for the 156 villages of Community Mine Continuation Agreement (CMCA). The other two vessels Fly Hope is a passenger vessel, the second one Fly Explorer, a research vessel whilst Fly Warrior is the cargo vessel that will travel between Port Moresby and Kiunga and at times can call into Australia.

Mr Middleton also announced that the MV Warrior will help transport CMCA project materials from Port Moresby to their respective jetties along the Fly River free of charge. The vessel was bought from Malaysia and will be managed by V-Ships, a global expert on shipping management. The MV Fly Warrior was worth K19 million. Middleton also told the people from the CMCA communities that they have secured a 15 year lease on behalf of them from Ok Tedi for all the three vessels for 8% return per annum. OTML will pay K165, 000 a month for the use of one vessel. He said this will then bring in K29 million in fifteen years, which is K14 million more than what the vessel was worth. He also urged the people to start working on their land now that they have roads and vessels to help them transport their goods. “I can only support you, you have to work. “Stop thinking about the cash compensation from Ok Tedi because it won't last”, Middleton said.

Women representative from the North Fly Region Juliet Hmentori said transportation was always a major problem for them and those three vessels have brought hope to them. She said they would like to see these services last beyond mine closure. Governor of Western Province, Mr Ati Wobiro also urged the people to work together with development partners such as OTDF, OTML and PNG Sustainable Development Project to bring about much needed changes that was lacking in the resource rich Western Province for many years. Mr Wobiro told the locals that the development partners are not their enemies but rather friends in helping develop their province. “I fully embraced them because I know they will help us and you have to support them”, Wobiro said. The occasion was witnessed by representatives from OTML, OTDF, PNGSDP and CMCA communities in South and Middle Fly regions.

Pacific Island Wakes Up to Threat of Oil Spills

January 7, 2013 - Inter Press Service

SYDNEY, Jan 07 (IPS) - Coral reefs and marine ecosystems in the Milne Bay Province of the Pacific Island nation of Papua New Guinea are at serious risk of long-term environmental damage. The reason: an oil spill from a ship that ran aground on a reef on Kwaiawata Island on Christmas Eve, and authorities' long delay in mobilising an appropriate response to the accident. “The area has some of the fastest currents in the world and this delay has increased the likelihood of the oil spreading quickly beyond the vessel,” Chalapan Kaluwin, professor of environmental science at the University of Papua New Guinea, told IPS. “It is too early to assess the full scale of the damage, but there are fragile marine and island ecosystems in this area and the impacts on reefs, marine life and the marine resources that island communities depend on is likely to be long term, rather than short term." The Japanese-owned 136-metre reefer vessel MV Asian Lily, which wasn't carrying any re-frigerated cargo at the time, was negotiating Milne Bay - a province comprising 160 islands to the southeast of the Papua New Guinean mainland - en route from New Zealand to the Philippines, when the incident occurred.

Milne Bay Governor, Titus Philemon, only learned the news from local villagers several days after the ship ran aground. Nurur Rahman, executive manager of Maritime Operations at the National Maritime Safety Authority (NMSA), told IPS that fuel oil, which leaked from one of the ship's tanks, had spread along approximately 115 metres of the island's coastline. The remote Kwaiawata Island, which is no more than three kilometres long and located in the Samarai Murua District north of the Jomard Passage - a busy international shipping lane – has a population of about 200 people. Henry Vailasi, Milne Bay Provincial Administrator, said there weren't any coastal villages in the direct vicinity of the stricken vessel, but the oil spill had impacted the island's shoreline. Milne Bay contains a high diversity of corals and marine life, including more than 1,000 species of fish, 630 species of molluscs and 360 species of hard coral, as well as seagrasses and mangrove forests. Coral reefs are vital to the livelihoods of local communities, providing habitats for fish and protec-tion to island coastlines. Seventy percent of households in the Samarai Murua District depend on fisheries and other marine resources for subsistence.

In a public statement the NMSA said a Papua New Guinea tugboat has been at the site of the MV Asian Lily since Dec. 27 and a team of international salvage experts was currently onboard the ves-sel with its crew. Representatives of the ship owners met with local villagers last week regarding the incident, a meeting that will likely be followed in due course by a consultation between national and provincial authorities and affected communities. A spokesperson for Pacific Towing PNG Ltd, which is working to salvage the vessel, said the oil leak had been contained and the scale of the da-mage to the vessel was being assessed. Preparations are currently underway for an attempted refloa-ting of the ship on Jan. 10. On Jan. 5, the International Tanker Owners Pollution Federation, which has been engaged to advise the government on how best to address the oil spill, presented a shorel-ine clean up proposal to authorities in Papua New Guinea.

Milne Bay presents serious navigational challenges to shipping, with hazards including extensive reef systems and many maritime areas not yet properly charted. The Jomard Passage, which lies to the west of the Louisiade Archipelago in the south of the province, connecting the Coral and Solo-mon Seas, is plied by up to 1,000 ships, including bulk carriers, every year. Many are engaged in commerce between the Australian east coast and North Asia. There have been several maritime mishaps in recent years. In 2006, the bulk carrier, Zhi Qiang, with a cargo of 40,000 tonnes of raw sugar, ran aground on a reef in the Louisiade Archipelago during a voyage from northern Queens-land, Australia, to Korea, releasing heavy fuel oil and raw sugar into the sea. Vailasi told IPS that the provincial government was seriously concerned about the level of guidance and monitoring of ships through Milne Bay and the Jomard Passage.

"This vessel did not have a pilot onboard at the time it went aground," he said. "We want the region to be a compulsory pilot area and we have asked the NMSA to advise us on how this can be done." "This is a wakeup call for the government and ship owners," Kaluwin stressed. "There is a regional oil spill contingency plan, but developing national and provincial oil spill contingency plans remains a challenge facing the government." A recent National Marine Pollution Risk Assessment conducted by the NMSA and PNG Ports Corporation, in association with international consultants, reported that the country's maritime laws need to be updated and aligned with all International Ma-ritime Organisation (IMO) conventions. The report further stated that until five new marine polluti-on bills, drafted by the NMSA, are fully enacted, the government's powers to prevent and control marine pollution from ships, and enforce the payment of compensation from polluters, are constrained.

Documentary Special: Ok Tedi

Radio Australia, 3 January 2013

Papua New Guinea's huge Ok Tedi gold and copper mine used to be a name synonymous with environmental disaster.

Ok Tedi Mine, PNG (Credit: ABC)

It is now more than a decade since BHP Billiton, the company responsible for the damage, pulled out leaving its shareholding to the people of PNG. Since then Ok Tedi Mining Limited has remade itself. It's spent more than a billion dollars on environmental remediation and has just put a plan to landowners to extend the mine life to 2025. Jemima Garrett visited Papua New Guinea for this report.

TRANSCRIPT.

JEMIMA GARRETT: The Ok Tedi mine in the remote Star Mountains, near PNG's border with Indonesia, sits in the head waters of the Fly River. There are 1,000 kilometres of waterways between here and the Torres Strait, waterways that cut through some of the richest rainforest on the planet. Tens of thousands of people rely on riverbank food gardens and fish for their livelihoods. BHP opened the Ok Tedi copper gold mine in 1982. During construction Ok Tedi's tailings dam failed. The company made the fateful decision to put all its waste directly into the creeks that run into the Ok Tedi and Fly Rivers. By the 1990s hundreds of millions of tonnes of waste clogged those waterways, destroying thousands of hectares of forest and inundating villages and vegetable patches. Kurina Aioge is from the heavily affected Middle Fly area 200 kilometres downstream from the mine.

KURINA AIOGE: The environment that is around the Fly River is just dying off. We have plenty of dieback. If you go along the Fly River you see the trees are all dying, that we call it dieback. Most of my life I live at the Fly, getting fish and also we live on sago. The sago swamps all died off.

JEMIMA GARRETT: As the mine's impact grew, environmentalists became enraged and landowners took legal action. At first BHP denied there was a problem, but as the damage to its reputation mounted, it became clear that was no longer viable.

(Archival excerpt from Four Corners)

PAUL ANDERSON: We're not comfortable with our role as operator of that mine.
ANDREW FOWLER, ABC REPORTER: After two decades, BHP wants out from its huge gold and copper mine at Ok Tedi in Papua New Guinea. What it's not comfortable with is the huge scale of environmental damage this mine has caused. (end excerpt)
JEMIMA GARRETT: Media exposes by Four Corners and others were the final straw. BHP wanted to close the mine. But the PNG government didn't. Ok Tedi was the only source of income for many landowners and the lynch pin of the economy, contributing a massive 10 per percent of gross domestic product. A deal was stitched up for the mine to stay open. BHP would be protected from future legal claims. In return it gave all its shares to the people of Papua New Guinea. Those shares are held in a Singapore-based company, PNG Sustainable Development Program Limited - a trust with a mission to provide development projects in Western Province, where the mine is located, and across PNG. At the beginning of 2011 the last foreign investor sold out, leaving the provincial and national governments and the PNG Sustainable Development Program as the only shareholders. Ok Tedi Mining Limited CEO, Nigel Parker, says his company's mandate is unique.
NIGEL PARKER: It's very much an interesting position because we now have a full social mandate. When BHP exited we still had Inmet as an 18 per cent shareholder and there was a mix of the commercial mandate with social mandate. Inmet were very good in the social mandate side of it but now Inmet has exited it is full social mandate so everything we do has a focus on the Papua New Guinean people, what we can deliver to the economy, to the peoples of the Western Province, and of course to a wider group of people that are not just impacted by the mine.
JEMIMA GARRETT: Western Province is the poorest and least developed of all PNG's provinces and it has suffered from poor administration. In elections in July, the straight-talking Australian-trained economist, Ati Wobiro, won the crucial role of governor. Mr Wobiro sees Ok Tedi as a vital development partner.
ATI WOBIRO: For us in the Western Province we see it as a golden goose. It is there to now help us. Ok Tedi has contributed a lot over many years but particularly now, now that the Ok Tedi mine is 100 per cent owned by Papua New Guinea, and a major part of that belongs to people of the Western Province. So people like myself who are in leadership are challenged to ensure that that money is translated into sustainable development and that is what I am focussed on. It is an exciting time for me to come into politics and I know why I have been elected to office and I'll ensure that I deliver.
JEMIMA GARRETT: Since BHP left, Ok Tedi Mining Limited has spent over a billion dollars on environmental remediation, much of it to tackle the vast quantity of mine tailings that still go into the river. It is the tailings, made up mostly of sand and silt, that kill forest and food gardens. Almost twenty million tonnes of this waste goes into the fast flowing mountain streams of the Fly River system each year. Downstream at Bige, where the river widens out on the floodplain, Ok Tedi is attempting to reduce the mine impact with a round-the-clock dredging program. ML's environment managers, Michael Ridd and Sean De Witt, showed me round the remediation site. Sean we are looking here at the big dredge that takes the sand out of the river. What is it doing exactly and how much sand is churning through there?
SEAN DE WITT: It is basically acting like a very large vacuum cleaner. It has got a large suction pump which sucks in the sand. It has also got what they call a cutter, which is basically just a, sort of like a whisk with teeth and it whisks up the sand and cuts into the sand and sucks up the sand through the pump and pumps it ashore.
JEMIMA GARRETT: Michael, OTML has spent a billion dollars in the last 10 years on environmental remediation. What have you spent it on?
MICHAEL RIDD: Basically on two major projects. The first is the dredging operation which costs us of the order of $60 million or so every year but then in addition we've spent at least $300-400 million on capital on the mine waste tailings project to remove pyrite from tailings.
JEMIMA GARRETT: We are looking at the dredge here in front of us, just how much sand does that dredge take out of the river every year?
MICHAEL RIDD: It is taking about 17 million tonnes of sand every year.

JEMIMA GARRETT: That's a phenomenal amount. What do you do with it?
MICHAEL RIDD: It's been stored in engineered stockpiles on either side of the river and they will subsequently be revegetated.
JEMIMA GARRETT: The dredging program is part of the settlement of court action brought by landowners against BHP. Removing the pyrite from the tailings reduces the risk of acid rock drainage and the release of copper into the environment. Dr Gavin Mudd is a lecturer in Environmental Engineering at Monash University and chair of the mining watchdog, the Minerals Policy Institute. He says the damage done by the Ok Tedi during the BHP era is one of the worst environmental disasters in the history of mining.
GAVIN MUDD: There is only really about one mine that I would consider worse in its scale of impacts than Ok Tedi and of course that is the Grasberg or Freeport deposit or mine just across the other side of the border into Papua Province in Indonesia. At least the better transparency that has come about since BHP has left I think allows us to start looking at some of the data and some of the monitoring and so on that is available from Ok Tedi
JEMIMA GARRETT: That data shows copper levels have dropped significantly since Ok Tedi began its remediation program, but Gavin Mudd says more can be done.
GAVIN MUDD: When you're looking at the concentrations of the water in the Fly, because it is a large volume, the concentrations are low but they're certainly above the normal levels we would want to see to protect things like either fresh water or marine water. And just to use some numbers to help make that point, if you are wanting to protect say 99 per cent of species, the Australian Water Quality Guidelines for Freshwater Ecosystems would like to see a value of one microgram per litre of copper. Now some of the concentrations that are regularly being measured on average in the Fly are around about 10. Now drinking water standards are generally 1,000 micrograms per litre of copper. So in that sense, that is where you can see the numbers where you can say well it is below the drinking water guidelines but it is certainly that value, that average value of 10 is still certainly above the values we would like to see to protect freshwater ecosystems and the biodiversity that you find in fresh water ecosystems.
JEMIMA GARRETT: Some people are still scared to drink the water and eat the fish from the Fly River but they have no choice. Ok Tedi's environment manager Michael Ridd says they should not be worried.
MICHAEL RIDD: There is no human health effect or risk associated with drinking water at around 10 micrograms per litre. In fact if you've got copper pipes in your taps you may well have significantly higher copper concentrations than 10 micrograms per litre.
JEMIMA GARRETT: The copper does affect the aquatic life. What impact is it having up the food chain, into things like the fish?
MICHAEL RIDD: Right. We are required by the state to monitor copper concentrations and other elements in fish. They remain well below those that are a risk to human health. There is some evidence of increases in copper concentrations, particularly in some of the organs like kidneys or liver, but they are not high enough to be a significant risk to the communities who eat a lot of fish.
JEMIMA GARRETT: The Ok Tedi mine is due to close in 2015 but management has put forward a plan to extend the mine life to 2025. For that it must get approval from landowners and from the Papua New Guinea government. Ok Tedi CEO, Nigel Parker.
NIGEL PARKER: We have quite a substantial amount of ore still available in the pit that we currently operate and we are firmly of the view that we can continue mining for at least another 10 years on quite easily accessible ore in the existing open pit mining methodologies, with a little bit of underground. The underground is of interest to us, of course, because it will develop expertise within the Papuan New Guinean workforce and going forward into new mines and new mining companies would be looking very much towards underground mining because of the lesser environmental impact that that would have on the operations.
JEMIMA GARRETT: One of the community leaders Ok Tedi must win over if its mine life extension plan is to be viable is James Assan. After a lifetime spent working in other parts of Papua New

Guinea he recently returned to his village of Kokonda, one of the areas hardest hit by sediment pollution.

JAMES ASSAN: Most of the vegetation along the river has gone. It is very evident. Our land, our customary land is along the Ok Tedi River and after leaving home for about 33 years I came back in 2009. There was a big, big, big difference and I even cried. I went through my land along the river and I just shed tears.

JEMIMA GARRETT: For most of the more than 70,000 people living along the Ok Tedi and Fly Rivers compensation and royalties paid by Ok Tedi Mining Limited are their main source of income. Many vital services, from mobile phone towers to health and education, are not provided by the PNG government but by the mine or by its biggest shareholder, the PNG Sustainable Development Program. James Assan believes the mine life should be extended.

JAMES ASSAN: I personally think the mine should continue. That is my own personal feelings. You see, the thing is the government has put in very little, very little in terms of the livelihoods of the people. And I think it is true to say that Ok Tedi is more than a mine and I think Ok Tedi has done that.

JEMIMA GARRETT: When you say Ok Tedi is more than a mine, what do you mean?

JAMES ASSAN: In terms of services, infrastructure developments, where the government should have provided that infrastructure but there is nothing there. So Ok Tedi more or less played the role of the government here in the Western Province.

JEMIMA GARRETT: Since the July elections Papua New Guinea's new generation of political leaders has been keen to take control of the development process. Ati Wabiro, governor of the Western Province, moved quickly to call a meeting with Ok Tedi and its partners to map out a new way forward.

ATI WABIRO: Two weeks after I was declared I got all the development partners together and we entered into a MoU (memorandum of understanding) committing ourselves to work together. And my challenge to the development partners was that I understood that political leadership was not there in the past but with me I am now reaching out to them and I am asking them to come and partner with me. And I made the statement that on my own, provincial government, I cannot deliver the kind of services our people want. Ok Tedi and PNG Sustainable and Ok Tedi Development Foundation and other NGOs, even you know AusAID, we've invited them to come along and work together and I know that with this teamwork we are going to deliver.

JEMIMA GARRETT: The PNG prime minister Peter O'Neill is also taking more control. In September that led to a spat with BHP Billiton, which saw Australian economist, Ross Garnaut, banned from the entering the country. As a legacy of its former ownership of Ok Tedi, BHP Billiton controlled three board positions, including the chairmanship, of the PNG Sustainable Development. Prime minister O'Neill said it was time for BHP Billiton to get out.

PETER O'NEILL: BHP should take its leave at some stage. I'd rather it be sooner than later. BHP has to learn that it has to move on.

JEMIMA GARRETT: After Mr O'Neill made those comments, Ross Garnaut retired as chair of PNG Sustainable Development in favour of former prime minister Sir Mekere Morauta. But Professor Garnaut had made remarks that angered Mr O'Neill who vowed not to let him back in until BHP Billiton relinquished control of board appointments. Mr O'Neill made his terms clear.

PETER O'NEILL: Papua New Guineans are now capable of managing their own affairs. We don't need to be managed, the affairs of some of our activities like Sustainable, to be managed on our behalf from Melbourne. We believe that it is time that after 10 or 12 years now of Sustainable being in operation they relinquished the management of that to a Papua New Guinean-based, Papua New Guinean-run organisation.

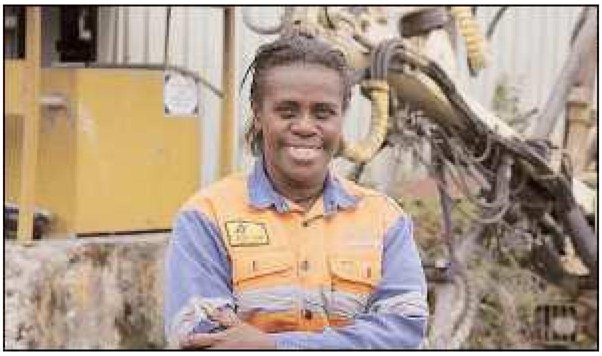
JEMIMA GARRETT: In October BHP Billiton gave control of the controversial positions to the PNGSDP's (Papua New Guinea Sustainable Development Program) board itself. But Professor Garnaut remained banned. As he is still chairman of Ok Tedi Mining Limited, that leaves him and Ok Tedi in a difficult position. Meanwhile PNG's influential young generation of social media-savvy activists says Ok Tedi's new found transparency is overrated. Effrey Dademo, executive

officer with Act Now, says with so many other new resource projects coming on stream, PNG should not be rushed into extending the life of the Ok Tedi mine.
EFFREY DADEMO: There is really not enough information going around as to what either the government or the company is doing about the ongoing environmental damage. So basically here at Act Now our position is that if the government is going to, is really serious about extending the life of the mine, there are certain things they need to do before that and one of which is we are saying there should be a full inquiry into the ongoing damage plus a reality check on how Western Province has benefit over the past years.
JEMIMA GARRETT: In the past 22 months, Ok Tedi has held hundreds of village meetings to consult the tens of thousands of downstream landowners who must give permission if the mine life extension is to go ahead. By mid-December, seven of the nine communities had signed up, and the remaining two are in the last stage of negotiation. The stakes are high. In 2011, Ok Tedi provided 16 per cent of the PNG government's non-aid related revenue. CEO Nigel Parker has plans well beyond mine life extension.
NIGEL PARKER: This is a highly valuable company, just its structure, its employee base, its systems, its processes, the skills that we have with our Papua New Guineans and it is, just five years ago, Ross, Professor Garnaut and I had this very discussion as to it would be a great shame if we simply sat back as management and the board and let this company wither.
JEMIMA GARRETT: Ok Tedi has taken a stake in a new gold and copper resource 20 kilometres from its existing mine. It could have significant implications for pollution in the Fly River.
NIGEL PARKER: We could look to bring ore quite easily from those resources and process them through our existing facilities here and use the existing infrastructure down through the Ok Tedi and the Fly River systems as opposed to taking them out to the pristine environments on the other side through the Sepik River etc.
JEMIMA GARRETT: Papua New Guinea is one of the few countries in the world that still allows riverine dumping of mine tailings. When Ok Tedi's tailings dam failed in the early 1980s the company said it was too difficult to rebuild. It was that decision that caused the environmental damage we now see in the Fly River. Gavin Mudd says technology has changed since then. He's urging the PNG government to make a tailings dam a condition for mine life extension.
GAVIN MUDD: It is just a matter of doing the thorough engineering investigations, making sure you can find an appropriate site that can withstand things like earthquake risk, design it properly to account for rainfall. Engineers know how to do these things so I think that would be one of the conditions that might be put on a mine life extension and that way it basically shuts off discharge of mine waste into the Fly River.
JEMIMA GARRETT: The feasibility study for the mine life extension has gone to the PNG government. Prime Minister, Peter O'Neill, is not willing to get into specifics about conditions that might be placed on the plan but he is likely to approve it.
PETER O'NEILL: We want to do it in a manner that is acceptable to everybody, particularly on the environment, making sure that we do not cause further damage to many of the environmental issues within the Western Province. But all in all I want to say this: Ok Tedi continues to be a good producing mine, not to the level that we have experienced in the past, but I believe it will continue to serve our country for a few more years.
JEMIMA GARRETT: The environmental safeguards on Ok Tedi may be as important to Australia as they are to PNG. The mouth of the Fly River opens directly onto the Torres Strait and the waters around Cape York. Prime Minister O'Neill has shown a willingness to look at the issues but he is yet to establish an environmental track record.
SIMON SANTOW: Jemima Garrett reporting from PNG. You've been listening to a Radio Current Affairs documentary. (Source: http://www.radioaustralia.net.au/international/radio/program/pacific-beat/documentary-special-ok-tedi/1069558)

Zenga underground miner Post-Courier 2.1.2013

Jenny Zenga, Papua New Guinea's (PNG) first female underground mine engineer, believes joining the Porgera mine a year-and-a-half ago was the best decision she has ever made. "I want to be here for another 10 or 15 years, maybe a lifetime," she says with a big smile." "I can see there are so many things to learn." Zenga works in the dispatch section preparing reports on the day's underground activities. She plans, sets targets and collects data from miners, maintenance and geologists and controls the distribution of equipment. Daily challenges include managing water, ventilation and illegal mining issues. "What attracted me to Porgera were the many challenges and opportunities. I saw it was a good place to develop my skills." It was a long way from the basics she learned studying mining engineering at University of Technology (Unitech), in Lae. Zenga wanted to be like her father, who was a mine electrician and shift foreman.

Most important to Zenga, her mother encouraged her to take up mining. At Unitech, she was one of three women in the mine engineering program and the only one to complete the four-year course. Before 2007, PNG legislation prevented women from working underground. There are female geologists working underground at Porgera, and many women working above-ground: 175 permanent employees and 30 students. The site's Security department leads the way on the number of women employed, followed closely by Maintenance, Community Relations and Environment. "I would tell other women who might be thinking of a career in mining engineering to come here," Zenga says. "Its a interesting work and we are learning new things every day."



Jenny Zenga

Ok Tedi swamp toxic for centuries

The Australian, by: Greg Robert, November 30, 2012

THE environmental effects of the Australian-managed Ok Tedi mine in Papua New Guinea will be felt for hundreds of years and vast areas of rainforest on the Fly River floodplain are being converted to toxic swampland. An independent assessment of the copper mine by Australian consultant Alan Tingay found there had been no marked improvement in the living conditions of 50,000 people in its catchment area in 20 years of operation. The assessment was raised yesterday by shareholders at the annual general meeting in Brisbane of former Ok Tedi operator BHP-Billiton, which quit the mine in 2002 but funds compensation for landholders through the PNG Sustainable Development Program.

Mr Tingay's report paints a much bleaker outlook for the region and its inhabitants than previously acknowledged. "Not only are the effects going to continue after the mine closes (in 2012), they are going to get worse," he said. With 1.7 billion tonnes of waste being poured into the Ok Tedi and Fly river systems during the life of the mine, the build-up of toxic sediment in the Fly and consequent flooding would continue for "several hundred years". About 3800sqkm of rainforest would be flooded, most of it "long after the mine has closed". "Flooding will cause major changes to the whole floodplain ecosystem and these will be permanent," the report said. Fish populations had declined by 95 per cent in the Ok Tedi River, with more than a million tonnes of copper discharged into it during the life of the mine.

Prospects for underwater goldmine in Pacific decline

London-listed exploration firm Nautilus runs into dispute with Papua New Guinea government about cost of Solwara 1 project
The Guardian, Tuesday 1 January 2013


A Nautilus operation. The company claims to be the first to properly explore the ocean floor for sulphide systems as a potential source of gold, zinc, copper and silver.

A London-listed company's plans to create the world's first underwater goldmine on the Pacific se-abed have hit the rocks. Nautilus Minerals' problems come as China and Russia's duel for riches at the bottom of the ocean intensifies. Nautilus was planning to mine gold, copper and silver under the Pacific Ocean but has run into conflict with its partner, the government of Papua New Guinea, about the cost of the project. The company, part-owned by the Anglo American mining group, has put its Solwara 1 prospect on ice, laid off staff and postponed equipment orders, and is looking at taking its subsea mineral operations elsewhere. State-owned Chinese and Japanese firms, meanwhi-le, have unveiled plans to search for cobalt-rich ferromanganese "crusts" in the western Pacific, and Russia has signed a 15-year contract to prospect for metallic sulphides in the Atlantic, where volcanic hot springs create mineral-rich rock formations.

Last month international lawyers met in Beijing to try to hammer out details of a seabed mining code to prevent conflict over deepwater resources. The sudden interest in this sector has been fed by the boom in commodity prices as well as soaring costs and environmental opposition to many large onshore mining projects. There have been growing tensions over mineral and seabed rights, with China in dispute with the Philippines, Vietnam and other countries over areas of the South China Sea. Nautilus, listed on London's Aim junior stock market and owned 11% by Anglo and 21% by Russia's huge iron ore producer Metalloinvest, claims to be the first company to properly explore the ocean floor for polymetallic sulphide deposits.

It was granted the first mining lease at Solwara, in territorial waters off New Guinea, but also holds more than half a million square kilometres of highly prospective acreage in the western Pacific.
An Anglo American spokesman said the group, which operates onshore mines in South Africa and elsewhere, saw its investment in Nautilus as speculative. "We are a shareholder because we think [seabed mining] may prove interesting in future." De Beers, the diamond producer that was brought

under sole Anglo American control last year, already does a limited "hoovering" of likely mineral deposits from the seabed off Namibia in south-west Africa. But Solwara 1 in the Bismarck Sea, which borrows techniques from the offshore oil and gas industry, is a much more ambitious project that could involve upfront capital costs of nearly $400m to bring ore from the seabed to the shore. The Papua New Guinea government took a 30% stake in the scheme but has since questioned whether it should be legally obliged to contribute to funding, running at $4m a week.

Ministers have since switched their attention to an ExxonMobil project to produce liquefied natural gas for export to Australia, leaving Nautilus look for other funders or a change in location. Solwara 1 – there were also to be 2 and 3 – has also attracted considerable opposition from environmentalists worried about the impact of seabed mining on biodiversity. But Nautilus has not given up. Mike Johnston, its chief executive, told shareholders toward the end of last year: "Despite this [funding] setback, the company remains committed to maximising shareholder value by achieving its objective of developing the world's first commercial sea-floor copper-gold project and launching the deep water sea-floor resource production industry, while maintaining an environmentally and socially responsible approach." Exploration outside normal 200-mile territorial waters can only be undertaken through application for a licence from the International Seabed Authority established under the United Nations law of the sea convention. Two new applications for exploration were filed last summer for areas in the west Pacific Ocean, one from the China Ocean Mineral Resources Research and Development Association and another from the Japan Oil, Gas and Metals National Corporation.

Bougainville: Alluvial Gold Mining a Concern

New Dawn, By Aloysius Laukai, 27.12.2012

ABG President Chief John Momis says that thousands of Bougainvillians are into alluvial mining which could be either good and bad. Speaking at the ABG House this week, President Momis named places that they are currently panning Gold. They are in Central Bougainville, Pakia, Kupei, Panguna, Moroni,Kitano, Kawerong River, Atamo, Karato, Loloho, Kongara and Paruparu. In South Bougainville,President Momis names places like, Wisai, Deuro Jaba river and Torokina. And in North Bougainville he mentioned Tinputz. Chief Momis said small scale is giving significant income to many Bougainvilleans.but can also cause, land issues, enviromental distructions, damage to infrastures,health problems due to the excissive use of highly toxic mercury in processing Gold and also the safety of miners can be compromised as mines collapse killing miners.