Press review:
Mining in the South Pacific

Vol. 8, No. 1, January – February 2016, 72 pages

Compilation:
Dr. Roland Seib, Hobrechtstr. 28, 64285 Darmstadt, Germany
http://www.roland-seib.de/mining.html

Abbreviations in common use:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PIR: Pacific Islands Report

PNG: Papua New Guinea

Websites:

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

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

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

Russian deal a shot-in-the arm for Fiji

Venkat Raman, Indian Newslink, February 29, 2016

Fiji's decision to purchase military weapons from the Russian Federation and the recent delivery of equipment in 25 containers not only demonstrated the Pacific country's right to self-determination but also stupefied New Zealand and Australia, among others. International media was awash with varying interpretations to the latest development in this otherwise peaceful region. The Opposition in Fiji cried foul and said that arms had come into the country illegally and that there was no discussion about any military purchases, but none of these would impact on the thinking of the government led by Prime Minister Voreqe (Frank) Bainimarama.

Pact in Moscow

According to information made available to us, the seal to the deal was made when Mr Bainimarama visited Moscow in June 2013 and discussed bilateral relations and Fiji's defense needs with his Russian counterpart Dmitry Medvedev and Foreign Minister Sergey Lavrov. *Radio Tarana* said that the deal, valued at $19 million is seen as an attempt by Russia to gain a foothold in the Pacific. The radio station posted the following report on its website on February 9, 2016: New Zealand Prime Minister John Key said that he has no issues with business between Fiji and Russia, providing that it is lawful. Fiji's military is getting an arms upgrade. The dated M16s and M2s used in the 2006 coup will be replaced with what's believed to be Kalashnikov assault rifles.

Fiji Prime Minister Voreqe Bainimarama and Russian Foreign Minister Sergey Lavrov meeting in Moscow in 2013. Photo: Fiji Government

"The Russians see themselves as a Pacific power. They are trying to get a foothold in the Pacific. Secondly, they want to get access to the region's resources, such as seabed mining and fishing," Canterbury University Professor Steven Ratuva said.

Silence normal

So a month ago, a massive shipment of arms from Moscow arrived in Suva. And another one is on the way. Fiji's government did not inform the public of the deal, until the weapons turned up on the dock. But the Defence Minister Timoci Natuva said this is normal practice. "Shifting arms and ammunition across the world, it goes through a safety process," You do not have to go around calling people that you are providing ammunition for Fiji," he said. The Fiji-Russian alliance seems unlikely, but it has been gradually developing over recent years. Russia's Foreign Minister, Sergey Lavrov, indulged in a cup of kava in 2012, during his country's first-ever high-level visit to Fiji. A year later, Prime Minister Frank Bainimarama went to Moscow, and this is when the Russian arms deal was done.

Some concerns
"So it is a new player in as far as the small island states politics is concerned. It needs to establish its presence and expand its influence as well, as a way of telling the world, 'I'm not gone," Professor Ratuva said. The weapons are intended for Fijian peacekeepers serving in UN missions, but there are concerns they could be used domestically as well. "The worry is that Fiji has had a history of coups, and with new weapons, it will simply reinforce the power of the military," Professor Ratuva said.

New Zealand moves
Mr Key said that the arms supply depended on its use. "Our main point really when it comes to Fiji and any Pacific country is that whatever they do with anyone else is a matter for them, as long as they understand that the responsibility rests with them," Mr Key said. According to him, economic and historical links between New Zealand and Fiji remain strong, despite Russia and especially China expanding their influence in the country. Mr Key described New Zealand's relationship with Fiji as 'definitely improving,' and that he was considering a visit this year. Foreign Minister Murray McCully described Fiji as 'a major global peacekeeping contributor,' and hence it was understandable the it would seek to have a well-equipped military. "The military shipment is not, on its own, a cause for concern," he said.

Fiji is more stable today than it was in the troubled years after the December 2006 coup. Fiji First, the party of Mr Bainimarama, obtained a thumping 59% majority in elections in September 2014 and holds 32 of Parliament's 50 seats. While the opposition is in disarray, the government benefits from an economy growing at 4% a year, as Australians and New Zealanders flock to Fiji's magnificent beaches. A lively reform programme has won Mr Bainimarama many admirers among his country's 890,000 citizens.

Lihir plans to make peace

Post-Courier, February 29, 2016

A reconciliation ceremony is being planned between major stakeholders of the Lihir Mine, the Lihir Mining Area Landowners Association (LMALA) and the Nimamar Local Level Government. This is to end differences and issues that have affected the delivery of mining benefits to people on the mining island since 2006. Forty leaders representing LMALA and Nimamar LLG and the 15 LLG wards on the island have travelled to Kavieng before the weekend on a religious pilgrimage leading up to the reconciliation that will take place in March this year. The leaders will attend teachings on reconciliation at the Kavieng Catholic Cathedral before returning to Lihir Island to attend the actual reconciliation ceremony where 35 pigs – two each from the 15 LLG wards – will be slaughtered. The religious pilgrimage will congregate the biggest group of people from Lihir travel out of the island to broker peace among major stakeholders of the Lihir Mine, which have drastically affected delivery of mining benefits to people on the island over the last 12 years.

China Passes Seafloor Mining Law

The Maritime Executive, 2016-02-27

On Friday, China passed the country's first law on deep seafloor mining. The law is designed to protect the maritime environment and ensure sustainable exploitation of its mineral resources. Xinhua reports that the law stipulates that exploration and development should be peaceful and cooperative, in addition to protecting the maritime environment and safeguarding the common interests of mankind. Prospectors must submit their plans to a Chinese maritime watchdog and must include environmental impact assessments in those plans. Only after the regulator approves the plans can application be made to the International Seabed Authority. Deep sea project operators must have an emergency response mechanism and report immediately to authorities if an emergency occurs. If their activities result in pollution, they can be fined up to one million yuan ($153,000). Operators are also required to take measures to preserve maritime ecosystems and biodiversity. The new legislation will come into force on May 1, and it also mandates the government to formulate plans and promote research and surveys of resources.

Kräftemessen zwischen indonesischer Regierung und Freeport McMoRan

West Papua Netzwerk, 26.2.2016

Der milliardenschwere Minengigant Freeport McMoRan Inc. musste Ende Januar einen herben Rückschlag hinnehmen. Seit 28. Januar 2016 durfte die Indonesische Tochtergesellschaft PT. Freeport Indonesia vorläufig kein Kupferkonzentrat für die Weiterverarbeitung auf dem Weltmarkt exportieren. Die Ausfuhrlizenz war abgelaufen und der Antrag auf eine Verlängerung der Exportlizenz aufgrund eines fehlenden Empfehlungsschreibens des indonesischen Ministeriums für Energie und mineralische Ressourcen gescheitert.

Grund für die Verweigerung des Empfehlungsschreibens war der fehlende Konsens bezüglich einer Anzahlung in Höhe von 530 Millionen US Dollar für den Bau eines Schmelzwerkes zur Mineralveredelung in der Ostjavanischen Stadt Gresik. Die indonesische Regierung hatte zudem 5% Ausfuhrzoll von Freeport McMoRan eingefordert. Der Konzern hatte sich trotz des Ablaufs seiner Exportgenehmigung geweigert auf die Forderung der indonesischen Regierung einzugehen, weil diese nach Auffassung der Geschäftsleitung gegen eine Abmachung aus dem Jahre 2014 verstoße. Nun kam es bei kürzlich stattgefundenen Verhandlungen zu einer Einigung: Freeport darf in den kommenden sechs Monaten bis zu einer Tonne Mineralkonzentrat ausführen und muss 5 % Exportzoll an die indonesische Regierung zahlen. Die Forderung nach dem Bau eines Veredelungswerkes und der damit verbundenen Anzahlung bleibt weiter offen.

Das Kräftemessen ist Teil von fortlaufenden Verhandlungen zwischen Freeport und der indonesischen Regierung. Hauptgegenstand der Gespräche ist die Verlängerung der Konzession für den Abbau von Kupfer und Gold in der Grasbergmine - sie gilt als eine der weltweit größten Gold- und Kupferminen und befindet sich in der Ostindonesischen Provinz Papua. Nach Angaben von Freeport McMoRan verkaufte der Konzern im Vorjahr 372 Millionen Kilogramm Kupferkonzentrat aus der Grasbergmine für einen Marktwert von 1.73 Billionen [Mrd.] US Dollar. Freeports Abbaukonzession läuft 2021 aus und soll zunächst bis 2041 verlängert werden. Die Präsenz der Minengesellschaften in West Papua ist stark umstritten. Indigene Gruppen und Aktivisten werfen dem Konzern vor, für Menschenrechtsverletzungen und schwerwiegende Umweltzerstörung verantwortlich zu sein. Seit mehr als zehn Jahren kommt es in der Umgebung der Mine zu Schießereien durch unbekannte Akteure, bei denen immer wieder Menschen getötet werden.

Sand miner will follow Mining Act

Post-Courier, February 26, 2016

BY GLORIA BAUAI
PROSPECTIVE mineral sand miner Foyson Limited will be subject to normal mining regulations under the Mining Act 1992. The Australian explorer currently holds two tenements (EL1396 and EL 2149) in Amazon Bay area of Central Province and has announced its intention to proceed onto the development phase. If approved it will be the first mineral sand mine investor in Papua New Guinea. The Mineral Resource Authority confirmed inclusion of all mineral types under its legisla-

tive responsibility when asked about Foyson given they are not exploring for the traditional ores such as gold, copper or silver. "If this project were to proceed to a mine, it would be permitted under the current Mining Act 1992 and would not be treated any differently to any of the existing mines," MRA managing director Philip Samar said.

Mr Samar said its primary metal of interest explored was iron and titanium. The Amazon Bay prospect is located about 270km southeast of Port Moresby in Abau District. Foyson said the project has the potential to be a large iron, titanium and vanadium sand mine. It says the resource boasts a 1.2 per cent concentration vanadium input which is two to three times higher than comparable projects. But MRA said the project is currently in its exploration stages and will be given the same treatment as other mines, when it proceeds into the actual development phase. ""This is still an exploration project and no agreements have been signed between MRA and Titan Metals Ltd who is the tenement holder. "There is no such consideration for special tax holidays. If the project is ready for development then the project proponents will submit the required proposals for development seeking the appropriate mining lease to develop the project.

Gulf, Kikori gained from MRDC: Mano

The National, February 26th, 2016

By MALUM NALU

GULF and Kikori district have benefitted from millions of kina from the Mineral Resources Development Company, managing director Augustine Mano says. He was responding to a statement by Kikori MP Mark Maipakai, saying the company had “outlived its usefulness”. Mano told The National that Maipakai should be reminded that Gulf’s biggest revenue source was its shareholding in the Petroleum Resources Kutubu (PRK) through MRDC. “When he says MRDC is useless, the biggest business interest of the Gulf provincial government is in PRK,” he told The National. “Over the last seven years, when I was here, their (PRK) assets have grown from K600 million to K1.7 billion right now, in total assets. Net assets have grown from K500 million to K1.1 billion.

“Southern Highlands provincial government is the major beneficiary (24 per cent) and then you have Gulf provincial government as the second biggest beneficiary (16 per cent), followed by others. “What Maipakai has said is very offensive to me when we have grown the business. “On average, we’ve been paying dividends over the last 20 years, of K20 to K25 million every year. Just last year, we paid K40 million dividends.” Mano said MRDC was diversifying its business interests into hotels, which Maipakai was scathing of, because of the low global oil prices. “When we go into hotels and all these, it’s part of diversification,” he said. “Our mandate is to just grow the business and pay dividends.”

Manu: MRDC created to manage Landowner funds

Post-Courier, February 26, 2016

BY JEFFREY ELAPA

MINERAL Resource Development Company is established by an Act of Parliament as the fund manager for all landowner equity in mineral and petroleum projects. And all investment decisions relating to the share holdings are made by the respective board of trustees or directors. MRDC managing director Augustine Mano clarified this to LNG project landowners and Members of Parliament following concerns they raised during their consultative meeting in Port Moresby with Petroleum and Energy Minister Ben Micah early this week. He told them all investment decisions were made by the respective boards and not MRDC as manager. Landowners in petroleum and gas projects are given two percent freehold carry equity in the LNG project. Mr Mano said MRDC has its own board comprising Governors of project areas, which make final investment decisions and the company can only make recommendations.

He said all financial reports after audit are usually presented to the board of directors and if people and Members of Parliament from the impacted areas wished to know them they should seek their boards of directors. He said the investment decision made by the MRDC board to investment in the tourism industry like Pacific Pearl in Fiji and the Star Mountain hotel in Port Moresby are sustainable over the long term and trustees and critics should look at its success so far. He said an important successful investment is Petroleum Resource Kutubu with assets of K600 million now topping K1.7 billion earned over the past 7 years under his management. He said their net asset was an initial K400 million but now stands at K1.1 bn. He added that over those 7 years they were declaring K20 million dividends but they have now declared K40 million dividends in the 2015 financial year. He said this was a record for any landowner company business in the country and that was basically because their board managed to listen to our advice on investment.

"These are result of good investment decisions and are success stories. I'm also part of the board and the decision to invest in the hotel and tourism industry is because it is a sustainable business after the resource depletes. "It is my challenge to sustain lives and sustain revenues for our people after project life. "I think it is the right decision because I've learnt the lesson from Ok Tedi when it closed down we were not receiving any payments. "Therefore we've decided to invest outside of mining and petroleum," he said. He said he is accountable to the MRDC board that comprises of the Chief Secretary, the secretaries of Finance, Treasury, Mining, Petroleum and three other directors and therefore critics should understand that MRDC is a complex organisation.

Mineral Resources Authority not for Panguna: Akoitai

The National, February 25th, 2016

FORMER Minister for Mining Sam Akoitai has denied claims that Mineral Resources Authority was established to re-open Panguna Mine in Bougainville. Akoitai, the Mining Minister from 2002 to 2007, was responding to claims in the media about his role in the MRA, saying it was established by an Act of Parliament to regulate mines in the country. "My role as the Minister for Mining at that time was to help set up MRA through an Act of Parliament to regulate the mining industry in PNG. "I became a minister after the Government under the leadership of Sir Mekere Motauta saw the problems in the mining industry." Akoitai said the Autonomous Bougainville Government now had its own Mining Act and would not adopt the PNG mining laws to reopen the giant copper mine. He said the Bougainville Mining Act was developed through the Autonomous Bougainville Government. "ABG in its wisdom had come up with the Mining Act which addressed the interest of the people of Bougainville. "The formulation of the mining act was by ABG, its members and the officials." Akoitai said the Department of Mining only had K5 million in its budget every year and there were so many issues to be addressed in the industry.

MRDC does not decide for landowners

The National, February 25th, 2016

THE Mineral Resources Development Company (MRDC) does not decide on how to invest landowner funds, managing director Augustine Mano says. He said yesterday that MRDC would only make recommendations and it would be then up to the boards of the landowner companies to decide. "We are simply a management company," he said in response to criticisms from landowners and leaders at a two-day state and landowner issues meeting in Port Moresby. Mano was not at the meeting, which was organised to discuss matters relating to the PNG LNG Project. MRDC are managers, and then you have trusts," he told The National. "The trusts are where all the chairmen and directors are. "All these (investment) decisions are made by the trustees, not MRDC.

"We make recommendations, just like any management, and they make all these decisions to invest in major infrastructure projects such as hotels. "The landowners there – like in Kutubu, Moran, Gobe, OkTedi, all of these – they make those decisions, not MRDC." Mano said he would have explained everything had he been present at the meeting. "It's a pity I wasn't there to put it right to them," he said. "I'm not scared to say that the decisions we made to invest in hotels, (like) Star Mountain (in Port Moresby) are board decisions made by leaders, governors, secretaries." He said the boards had the right to decide and the MRDC's role was to effect those decisions. He said it was unfair to accuse the MRDC of making those decisions. He said they had an investment committee in MRDC, which could also look at the decisions.

Tolukuma Landowners threaten mine closure

Post-Courier, February 25, 2016

BY JOE GURINA
LANDOWNERS are threatening to close down the Tolukuma gold mine in Central Province if the developer, Asi Dokona, fails to enforce the memorandum of agreement signed last year. The MOA was between the Asi Dokona, the state and the landowners. Yulai Landowner Association chairman George Gusi said yesterday they were forced to take this stance as numerous attempts by the landowners for a round table with them (the developer) had fallen on deaf ears. Business spin offs, environmental issues and social and community issues were some of the issues that Mr Gusi says they had wanted to discuss. "Up until today the developer hasn't been working with the people. We are urging a round table to discuss these issues and how they intend on addressing them," Mr Gusi said.

He said local landowners in the area had suffered for more than 20 years since the establishment of the mine and did not want the same woes to be repeated with the new developer. "Our concern is for the developer to include us in the spin off businesses and have us captured in the operation of the mine so that the people are not left out," Mr Gusi said. He said one way effective was to offload contracts to the landowner company who would then partner through joint venture agreement with other reputable companies adding that would be one way landowners are given full participation. He said there needed to be close consultation with the developer to find better ways to dispose of tailings from the mine affecting the livelihood of the people living along the Auga River and the Kairuku Hiri people living along the Angabanga river. The chairman echoed the same statements by Minister for Petroleum Ben Micah to work in partnership to achieve results and people are satisfied.

Seafloor massive sulfide deposits support unique megafaunal assemblages: Implications for seabed mining and conservation

Open Channels via PNG Mine Watch, February 24, 2016
Authors: Rachel Boschen, Ashley Rowden, Malcolm Clark, Arne Pallentin, Jonathan Gardner

Mining of seafloor massive sulfides (SMS) is imminent, but the ecology of assemblages at SMS deposits is poorly known. Proposed conservation strategies include protected areas to preserve biodiversity at risk from mining impacts. Determining site suitability requires biological characterisation of the mine site and protected area(s). Video survey of a proposed mine site and protected area off New Zealand revealed unique megafaunal assemblages at the mine site. Significant relationships were identified between assemblage structure and environmental conditions, including hydrothermal features. Unique assemblages occurred at both active and inactive chimneys and are particu-

larly at risk from mining-related impacts. The occurrence of unique assemblages at the mine site suggests that the proposed protected area is insufficient alone and should instead form part of a network. These results provide support for including hydrothermally active and inactive features within networks of protected areas and emphasise the need for quantitative survey data of proposed sites.
PDF File [2.7MB] Seafloor massive sulfide deposits support unique megafaunal assemblages Implications for seabed mining and conservation.pdf

Cooks to take more direct approach to seabed mining

Radio New Zealand, 23 February 2016

The Cook Islands government says it will consider a more direct approach to find investors to mine its sea floor after a five month open tender process failed to register a single bid.

Cook Islands Finance Minister Mark Brown Photo: Phillipa Webb / Cook Islands News

The country's finance minister said he was not surprised by the lack of interest in the open tender process given the depressed state of global minerals markets and the high risk, high cost nature of deep sea mining. Mark Brown said while the Cook Islands was reviewing its tender process, negotiations were already underway with various international companies from Europe, America and Canada. "One of them we are engaged in discussions in a partnership arrangement also in the international seabed authority area in the northern Pacific in the Clarion Clipperton Zone. "And the others we are in discussions with are looking at options for exploration in our own EEZ." The Cook Islands open tender process was launched in August last Year and expired last month. The Cook Islands Seabed Minerals Authority said it received enquiries from companies in Japan, Korea, China, the US, UK and Germany but no formal applications were lodged.

Editorial

Time to move on from mining

Post-Courier, February 23, 2016

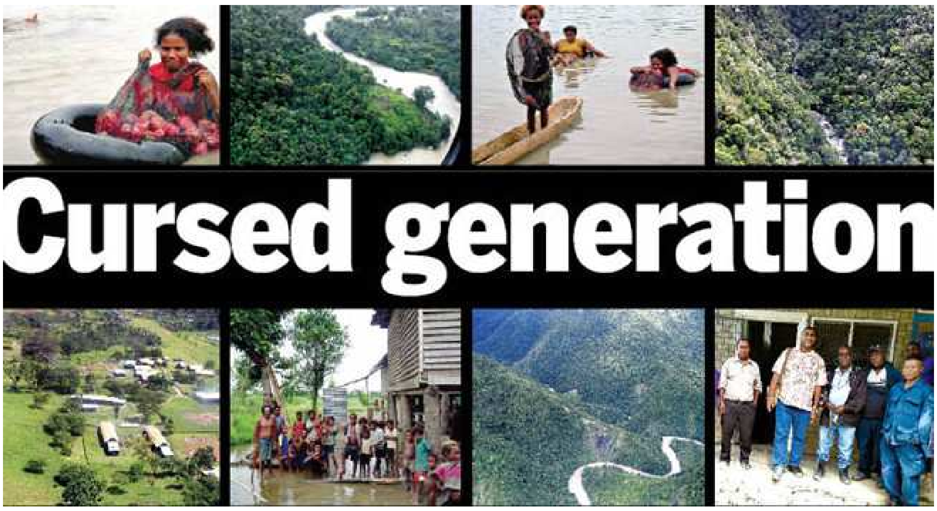
IT IS tragic that ordinary Papua New Guineans continue to pay a big price for resource development, often at the expense of their health and livelihood. From the banks of the Fly River in the Western Province, east to the autonomous region of Bougainville and south to the plains bordering the Angabanga River in the Central Province’s Kairuku-Hiri electorate, there are communities there living with the scars of mining by foreign companies and international mining conglomerates in partnership with the PNG Government. Pathologist Dr Sylvester Kotapu, in today’s front page story in the Post-Courier, described villagers allegedly affected by chemical poisoning from the Tolukuma gold mine as a “cursed generation” as they have to live with the deadly consequences of the mine’s tailings management system. “But what’s more specific affecting the people there is the chemical poisoning coming about because of practice of a tailings management which is deemed unlawfully in the world,” he told this newspaper in an exclusive interview.

The Angabanga River is also experiencing a buildup of sediment, a development which he blames on mining further upstream in the Goilala district. It appears that successive PNG governments continue to fail to heed the lessons from the Western Province, where thousands of landowners sued the then owner BHP over pollution of their river systems. In the AROB there were moves behind the scenes to sell the shares in the Panguna copper and gold mine, in the face of ongoing peace and reconciliation ceremonies to restore normalcy after 20 years of fighting and the loss of thousands of lives on both sides of the conflict. In Enga Province’s Porgera gold mine, its Canadian owner Barrick Gold paid compensation last year to women and girls who were raped by police and security guards at the mine. Bank of Papua New Guinea (BPNG) figures show that in 2013 mineral exports (including oil, gas and mining) accounted for over 72 per cent of PNG’s total export earnings. Sadly, development indicators show that ordinary Papua New Guineans are yet to reap the benefits of living in one of the world’s top mining and petroleum destinations.

The wealth of the nation is concentrated in the hands of an elite few, who reside in the national capital and own and run businesses as service providers etc. The global slump in oil prices and the trading of a barrel of oil below the $30 mark has thrown the Government’s 2016 budgetary projections into disarray and could be a blessing in disguise for ordinary citizens. Successive governments have over the years focused on and promoted multimillion dollar investments in the extractive industry, but the slump in global oil prices is a wakeup call for it to look at other sectors and to begin sharing the wealth of this nation equitably. It is time to look beyond the extractive industry and to develop the potential of Papua New Guineans. It is time to invest in the country’s greatest asset – human resource. It is time to return to the foundations of our forefathers and to develop the potential of every man, woman and child.

Cursed Generation

People along Angabanga river doomed to chemical poisoning
Post-Courier, February 23, 2016



BY GLORIA BAUAI
A cursed generation is how pathologist Dr Sylvester Kotapu describes the fate of the people living along the length of the Angabanga River in the Kairuku-Hiri district of Central Province. "The phy-

sical derangement of the environment, we don't need an expert opinion on this. You go there, you'll see: the chaotic flooding because of the buildup of sediments, the loss of food crops. "But what's more specific affecting the people there is the chemical poisoning coming about because of practice of a tailings management which is unlawfully deemed in the world," he says. Dr Kotapu had been commissioned by the Central Provincial Government in 2007 to carry out a study on the communities along the river. He has released his report which was to identify the cause of peculiar diseases being reported by Veifa and Bereina health centres. Dr Kotapu's finding was in par with other preceding studies which reported high levels of mine-related chemicals in the river system, biota and bloodstream of people.

It was concluded with the understanding that these groups of people have been exposed to very dangerous toxic chemicals believed to be discharged from mining activities upstream. "From there we realised that high chemicals of mercury and lead and all that, was affecting the people. "In one or two of the post-mortems that I've done, the brains, lungs, kidney, everywhere are full of these chemicals," he said. He said this was the result of riverine tailings disposal (RTD) practised by Tolukuma Gold Mine, located at the Angabanga river head, in Goilala district of Central Province. RDT had been outlawed worldwide because it is considered environmentally unfriendly and socially irresponsible.

Dr Kotapu's report said the decision by the previous owners since productions in 1996 has cursed the generations of Goilala, Mekeo and Kuni villages forever. "Our people are actually cursed for life because of the fact that genes transfer from one to another by way of egg and sperm, the genes transfer. "If there is a mix-up in the father, I'm passing through to the next so it shows out in the way of expressing whatever chemicals – this is cross-generational inheritance," Dr Kotapu said. The report claims that the chemicals have increased from the normal levels. Dr Kotapu said this a well-preserved and protected process of genocide on the Fuyuge, Kuni, Mekeos and the Roro-speaking people along the Auga-Angabanga River.

First Shipment Of Nickel From Solomons Expected Soon

Axiom Mining developing mine on Isabel

By Bradford Theonomi

HONIARA, Solomon Islands (Solomon Star, Feb. 22, 2016) – Nickel developer Axiom Mining Limited expects to export its first shipment of nickel ore from its Isabel nickel project within the first quarter of this year. The company told shareholders this week that planning, design and development work of the project is being carried out at its Isabel project site. It said the work includes the development strategy for the life-span of the mine and how to deal with social impact effects on communities. The mining company said it was developing the project on a phase by phase approach with the initial focus on establishing a two-million-tonne-a-year direct shipment of nickel ore for relatively low capital expenditure. In the meantime Axiom Company is eagerly awaiting a ruling by the Solomon Islands Court of Appeal over prospecting rights over the Isabel nickel project. Japan's Sumitomo Metal Mining has appealed against ruling by the High Court in 2014 giving prospecting rights to the nickel deposit over Sumitomo Metal Mining of Japan. The Court of Appeal had already deliberated on the case and is expected to deliver its judgement soon.

Central Government to look into pollution issue

Post-Courier, February 22, 2016

By Gloria Bauai
PARTIES involved in the toxic pollution of the Angabanga River system from the Tolukuma gold mine can and will be held accountable. Member for Kairuku-Hiri Peter Isoaimo told *Post-Courier* that this possibility has come with the release of counter study results commissioned in 2008 by Petromin Holdings Limited. A pathologist, Dr Sylvester Kotapu, said this counter-study confirms his own study in 2007 of high chemical levels in the blood stream of people living along the Angabanga River. However, Dr Kotapu said these results compiled under the "Aquatic Biological Monitoring 2009" study was never made public until December 5, 2015. Mr Isoaimo said the release now has given the Central Provincial Government a good footing to deal with the issue. He said they are considering either a class action or mitigation on this matter.

"People involved in the pollution issue have now confirmed with that doctor’s report which places us in a better footing legally if we have to take the matter up at that level. "We also considered mitigating the matter with the Government of the day for a specially tailored medical package for people affected. "But if there’s any undertaking they may want to take up trading all this, we are left with no choice but to file a class action against everybody involved," he said. Dr Kotapu assured the member that together as a team, they will see that the people of Goilala, Mekeo and Kuni area see justice for the life-damaging issue. "We do have a situation here, a situation that has tested all our patience and it has paid out now that they themselves have confirmed very high levels of chemicals."

Nickel Workers On Strike In New Caledonia

Protesting potential job cuts, salary reductions

WELLINGTON, New Zealand (Radio New Zealand International, February 19, 2016) – Dozens of employees of New Caledonia's SLN nickel company have gone on strike in protest at possible job cuts announced this week. The action slowed production at the smelter in Noumea as unions want discussions about SLN's decision to implement 73 measures in the face of catastrophic losses, which last year exceeded 300 million US dollars. The main union said while no dismissals have been announced, about six million dollars will be taken off the salary allocation, which could mean 150 job losses. SLN has said the measures are temporary and could affect work schedules. The sharp fall in the price of nickel prompted Paris to promise financial assistance to the industry as it is the backbone of the territory's economy. Earlier this week, the New Caledonian government officially declared a crisis in the nickel industry. This allows for the release of money from the Nickel Fund, set up in 2009 to help miners cope with a crisis.

Western province 'ready' to host gas project

The National, February 19th, 2016

THE Western provincial administration yesterday reaffirmed its position in the P'nyang gas project, saying it was ready to roll in the second quarter of this year. Deputy administrator Karl Yohang said they were waiting for agreements to be signed between the State and the developers. "The project that people have been talking about, P'nyang gas project, yes, we are ready to host it," he said. "Western province is ready. We've got our team on the ground. We're working to sort our issues out with our landowners." Yohang said K1 million each of the provincial services improvement programme funds had been given to landowner umbrella companies for other projects, including the Stanley gas project, to prepare in capacity building before the start of the projects. "If the timeframe sets doom, we are ready to roll the project in the second quarter of this year. All preparations are well," Yohang said yesterday. "The landowner umbrella companies are sure to get themselves up and running for business opportunities when the operations start." Yohang thanked the Government for giving 33 per cent of shares in Ok Tedi Mining Limited back to the province. "We appreciate your decision as the Prime Minister. "We have broken that up between all the parties and we are humbly waiting for NEC to endorse that allocation," he said.

Many things in country need to be corrected, says Barker

The National, February 18th, 2016

THERE are many things in Papua New Guinea that needed to be corrected, Institute of National Affairs director Paul Barker says. He said these included:

- Very high accommodation costs, which were deterring tourists from coming to PNG;
- rightsizing, rather than downsizing, the public service;
- challenging economic times, which included public servants not getting paid;
- an undiversified economy;
- high energy costs; and,
- not enough investment in tourism and agriculture

"The Institute of National Affairs, which I work for, has long cautioned against putting too many eggs in one basket, including the LNG basket, even though PNG has major gas reserves," Barker told the Leaders' Summit yesterday. "That gas can play a very valuable role in the economy, but its most-valuable role was during construction phase when it employed up to something like 22,000 employees. "Beyond the construction phase, the main function for the country is in terms of the revenue, and how effectively the State uses it. "But still, they have the Sovereign Wealth Fund, which is designed in part to address the Dutch Disease, which is critical. Of course, another valuable local function will be provision of gas for local energy needs."

O'Neill says OK Tedi mine poised to be profitable

Post-Courier, February 18, 2016

By ROSALYN ALBANIEL

PRIME Minister Peter O'Neill says the OK Tedi mine is well poised and will be much profitable because of the measures that the board and management have put in place. In his keynote address to the 2016 Leaders Summit in Port Moresby yesterday, Mr O'Neill said the mine would be profitable, even in the low price environment. He had stated from the outset that he understood many critics were doubtful that government in taking over the ownership of the mine, would be able to manage this large mine. "It was never government's intention to go into business such as that but we (government) were given no choice. Either the previous owners were going to shut down the mine or we keep the mine open to continue its contribution to the country for many years.

"I want to thank the management at Ok Tedi who are going to resume operations on the first of March. A major contributor to our economy providing almost 1500 jobs," he said. He said while the mine's shut down due to the drought had not been ideal, it had given the company the opportunity to review some of the cost structures of the business. "The challenges are out there but it is not all gloom and doom," the prime minister said. OK Tedi Mining Limited's managing director Peter Graham had also assured of the mine's profitability. He had stated that when the mine restarts next month the forecast on prices is $1.80-US$2 per ounce but added that the company believed there would be support and would be a profitable business. "I think we are in good shape prime minister. "It has been a difficult time and we (company) have had to make some tough decisions but they were essential decisions that had to be made," Mr Graham said.

Ok Tedi Mine Confident It Will Reopen Next Month

PNG operation has been suspended since August

By Sally Round
WELLINGTON, New Zealand (Radio New Zealand International, Feb. 18, 2016) – The management of the Ok Tedi copper mine in Papua New Guinea's Western Province says it's confident of reopening next month. Mining operations were suspended last August with management attributing the move to the prolonged drought. The mine, which is dependent on the Fly River for the shipment of its copper concentrate out and bringing in of fuel and supplies, was unable to operate as river levels dropped. However, this week, Ok Tedi Mining Ltd's managing director Peter Graham said that OTML would come back stronger after a lot of work was done during the dry period. Mr Graham clarified a previous report that 200 workers would be laid off, saying that this was done before the mine shut down last year. The newspaper, The National, reports him saying Ok Tedi is resuming with an employee base around 1500, while the company has in the past six months been able to reduce its costs.

Wafi-Golpu project studies completed

The National, February 17th, 2016

TWO important studies of the Wafi-Golpu project in Morobe have been completed by the Wafi-Golpu Joint Venture Project team, according to the Wafi-Golpu Joint Venture. The two studies which have been reviewed by the joint venture partners Newcrest and Harmony are the Stage One Feasibility Study and the Stage Two Pre-feasibility Study. "As planned, the feasibility study for Stage One has completed sufficient work to justify access declines which are required to undertake more drilling of the ore body at depth to inform the next stage of the feasibility study," the joint venture said in a statement. "The joint venture partners continue to work with the Government to finalise a Pre-Mine Development Agreement in advance of board consideration as to whether or not to proceed with access declines." Key findings of the Feasibility Study work to date are:

- The Golpu porphyry is a world-class copper-gold resource due to its large scale, high grade, long-life with low operating costs and embedded upside options; and
- The Wafi-Golpu Stage One Feasibility Study investigated the establishment of two block caves (block cave one BC1 and a deeper block cave two BC2), along with associated infrastructure, processing plant, roads, electricity, water management as well as port facilities.

PNG Has Serious Cash Flow Problems, Worse Debt Than Thought

Government checks bouncing, workers being paid late

By Pacific economic and business reporter Jemima Garrett
MELBOURNE, Australia (Radio Australia, Feb. 16, 2016) – Papua New Guinea's cash flow crisis is so bad that politicians and public servants are not being paid on time, vital services are not receiving funding and government cheques are bouncing. Latest figures from the International Monetary Fund (IMF) show the country's debt is worse than officially acknowledged and government spending commitments have been significantly underestimated. The new revelations come as PNG seeks to refinance its controversial $US1 billion UBS loan for its 10 per cent stake in PNG-focused company Oil Search. The existing loan is set to expire at the end of the month. Like many other resource-rich countries, PNG has seen its tax revenue plummet as mining and petroleum companies try to deal with low commodity prices.

PNG's Opposition Leader and former treasurer Don Polye told the ABC's Pacific Beat program opposition and government MPs as well as at least four government ministers are suffering shortfalls in their wages. "One of these is a senior minister who actually told me he had not been paid in full since September last year," Mr Polye said. Shortfalls in funding for government and church-run schools and government health clinics also started to bite in September. In December, teachers were not paid expected holiday fares to go home to visit family. The latest public servants to be hit are staff of the PNG's National Broadcasting Corporation (NBC). Popular Oro province Governor Gary Juffa told online news service PNG Loop NBC workers have now been waiting one week for their fortnightly wage, the first time delays have exceeded two days. Many of the workers pay high rents and support extended family. "This is alarming ... what is the reason for the delay?" Mr Juffa asked. "The Government must explain the delay and assure the country of its finances."

PNG struggling to pay its bills

As PNG struggles to pay its bills, a new analysis of the latest IMF figures shows the country's debt is worse than officially acknowledged. The 2016 budget expects public debt to reach 35 per cent of GDP in 2015-2016, but that does not include debt owed by state-owned enterprises, superannuation arrears or loans from investment bank UBS for PNG's Oil Search shares. When these are taken into account total public debt is much higher — 56 per cent of GDP — according to Lowy Institute Research Fellow Jonathan Pryke. The cost of servicing PNG's acknowledged debt is set to treble from 2012 to 2016 and is already more than 10 per cent of government expenditure. "So much money has now been funnelled straight into debt-servicing and debt repayments that the Government actually has far less money to focus on the key components of governance which is delivering services [and] paying wages," Mr Pryke said "It has really exacerbated this cash flow crisis."

More nasty surprises could be in store

The cost of PNG's plans to host an expected 10,000 delegates for 180 meetings at the APEC leaders' summit in 2018 is raising questions. The IMF estimates 3 billion Kina (nearly $1.4 billion AUD) will be needed for infrastructure, security and entertainment — almost as much as the K3.5 billion ($1.6 billion) budget for health over the next three years. So far PNG has budgeted K80 million ($37 million) for APEC. To cope with the cash flow crisis the Government has announced cuts to health and education. "Education expenditure is being slashed by 20 per cent this year and 20 per next, health is being slashed by 1 per cent this year but in 2017 it will be slashed by 40 per cent," Mr Pryke said. "None of these numbers stack up as being credible in terms of ... spending so much money on APEC."

Economists say Government should focus on 'core functions'

More questions are being asked about the PNG Government's plans to raise hundreds of millions of dollars to fund its deficit through a sovereign bond issue and about its planned refinancing of the

UBS loan. With domestic liquidity almost non-existent and overseas interest subdued, the bond issue due last November was delayed. Its future is unclear but it is expected to go to market mid-year. The UBS loan could be decided within days. PNG is keen to push ahead with refinancing and keep its Oil Search shares but economists are doubtful.

"Many people would argue that the state really should concentrate on its core functions of providing law and order, health, education, infrastructure maintenance and so on," Paul Barker, executive director of the PNG Institute of National Affairs, said. The original UBS loan cost PNG dearly and a new one is likely to, too. But, if PNG exits Oil Search now, it will take a big loss. The Oil Search share price has rebounded strongly in the last week but at $7.33 it is still a long way off the $8.20 the PNG Government paid just over a year ago. PNG's Prime Minister Peter O'Neill and Treasury Secretary Diari Vele are expected to address a leaders' summit in Port Moresby tomorrow.

Authority wants mine cleaned

The National, February 16th, 2016

THE Mineral Resources Authority is still waiting for New Guinea Gold Limited to return to the Sinivit mine in East New Britain and rectify environment-related issues. Authority managing director Philip Samar had written to the Canadian company to return to Sinivit and rectify safety and environment issues related to the project it abandoned in September 2014. “No, they (New Guinea Gold Limited) have not responded,” the authority told The National yesterday. The mining company abandoned the gold project after accusing the Government and the Mineral Resources Authority “for not quickly renewing our mining lease”. Samar said it was New Guinea Gold Ltd’s responsibility to clean up their mess at the mine site. “Under the Mining Act, the company still has a mining lease that has not been cancelled,” Samar said. “Therefore, New Guinea Gold remains responsible to ensure all mining and environment regulations are complied with and safety measures are followed.” Meanwhile, it was alleged that when the Sinivit mine was abandoned, locals looted and vandalised everything, including explosives and chemicals. It was also alleged that chemicals from the abandoned vats seeped into the Warangoi River, killing fish. Provincial authorities had warned the people of Dadul, Riet and Uramot to stay clear of the mine site.

Regional research project shows dangerous folly of PNG seabed mining experiment

by PNG Mine Watch, February 15, 2016


Pacific Community
Communauté du Pacifique

SPC Headquarters
BP D5
98848 Noumea Cedex
New Caledonia
Telephone: +687 26 20 00
Fax: +687 26 38 18

Siège de la CPS
BP D5
98848 Nouméa Cedex
Nouvelle-Calédonie
Téléphone : +687 26 20 00
Télécopieur : +687 26 38 18

REQUEST FOR PROPOSAL

RFP No. : RFP16/017
DATE : 9th February 2016

SUBJECT : REQUEST FOR PROPOSAL – Independent Assessment of the Potential Impacts of Deep Seabed Mining on Pacific Island Fisheries

PNG is playing a dangerous game with people's livelihoods, environment and culture by embarking on experimental seabed mining without understanding the potential impacts on the regions fish and fisheries, according to a South Pacific Community research proposal. The major research project will look at the potential impacts of seabed mining on fisheries across all the 15 island states of Polynesia, Melanesia (including PNG) and Micronesia. "There are still many uncertainties about the environmental, socioeconomic and technical risks and potential impacts that DSM might have on Pacific island environments, economies, societies and cultures", says the SPC. In particular there are, "significant concerns about the potential impacts of DSM [Deep Sea Mining] on fisheries and fishery resources". This is particularly worrying, says the SPC, "given the extremely high importance of fisheries, including commercial, artisinal and subsistence fisheries, to Pacific Island economies, societies and cultural identities".

But while the Pacific Community will be investigating the impact experimental seabed mining could have on vital fish stocks, Papua New Guinea has already licensed the first seabed mine and poured K110 million of tax payers money into building the mining machines. How could a responsible government sanction an experimental new form of mining when its potential impacts on a vital resource are still unknown? Clearly PNG is playing a dangerous game allowing mining to go ahead while all these risks are unquantified. The SPC also states: "Pacific Island countries have limited governance and institutional capacity to assess, regulate and manage proposals for DSM". This is very clearly the case in PNG, given its history of failure in managing its terrestrial mines and the environmental catastrophes such as Ok Tedi, Panguna, Porgera, Tolukuma and Sinivit.

If PNG can't control the impacts of mining on the land, and clearly has very limited governance and institutional capacity, how can it possibly hope to manage the unknown impacts of mining 1500 metres below the surface of the sea? The SPC study will include all the potential environmental, ecological, operational, economic, social and cultural impacts of exploration and mining on fisheries and fisheries resources. The study lists the emissions and discharges from mining and explorations activities that could affect fish and fish stocks as 'underwater noise, solid liquid and gaseous wastes, pollution, effluent, light emissions and turbidity and sedimentation'. The study is expected to take six months and should be completed later this year.

Foreign owned mining companies not good corporate citizens in PNG

by PNG Mine Watch, February 15, 2016

Foreign owned mining companies operating in PNG are abusing our hospitality and trust by failing to pay any corporate tax. Companies like Barrick Gold, Newcrest Mining and Harmony Gold make millions of dollars from their "World Class" gold, copper and silver mining in PNG. But they manipulate their income and expenditure to avoid declaring profits and thereby avoid corporate income tax, according to figures released by the PNG government [pdf file]. The table below shows the corporate taxes paid by the mining industry in PNG in 2013.

Corporate income tax

Table 42: Reconciliation of corporate income tax payments from the extractive industries to the IRC

Extractive Industry Company	Currency	Amounts reported by Extractive Industries: Corporate Income Tax (PGK or USD)	Amounts reported by IRC: Corporate Income Tax (PGK or USD)	Variance(absolute, PGK or USD)	Variance (%)	Remarks
Mining Industry						
Ok Tedi Mining Ltd (Ok Tedi)	PGK	104,965,000.00	104,978,978.21	13,978.21	0.013%	A
Barrick Gold (Porgera)	PGK	–	–	–	0.000%	
Lihir Gold Ltd (Lihir)	PGK	4,523,694.52				B
MCC Ramu NiCo Ltd (Ramu)	PGK	–	–	–	0.000%	C
Newcrest and Harmony (Hidden Valley)	PGK	–	–	–	–	D
Petromin (Tolukuma)	PGK	–	–	–	0.000%	
Simberi Gold Co. Ltd (Simberi)	PGK	–	–	–	0.000%	
New Guinea Gold (Sinivit)	PGK	(Data not available – company in receivership)		–		

Foreign owned Barrick Gold (zero), Lihir Gold (K4.5million), Hidden Valley (zero), MCC Ramu nickel (zero), Simberi Gold (zero), and Harmony Gold (zero) paid a total of K4.5 million in Corporate Income tax. In contrast, PNG owned Ok Tedi Mining paid a whopping K105 million - so clearly 2013 was not a bad year for mining in PNG. To compound the injustice, Lihir, Porgera and Hidden Valley actually produce 3 times as much gold (1.5 million ounces) as Ok Tedi (500,000 oz) - so these foreign owned entities should be paying the most in tax, but they manipulate the rules to avoid their liabilities.

Mine	Operator	Primary minerals produced	Province	Year opened	Mine Life (years)	Output per annum*
Ok Tedi[25]	Ok Tedi Mining	Copper and gold	Western	1969	10 (from 2015)[26]	500,000oz Au, 170,000t Cu
Porgera	Barrick Gold	Gold and silver	Enga	1989	20	500,000oz AU, 90,000t Cu
Lihir	Lihir Gold	Gold and silver	New Ireland	1997	15	800,000oz Au
Hidden Valley	Newcrest and Harmony	Gold and silver	Morobe	2009	10+	200,000oz Au

In stark contrast to their miserly corporate tax contribution, the total value of the gold, copper and silver exported from Porgera, Lihir and Hidden Valley in 2013 was over K4,500 million.

Company name provided by MRA	Royalty (PGK)	Export value (PGK)
Porgera Joint Venture	36,214,337	1,810,716,850
Lihir Gold Limited	40,870,463	2,043,523,150
Ok Tedi Mining Limited	39,971,605	1,998,580,250
Morobe Mining Joint Venture	13,000,390	650,019,511
Simberi Gold Mine	2,919,782	145,989,112
Ramu Nickel & Cobalt Mine	*TBD	*TBD
Mt Sinivit	99,030	4,951,494
Tolukuma Gold Mine	336,457	16,822,846

YUP, FOUR THOUSAND FIVE HUNDRED MILLION KINA!
But these foreign mining companies paid NO corporate tax.

PNG EITI
Papua New Guinea Extractive Industries Transparency Initiative Report for the period 1 January 2013 to 31 December 2013, EITI National Secretariat, Papua New Guinea, 12 February 2016
Link: http://www.inapng.com/pdf_files/PNG%20EITI%20FINAL%20110216.pdf

Zero external funding a possibility for new $2.6bn Harmony mine
Martin Creamer, Mining Weekly, 15th February 2016

JOHANNESBURG (miningweekly.com) – Gold mining company Harmony said on Monday that its current expectation was that it would not require any external funding to build the Golpu copper/gold mine with its 50% joint venture partner Newcrest and buy-in from the government of Papua New Guinea (PNG). The JSE-listed company estimated the first-stage project capital on a 100% basis at $2.6-billion, with an internal rate of return (IRR) of 16%. Announcing the results of the initial feasibility study and the second-stage prefeasibility study to analysts and journalists, new Harmony CEO Peter Steenkamp said that both studies confirmed a robust investment case that supported proceeding with the project. The first-stage feasibility study justifies the development of twin exploration access declines, with two proposed block caves designed to extract half of the contained copper and gold of the Golpu reserve.

Planned was for the 50% remaining reserve to be extracted by a deeper block cave below the second-stage block cave, Harmony South East Asia CEO Johannes van Heerden reported. The outcome of the options once pursued points to the total resource having a net present value of $2-billion with a 17.5% IRR. “The other benefit that comes through out of this is you’re actually able to fund this ongoing development as part of your mine development. So you are able to progress this without going cash flow negative,” Van Heerden told the meeting attended by Creamer Media’s Mining Weekly Online. (Also watch attached video). Harmony’s half share of the ore reserve is 5.5-million ounces of gold and 2.4-million tonnes of copper. The mine has a 28-year life-of-mine with low operating costs. The targeting of the highest-grade sweet spot for first-stage production allows for very strong initial cash flows. Once out of the porphyry, the grade profile decreases as does the cash-flow profile.

The project is currently considerably more valuable than it was two years ago and on the basis of Harmony’s latest quarterly financial results, would produce double the free cash flow of Harmony’s best performing South African gold mine, at some $32-million, from output of 70 860/oz. However, given Harmony’s poor returns from its joint venture Hidden Valley gold mine, with Newcrest, in PNG, mining analysts peppered Harmony management with penetrating questions. Citibank analyst Johann Steyn recalled that in 2002, Harmony also guided 300 000 oz/y from Hidden Valley by 2008, but that Hidden Valley had not ever managed to produce above 100 000 oz/y since development. “The key trouble with something like Golpu is that it looks exceptionally exciting but execution risk on something so complex can really be the swing factor between this becoming very profitable and being massively value destroying,” Steyn said, adding that Harmony’s share of capital of $2.6-billion for Golpu was bigger than its current market capitalisation.

Harmony CFO Frank Abbott pointed out that the capital outlay would be spread over a long period and it was not as if Harmony would be required to come up with $875-million in year one. “We believe the amounts required are very affordable and repayable and our current cash flow is substantially more,” Abbott said, adding that if the PNG government decided to exercise its right to buy a shareholding, the capital would be an even easier ask. The plan is for the processing infrastructure of the first phase to be used to support the development of the second stage. Engagement with key stakeholders, including the PNG national government, the Morobe provincial government, landowners and community representatives was continuing to “ensure clear alignment on the project objectives". The Harmony share price fell 8.3% before 11 am on Monday to R40.35 a share.

Newcrest to expand Lihir for less

By: Esmarie Swanepoel, Mining Weekly, 15th February 2016

Australian gold producer Newcrest Mining on Monday reported that its board had approved the Lihir pit optimisation feasibility study, after a prefeasibility study (PFS) into a new plan proved viable. The purpose of the new PFS was to optimise the integrated life-of-mine plan for the Lihir operation, in Papua New Guinea, including different mine sequencing and ore scheduling options, the most appropriate mining methods and civil engineering options. The PFS estimated a forecast reduction in the estimated capital expenditure (capex) requirement for the seepage barrier to $125-million compared with the $1.29-billion price tag in a 2013 PFS, which included a cofferdam. The mine plan now being evaluated under the feasibility study was based on three main stages, the first of which would occur from 2017 to 2021, and would include mining the Minifie and Lienetz deposits, using medium-trade stockpiles and prestrip work for successive cut backs. Stage 2 would occur between 2022 and 2026, and would include mining at the Lienetz and Kapit deposits, medium- and low-grade stockpiles and prestrip for successive cutbacks.

Stage 3, which would occur between 2027 and 2031, would see mining continue at Lienetz and Kapit, as well as the accumulation of low-grade ore stockpiles. However, the average feed grade was expected to increase in this phase, owing to access to the higher grade Kapit ore. “This project is a testament to the team challenging the existing thinking and developing a better solution. With the new operation strategy comes the potential for new, more cost-effective opportunities for accessing the Kapit orebody,” commented CEO Sandeep Biswas. He added that a potential capital saving of $1-billion for the future seepage barrier was a great outcome for the Lihir operation and for Newcrest shareholders. Meanwhile, Newcrest and its joint venture partner Harmony Gold were continuing to work with the Papua New Guinea government to finalise a premine development agreement for the Wafi-Golpu project, in advance of a board decision on whether to proceed with access declines. A feasibility study into Stage 1 of the operation was recently completed, and considered the establishment of two block caves along with associated infrastructure.

The Stage 1 development delivered an estimated net present value of $1.1-billion and an internal rate of return of some 15%, with the payback period estimated at around ten years. Block caving has been confirmed as the preferred mining method at Wafi-Golpu, given its high productivity and low operating cost, as well as the fact that higher value material was located at depth, and could be brought into production earlier. Newcrest noted that Stage 1 would see the initial development of a high-quality resource, which by targeting higher-grade sections of the deposit and optimising the capex profile through a staged development approach, could maximise early production and thereby free cash flow.

The Stage 2 PFS would be aimed at expanding and optimising the deeper of the two block caves, and establishing a third block cave. The Stage 2 operation would also look to debottleneck the Stage 1 processing plant to increase production capacity at the proposed six-million-tonne-a-year facility to seven-million tonnes a year by making minor modifications to the plant. The Stage 2 development would then look to expand the processing capacity to 14-million tonnes a year and to increase the mine’s production rate. It was envisaged that a second processing plant of 7-million tonnes a year would be constructed. A final investment decision on the Wafi-Golpu project was only expected after all the necessary permits, approvals and consents had been obtained from the local government and landowners.

Concerns over changes to Mining Act

Post-Courier, February 12, 2016

THE PNG Chamber of Mines and Petroleum has raised concerns over the changes that are being proposed to the Mining Act and the Mineral Resources Authority. The chamber is concerned that if not given careful thought, it could curtail future exploration and development activities in the country. In a statement issued yesterday, executive director Greg Anderson said from the outset that stable Government policies and a favourable investment climate are critical for future growth within PNG's resources sector. Mr Anderson said sharp drops in mineral and petroleum prices had adversely impacted PNG's current economic outlook but these sectors would return to their traditional role as strong contributors to PNG's economic prosperity once commodity prices increase again. "We therefore hope that the Government will carefully consider the implications of these amendments for future economic growth and prosperity," he said.

Mr Anderson said that while the slowdown in economic growth in China has been a key reason for the fall in prices of copper, nickel and other mineral products, oil and gas prices have fallen because global production is presently exceeding world demand. "In past years, the Organisation of Petroleum Exporting Countries acted as a 'swing producer' to try and maintain higher oil prices. This role has been undermined in recent years by an upsurge in oil production from oil shale deposits in the United States. "As a result, the oil price has dropped from US$115 a barrel in mid-2014 to current prices around US$30 with no evidence of any recovery in the immediate future. "The price for LNG is usually determined by current market conditions in accordance with long-term contracts with an upper and lower price setting. "Spot prices have fallen to about US$7.60 per million British Thermal Units (MMBtu)." Mr Anderson said prior to the start of LNG exports in May 2014, gold had been PNG's top export item, except for a few years when high copper prices made exports from Ok Tedi, PNG's only copper producer, the top export earner.

However, the price of gold has fallen from about US$1900 per ounce in 2011 to a current price of around US$1050. This drop of US$850 an ounce represents a 45 per cent fall in export value.
In the same period, copper prices have fallen by 55 per cent, or US$2.50 a pound, to around US$2, and nickel prices have plunged 69 per cent from US$13 per pound to less than US$4 per pound.
"In this environment, many companies have been forced to severely cut operating costs, resource industry jobs have been lost and direct mining and petroleum taxes have fallen from K794 million in 2014 to K300 million last year from a peak of K2 billion in 2011," Mr Anderson said, noting that this excluded tax payments from many companies that provide goods and services to the industry.
PNG was very fortunate because some major advanced projects are still being considered for development in the next three to five years at a time when many projects worldwide are losing money and shutting down.

Project feasibility study a primary focus, PanAust director says

The National, February 10th, 2016

THE Frieda River copper-gold project feasibility study is a primary focus of PanAust, says managing director Dr Fred Hess. In the company's quarterly report for the three months ending December 31, PanAust said it continued to advance the Frieda River feasibility study. It included undertaking geotechnical analysis and engineering studies relating to mining, ore processing, waste rock and tailings storage, logistics and power. Hess said the study was on track to be submitted to the Government in the first half of this year to initiate the process for regulatory approvals. PanAust holds 80 per cent interest in the Frieda River project. Joint venture partner Highlands Pacific holds the remaining 20 per cent.

The feasibility study programme is structured around a stage-gate decision process that incorporates the findings from the technical and economic programmes. PanAust said work had commenced on an Exploration Access Track which would improve access to the main camp site from the Frieda River airstrip. The firm said positive engagement with the Government, provincial administrations in Sandaun and East Sepik, and communities continued to foster support for the project. Hess said they faced significant challenges and changes last year. This included a depressed metal price environment, and the company's transition from being publicly listed to private by the Guangdong Rising Assets Management.

EITI: More info on mining industry

The National, February 10th, 2016

THE people of PNG can access information on the extractive industries in the country when the first country report is launched this month, an official says. Papua New Guinea Extractive Industries Transparency Initiative country manager Lucas Alkan said the report on the extractive industries was being finalised. "The report will be approved for publication in preparation for the launching February 19," he said. Alkan said having access to vital information in the extractive industry was important to promote transparency, accountability and good governance in the extractive industries. "The public will have access to financial and other vital information on how exactly their resources are developed and managed by the developers and the Government.

"Currently, the resource owners and the public do not have access to vital information on the developer and the operations of the extractive industries. "And as such they do not know exactly how their resources are developed and managed because of the lack of vital information available" Alkan said. He said the initiative was established in 2013 by the National Executive Council to promote transparency, accountability and good governance in the extractive industries. "It is an initiative recommended by key international organisations including the World Bank, Asian Development Bank and the International Monetary Fund to establish EITI secretariat in resource-rich countries."

Deep Sea Miner commences equipment tests

Post-Courier, February 10, 2016

THE factory acceptance test (FAT) for the subsea slurry and lift pump (SSLP), required for the first ever deep sea mine in the country, has commenced in a factory in Huston, USA. This was revealed by Canadian Miner Nautilus Minerals in its market report released last week. "Nautilus announces that the Joint Venture (comprising 85 per cent Nautilus and Eda Kopa (Solwara) Limited has been advised that the FAT on the SSLP has commenced at the GE Oil and Gas manufacturing facility in Huston, USA). Nautilus chief executive officer Mike Johnston said "the SSLP is a key element of the Solwara-1 joint venture's sea floor production systems, enabling us to transfer the mineralised material as a slurry from the sea floor to the Production Support Vessel (PSV) with no interaction with the overlying water column.

"We look forward to successfully completing the FAT on the SSLP and taking delivery of the pump later this year," Mr Johnston said. The company in its market report explained that the SSLP and riser system is key in transferring the mineralised material as slurry from the deep sea ocean up onto the PSV where the mineralised solids are removed. The return water is then filtered to eight microns and transferred back down to the pump via the auxillary riser pipes where it will be released back into the same environment from where it originally came from. It said GE Oil and Gas produces positive displacement pumps like the SSLP for the offshore oil and gas industry where among other things they are used to help limit the enivornmental impacts of drill and cutting in deep water drilling operations by helping recover the cuttings for eventual storage on land. "Nautilus is proud to have GE Oil and Gas as a key service provider to the Solwara-1 project," Mr Johnston said.

Solwara 1 gets three sea floor production tools

Post-Courier, February 10, 2016

THE SOLWARA 1 joint venture has taken delivery of the three production sea floor production tools from Soil Machine Dynamics Limited facility in New Castle, United Kingdom. The joint venture comprises of 85 per cent Nautilus and 15 per cent Eda Kopa (Solwara) limited. The Canadian miner in its report to the Toronto Stock Exchange said the three SPT's were en-route to Oman where they are expected to undergo extensive wet testing at the Dqum Port. Nautilus said it plans on using the SPT's to cut and extract high grade copper and gold from the Solwara 1 JV's project site in the Bismark sea of PNG with sea floor production operations planned to commence in 2018. Nautilus's chief executive officer Mike Johnston said "the Solwara-1 JV partners are delighted to have achieved this major milestone and we are looking forward to undertaking an extensive wet testing program as planned.

"Whilst the SPT's are the product of an extensive collaboration with a wide range of industry leading groups, I would like to make special mention of SMD. "SMD's world leading expertise in the design, operation and maintenance of deep sea water robotics, cutting and trenching equipment has been instrumental in the development of the SPT's. "We look forward to continuing our relationship with SMD during the wet testing program and into the production phase of the Solwara-1 project," Mr Johnston said. SMD's CEO Andrew Hodgson had also hailed the partnership. "It has been an exciting time for us to have designed, built and now delivered these industry leading tools to Nautilus and its partner. "SMD together with our parent company China Railway Rolling Stock Corporation Limited are leading the way in construction of remote mining and deep sea excavation technology. "We look forward to working with Nautilus on the continued development of these and subsequent tools," he said.

Bougainville considers its own gold refinery

Radio New Zealand, 9 February 2016

The financially struggling Papua New Guinea autonomous region of Bougainville is considering building a gold refinery. The president John Momis says they want to tap into the informal but lucrative alluvial gold mining industry that thousands of Bougainvilleans rely on for income. This comes as Bougainville threatens the PNG government with legal action over its failure to fulfill funding commitments and while the region contemplates a resumption of mining at the derelict Panguna mine. Panguna was forced to shut down by the civil war in 1989 and most Bougainvilleans blame it for that unrest. The alluvial mining is generally done in the Panguna tailings in central Bougainville. It is dangerous, not least because of the miners' use of mercury to extract the gold. John Momis told Don Wiseman the ABG wants to control and profit from the sector.

JOHN MOMIS: This is potentially a real - not only real but a great money earner for Bougainville. And yet we haven't really done anything about it, so therefore we are saying we will have to do something quickly, including perhaps setting up a small refinery so we can entice the alluvial gold miners to sell to us rather than selling to outsiders through Solomon Islands or even PNG, different ports, and paying nothing, no tax all to the ABG. So it is a real opportunity for the ABG which is cash strapped right now to raise money. I don't know the exact amount but it is a lot of money that

is being sent out through the sale of alluvial gold. We have now made up out minds that we have to do something about stopping this money flowing out. You know, the ABG not benefitting at all.
DON WISEMAN: What is your sense of how the people are going to react if it's been, essentially this underground business activity? How will they react to being brought into the fold?
JM: I think they will be happy because they are just looking for someone to pay them a good price and I don't think they are given a very good price at the moment. As long as we pay them reasonably for the alluvial gold they will be happy. First of all it will be regularised and formalised, and we will have a refinery in Bougainville to process the gold."

Ok Tedi to lay off 200 employees

The National, February 9th, 2016

THE Ok Tedi mine will lay off 200 employees when it resumes operation next month, according to managing director and chief executive officer Peter Graham. He told Radio Australia's Pacific Beat programme yesterday that commodity prices continued to drop which had forced the company to reduce the number of its employees. "During the temporary suspension of operations (since August 22), we've had about 250 to about 300 of our employees on site at any one time and kept rotating them to complete this maintenance work during this period," he said. "So we've had a continuing turnover of people that try and share the available amount of work among the workforce.

"When the people (employees) do come back, there will be a reduction in the number of employees and that has already been processed. "We've come down to about 200 employees. "And we all will move to a fly-in fly-out operation predominantly versus a mix of fly-in fly-out/residential previously." He said as of yesterday, "we start to see the first group of people returning and we will make a comprehensive induction to make sure everyone remembers everything they need to know about this skills-training and safety-orientation over the next course of three or four weeks". He said the reduction in the number of employees would have happened anyway. "With copper prices where they are, we simply had to address our unit costs like every other producer," around the world."

Firm predicts strong growth for Ramu nickel project

The National, February 9th, 2016

Highlands Pacific Ltd says production at the Ramu nickel project is expected to grow strongly this year. The exploration firm said production was expected to exceed 29,000 tonnes of nickel, with the plant expected to achieve a full nameplate production rate on a consistent basis by the end of the year. This also comes after the company produced more than 25,500 tonnes of nickel concentrate at the end of last year, slightly exceeding its above guidance of 24,000 to 25,000 tonnes provided in its September quarter report. Highlands Pacific said production for the last December quarter was also well above guidance – at 6320 tonnes. But it was below the previous quarter because of a planned shutdown for maintenance in November. It said the shutdown affected different parts of the plant over a period, forcing the inspection of autoclaves, addition of iron filtration to boost recoveries and routine servicing and cleaning. The firm notes that the depressed nickel prices had an impact on Ramu's operation with the project having an unaudited net cash outflow of US$5.2 million (K16m) for the December quarter, including capital expenditure of US$5.9m (K18m). Ramu's full year performance resulted in a net cash flow of an unaudited US$16.4m (K50m) after capital expenditure of US$15m (K45m).

Uncovering impacts of gold mining in Papua New Guinea

Joshua Fisher, Earth Institute Columbia University, 08.02.2016


EPS Faculty/Earth Institute Research Scientist Joshua Fisher and Professor Sarah Knuckey from the Columbia Law School work with a translator to explain the results of an independent environmental assessment during a community consultation in Papua New Guinea in December 2015.

The pacific island of Papua New Guinea is one of the world's most resource rich countries, hosting nearly 7 percent of global biodiversity and important reserves of gold, copper and hydrocarbons. However, despite a burgeoning resource economy, the country struggles to translate resource rents into development. One of the principal challenges that the country has faced has been in effectively governing the extractive industry sector, which historically has been a source of grievance and conflict for communities living near mine sites and is the focus of a 2015 United Nations Development Programme report. This legacy continues, and from late December 2015 through January, a team of Earth Institute scientists and human rights lawyers from Columbia University worked in the highlands of Papua New Guinea to deliver the results of an independent study of water quality and human rights to the indigenous communities living near an industrial gold mine.


An erodible waste dump from the Porgera Joint venture gold mine. The red color is produced by liquid tailings that are released by the mine.

The team was led by myself and Professor Sarah Knuckey from the Human Rights Law Clinic at Columbia Law School. Together with co-investigator Professor Tess Russo of Pennsylvania State

University, our team has been working for two years to assess environmental quality and the human rights impacts of mining on local communities. Many of the communities in Porgera, Papua New Guinea, experience episodic water insecurity, poor sanitary conditions and chronic poverty. These challenges are magnified by continual in-migration of people from surrounding areas seeking economic opportunities from small-scale gold mining, and from a scarcity of arable land for farming and other traditional livelihoods. In addition, there has been a legacy of human rights abuse and sexual violence at the mine site, and this has built a legacy of mistrust between communities and mine owners.

The Porgera Joint Venture (PJV) gold mine, majority-owned by Canadian mining company Barrick Gold and Chinese company Zijin, has brought benefits to local communities in the form of improved infrastructure and royalties. But residents have frequently raised concerns about abuses by security forces, as well as the mine's impacts on their water, flora and fauna, air, and general livelihoods. The mine has replaced once arable farmland with hard rock dumps and liquid tailings, which release contaminants directly into local rivers and creeks. Many of the traditional residents, as well as newer immigrants, frequently pan for gold in the rivers near the mine, including in the liquid tailings waste. However, these communities often report not having adequate information about the health risks associated with industrial waste.

Penn State Assistant Professor Tess Russo measuring alkalinity in a river near the mine in January.

In response to community requests for independent environmental assessment, the team designed a hybrid human rights/environmental assessment method, with funding from The Earth Institute and the Human Rights Clinic. In 2015, the Columbia team conducted interviews in each community near the mine to understand community concerns about the environment and identify how residents interact with potentially contaminated materials. Penn State Assistant Professor Tess Russo and PhD student Beth Hoagland led the project's hydrology and geochemistry investigation. Russo, Hoagland and I collected water and soil from across the valley and made measurements using mass spectrometry and acid digestion methods back at Penn State. Additional soil measurements were made by Professor Benjamin Bostick at the Lamont-Doherty Earth Observatory using X-Ray fluorescence analysis. After analyzing the samples for heavy metals, the team consulted public health researchers at the Columbia Mailman School of Public Health and at the Penn State Hershey College of Medicine to determine the potential implications of environmental contaminants for peoples' health.

When we analyzed the samples, we found that major rivers near the mine have heavy metal concentrations above World Health Organization recommendations for safe drinking. In contrast, we did not find evidence that the rainwater people collect for drinking contains heavy metal contaminants, although it could be unsafe due to the generally poor sanitary conditions in villages. The interdisciplinary team is now working to assess the implications of these and other findings for water security and human rights in the area. In December 2015-January 2016, the team returned to each village to report the results of the environmental testing, using satellite imagery color-coded for water drinking quality, created with project partners Brad Samuels and McKenna Cole of SITU Research—an organization focused on spatial analysis and visualization for fact finding and reporting.

In addition to these community consultations, the team collected additional water and soil samples in order to explore how metal contamination changes across the watershed. The team met with a wide range of stakeholders on the issue of water in the valley to explore ideas and opportunities for improving water security. While in Papua New Guinea, the team also met with senior management from the mine and government officials to discuss the project. By combining the environmental measurements with a legal analysis of the human right to water, the interdisciplinary team is working to assess whether that right is being fulfilled. Additionally, through stakeholder engagement with communities, government and company representatives, the team is exploring potential policy and governance changes that might be able to improve water security for the communities living near the mine. The team will issue reports on the environmental assessment and right to water later this year, including recommendations to improve conditions around the mine. The team is also working with SITU Research to create an interactive online platform to share the results.

Mining Act under review

The National, February 8th, 2016

THE review of the Mining Act of 1992 is still undergoing a Government approval process before it can be passed as law, an official says. Department of Mineral Policy and Geo Hazard secretary Shadrach Himata was responding to a question from The National on a provision on the revised legislation where the time span of a mineral exploration licence was said to have been extended. The question arose from a comment in the media by Minister for Mining Byron Chan that one of the highlights of the changes to the amend legislation (Mining Act 1992) was the extension of time frame of a mineral exploration licence. Himata said:"These documents are currently going through the Government's approval process. "I will only comment once Cabinet approves the amendments to be tabled in Parliament. "Until then, these are still confidential documents of the State." In a media conference last October, Himata said six mining policies plus the revised Mining Act were awaiting Government approval. They include the Offshore Mining Policy, Involuntary Resettlement Policy, Rehabilitation and Mines Closure Policy, Sustainable Development Policy, Geothermal Policy and the overall Mining Policy.

Future of K92 mine looks promising

Post-Courier, February 08, 2016

THE future of Kainantu Mine in Eastern Highlands Province now looks promising with developer K92 Holdings International Limited eventually securing a funds for the project. Otterburn Resources Corp, last Friday, announced its subsidiary K92 entering into financing agreements with CRH Funding II Pte. Ltd. (CRH), an affiliate of Cartesian Royalty Holdings and Cartesian Capital Group. K92 CEO Ian Stalker said progress of Financing are expected to be used to refurbish and bring Irumafimpa, one of the gold-copper deposits of the Kainantu Gold Project, back into production in 2016. "Kainantu Gold Project is an attractive gold mine restart project with existing infrastructure in place and is coupled with almost 400sqkm of adjacent prospective exploration properties. "We have now attracted a supportive financial partner to assist us in our restart," he said. After extensive due diligence including time on site, Cartesian has decided to move forward with K92 as we advance this very unique opportunity.

The financing has been structured in a way that is less dilative to the K92 share structure than a traditional equity investment, and involves the prepayment of gold, based on a percentage of our production from Irumafimpa. This agreement entered consists of a gold prepayment investment and an equity investment. Under the gold prepayment agreement (GPA), CRH has committed to provide K92 with up to US$4.8 million over four (4) tranches in exchange for a percentage of gold produced at Irumafimpa over a 36 month period, subject to a minimum of 18,000 ounces of gold and a maximum of 20,000 ounces of gold. CRH has advanced K92 the first tranche of US$962,795 under the GPA. The remaining tranches will be advanced upon K92 fulfilling certain technical milestones and other conditions, including the initiation by February 29, 2016 of the previously announced reverse take-over transaction with Otterburn (RTO). In addition to the advances under the GPA, CRH has committed to an equity investment of up to CDN$3.5 million.

OTML announce resource safety

Post-Courier, February 08, 2016

OK TEDI Mining Limited (OTML) over the weekend announced progressive restart of operations from 1 March 2016. The mining to resume its duty because the Mineral Resources Authority (MRA) statutory safety has been approval. In a statement released over the weekend the company said while recent heavy rain events had been encouraging and allowed restocking of critical materials and supplies, the latest forecast is for El Nino conditions to peak in February before declining to neutral conditions in May / June 2016. Hydro power availability and river access for shipping are both expected to be sufficient to sustain operations. It stated that during the temporary suspension of operations OTML employees had completed a number of large critical projects at the Mine, Mill and OK Menga Hydro Power Station which will enhance operational reliability and remove major planned maintenance shutdowns in 2016 and 2017.

"We are excited to be returning to work but must now ensure we do so safely and that we capture the efficiency improvements introduced during the temporary suspension of operations" said OTML managing director and chief executive officer- Peter Graham. Chairman of OTML Sir Moi Avei added "While the temporary suspension of operations created difficulties for OTML’s many stakeholders, we have made good use of the opportunity presented by the outage to reposition OTML as a stronger, more competitive and resilient company for the long haul." OTML temporarily suspended operations in August 2015 due to dry weather conditions which impacted hydro power and restricted transport of critical supplies and copper concentrate on the Fly River.

France To Prop Up New Caledonia Nickel Industry

SLN Plant to continue to operate despite losses

WELLINGTON, New Zealand (Radio New Zealand International, Feb. 8, 2016) – The French government has agreed to help New Caledonia's nickel sector which has been hit by a sharp drop in the price of nickel. The undertaking was made in Paris at a meeting of the signatories of the Noumea Accord as they were perparing a referendum on possible independence by 2018. The French prime minister, Manuel Valls, said the state would guarantee that the SLN plant in Noumea could continue to operate as producers in the territory recorded losses last year amounting to about one billion US dollars. The SLN plant's viability also hinges on it getting a new power plant - plans for which have been on hold in the face of the huge losses. Support is also to be given to the Koniambo plant as it is a pillar of the French policy to rebalance the territory's economy by developing the poorer mainly Kanak northern province. The three-day Paris talks will be followed by another such summit later this year. Mr Valls will also visit New Caledonia next month.

E.U. Deepsea Mining Project Launched

By The Maritime Executive, 2016-02-05

polymetallic nodules

The European Commission is funding a deepsea mining project involving an international European consortium of industry and research organizations. The Blue Nodules project, launched on February 1, is part of the Horizon 2020 program, which is helping to accelerate innovations that ensure secure and sustainable deepsea harvesting and processing of polymetallic nodules. Polymetallic nodules occur on the seabed in most oceans around the world and contain large quantities of critical raw materials, such as nickel, copper, cobalt and manganese, as well as gallium and rare earth elements. They are vital for Europe’s innovative technologies, for manufacturing crucial alloys and for new and innovative products like batteries for electric cars, photovoltaic systems and devices for wind turbines. The project is part of E.U. recognition of the strategic importance of a sustainable supply of these raw materials.

The extreme conditions found on the ocean floor raise specific technical and environmental challenges, which are demanding and entirely different from land-based mining. To meet those challenges, the project will develop the seafloor and surface processes and equipment for sustainable deepsea harvesting of the nodules. This project addresses the challenge of creating a viable and sustainable value chain to retrieve polymetallic nodules from the ocean floor. It will develop and test new highly-automated and sustainable technologies for deep-sea mining with minimal environmental pressures. The technical side of the project is dedicated to subsea harvesting equipment in addition to the insitu seafloor and sea surface processing of polymetallic nodules. The operational aspect focuses on sea operations and logistics, including compliance with, and development of, rules and regulations, and the business case.

The independent, dedicated environmental part will focus on environmental pressures and on an Environmental Impact Assessment. In all areas, Blue Nodules will build on the results of the European FP7 projects, MIDAS and Blue Mining and the EcoMining pilot action funded by the JPI Oceans initiative of the European science foundations. Rodney Norman, Director at IHC Mining, which is coordinating the project, explains that Blue Nodules is significant because it allows the European consortium to expand technological development beyond the vertical transportation system of the earlier Blue Mining project to the seafloor mining vehicle and other components of the system. DEME, through Dredging International, is one of the industrial partners. On January 14, 2013, the International Seabed Authority signed a 15-year contract with DEME's subsidiary Global Sea Mineral Resources (GSR) for the prospecting and exploration of polymetallic nodules. Under the contract, GSR has exclusive rights for exploration over 76,728 square kilometers of seabed in the eastern part of the Central Pacific Ocean. Blue nodules is the third E.U. initiative that DEME has participated in, in addition to the Midas and Blue Mining projects. Other project partners include:

Continental AG, United Kingdom & Hungary; IHC MTI, The Netherlands; De Regt Marine Cables, The Netherlands; Uniresearch, The Netherlands; Seascape Consultants Ltd., United Kingdom; GSR, Belgium; Bureau Veritas, France; NIOZ, The Netherlands; RWTH Aachen, Germany; NTNU, Norway; Aarhus University, Denmark; UPC, Spain

Porgera State-of-Emergency Operations successful

PNG Today, February 3, 2016

The National Government State-of-Emergency (SOE) call-out seeks to put in place an 'exit plan' by December2016, according to outgoing contingent commander Superintendent Joseph Poma. He said this move will be to ensure that Porgera Police, Enga Provincial Police command, and the Enga ProvincialGovernment execute their own plans on policing duties in Porgera district. "This year 2016 is the time we have to put our exit plan in place the PPC, the PSC, and provincial government totake over the security operations. "We've got strategic plan in place so to ensure those plans are in place come December 2016. "General SOE operation has been very successful. Our presence here has seen a great reduction in illegal miningin the pit", he said as he also thanked Paiam Police Station commander Inspector Peter Yambun for the support aswell. And at least 64 people were arrested for minor offences during the festive period in the district, and credit goes to the Porgera community for a peaceful festive period.

The minor offences included drunk and disorderly behavior as well as causing willful damages, among others. Mr.Poma said these at the conclusion of the Christmas and New Year security operations conducted by membersof the SOE call-out contingent and members of Paiam police. He said unlike previous years, the festive season in Porgera was quiet, thanks to the general Porgera community for ensuring there were no major law and order issues. "My encouragement is to the people of Porgera to continue to maintain that. Where there is peace, there is development. No peace, no development. So they must see that as an example and I want them to continue to support that."
…also my thank you to the SOE operations unit. They've been very supportive", a very satisfied Mr

Poma said.Mr Poma also attributed the peaceful festive period to the pre-Christmas and New Year operations which included awareness, conducted by the call-out members of the security forces made up of the PNG Defense Force (PNGDF) Second Royal Pacific Island Regiment (2RPIR), and Police Mobile Squad 14 (MS14) from Eastern Highlands.

The call-out members were Wewak-based 2RPIR Charlie Company under the command of L/P Mark Akasitai withthe assistance of Military Liaison Officer (MLO) Captain Valentine Mok, and members of MS14 led by actingcommander Senior Constable Ikani Bile. Raids were also conducted during the operation which resulted in the confiscation of homebrew and other illicititems. The items included five (5) 20L containers with the brew, and 394 of the 500mL pet bottles containing the homebrew with a street value of about K11,000. Mr.Poma also said the security forces confiscated 151 cartons and 21 bottles of alcohol from a local eatery which had the license to operate as a restaurant, but had allegedly sold alcohol to members of the public. He said his troops came upon some people who were under the influence of alcohol, who led police to the restaurant.

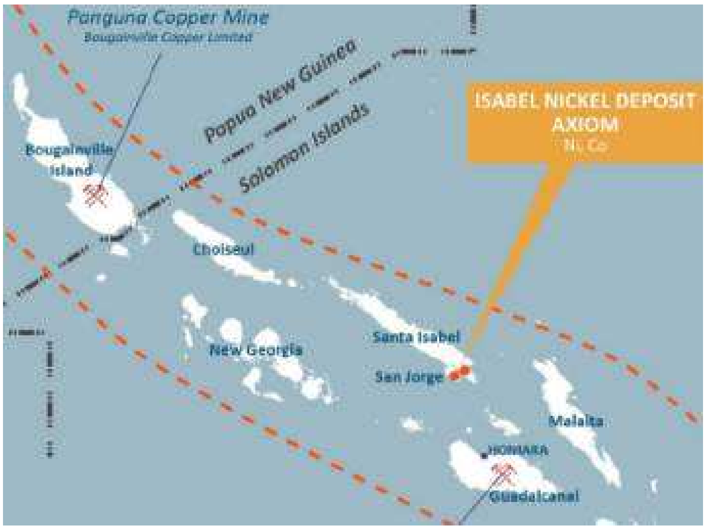
Nautilus Minerals gets seafloor mining tools for Solwara 1 project in Papua New Guinea Mining Technology, 2 February 2016

Image: The SPTs will undergo wet testing at Duqm Port in Oman. Photo: courtesy of Nautilus Minerals Inc.

Nautilus Minerals has received three seafloor production tools (SPTs) from Soil Machine Dynamics's (SMD) facility in Newcastle-upon-Tyne, UK, for its underwater Solwara 1 mining project in the territorial waters of Papua New Guinea (PNG). The Solwara 1 joint venture consists of Nautilus with 85% and Eda Kopa (Solwara) with 15%. The SPTs are set to undergo wet testing at Duqm Port in Oman and will be stored at United Engineering Services' (UES) facilities in Duqm for preservation and maintenance. Later on, they will be integrated on UES's production support vessel (PSV), which is expected to occur in 2017. Nautilus plans to use the SPTs to cut and extract copper and gold from the seafloor at the Solwara 1 JV's project site in the Bismarck Sea, Papua New Guinea.

Seafloor production operations are planned to begin in the first quarter of 2018. Nautilus Minerals CEO Mike Johnston said: "The Solwara 1 JV partners are delighted to have achieved this major milestone and we are looking forward to undertaking the extensive wet testing programme that we have planned. "We look forward to continuing our relationship with SMD during the wet testing programme and into the production phase of the Solwara 1 project." SMD CEO Andrew Hodgson said: "SMD, together with our parent company China Railway Rolling Stock, are leading the way in the construction of remote mining and deepsea excavation technology." The Solwara 1 project development includes the recovery of high-grade seabed sulphide deposits from the floor of the Bismarck Sea, a major resource of base metal sulphides, gold and silver.

Solomons: Axiom Mining nears Q1 nickel shipments and $10M funding deal
February 02, 2016 by Proactive Investors



Axiom Mining (ASX:AVQ) is edging closer to a milestone first shipment of nickel ore form the Isabel project in the Solomon Islands during Q1 2016 as a A$10 million financing facility and long-term offtake deal unfold. Planning, design and development work at the project with an eye on this near-term export scenario has paralleled a due diligence process with global independent trading house Gunvor Singapore for financing and offtake continues. This follows from an initial offtake agreement for 500,000 tonnes of nickel ore and A$5 million ore pre-payment facility executed with Gunvor in December 2015. Other recent activities at Isabel have included several ecological surveys, environmental fieldwork and the completion of both a development strategy for a life-of-mine pit and a field component of social impact assessment. Negotiations with key suppliers of marine services, vessels and heavy machinery are completed and they are on standby to move into production. Ongoing infrastructure development includes camp upgrade, laboratory, roads, barge ramp and stockpile areas. Preliminary work on San Jorge Island includes survey and environmental baseline monitoring. Axiom, its landowner partners and the Solomon Islands government secured a definitive victory against Japanese major Sumitomo in the Solomon Islands High Court in 2014. The subsequent appeal by Sumitomo was completed in June 2015 and a decision is expected to be delivered shortly.

Porgera mine back to normal
Post-Courier, February 03, 2016

By ROSALYN ALBANIEL
MINER Barrick says normalcy has been restored to its operations at the Porgera mine in Enga Province. The company said the low water levels brought on by the *El Nino* had affected its water sources and in turn resulted in a partial shut down to its operations last October. However, the rain which the area had been experiencing had been a welcome relief. "Our own operating reserves of water are back within normal parameters for this time of the year and while drought conditions have not entirely receded, the company is cautiously optimistic that seasonal rainfall appears to be returning to more predictable patterns across the Highlands region," the management said in a statement to the *Post-Courier*. With regards to the Zijin Mining Company/Barrick Niugini partnership, the company said the transition has been smooth. "The implementation of the Barrick Niugini partnership is proceeding very smoothly, and the partners are continuing to share technical and management expertise as the relationship between Barrick Niugini Limited and Zijin Mining Group develops," Barrick said.

Western province lacks funding

The National, February 1st, 2016

By LAZARUS BIRA

THE Western provincial government and administration could not respond immediately to help people in the province suffering from the drought because they were financially handicapped. Acting provincial administrator Dr Gumoi Modowa revealed this last Friday when giving an update on the food relief supplies to the drought affected areas in the province. Gumoi said the province was financially handicapped because Ok Tedi Mining Limited, which generated most of their income, was closed last year because of the drought. “The provincial government could not assist because we just don’t have the money,” Gumoi said. “We could not quickly respond to the disaster even though we wanted to. “We did not have the internal revenue because we depended on Ok Tedi.

“Ninety-two per cent of our internal revenue comes from Ok Tedi, but when it shut down, we were in big trouble. “To make matters worse our external funds held in the Mining Department are locked up by the courts. “You are talking about some K300m non-Community Mine Continuation Agreement fund (CMCA) and another K300 million Community Mine Continuation Agreement fund. We deal with the non-community mine continuation agreement fund that’s locked up.” Gumoi said they had established an interagency disaster committee comprising all agencies in the province including the private sector and disciplined forces.

“As a province, we were prepared. We formed the disaster committee in June last year because we knew of the drought that was coming,” Gumoi said. He said the committee had done assessments and reports with costing of about K17 million, as required by the National Disaster Centre, but the Government’s assistance was slow. The Government has since announced it will investigate claims of drought-related deaths in the province, and will aim to send supplies out to remote areas from nearby provincial centres. He added that Mogulu people had received no drought supplies at all. The only relief they have received was a very minimal amount of rice that were flown in. “The situation in Western is quite difficult because it is a vast stretch of wasteland and people are spread over long distances.”

2015 a good year for miners despite price slump

Post-Courier, February 01, 2016

MAJOR mining activities are being progressed in PNG despite the slump in the world mineral commodity prices and its negative impact on the investment climate. This was reported by the Mineral Resource Authority which said a good number of existing mining projects were progressing their work programs. MRA said exploration projects were also being advanced while a number of project acquisitions procured by investors last year. MRA managing director Philip Samar reported in the entity’s 2015 annual report to the government that although times were tough on the investment and commodity market fronts, projects like Simberi saw a turn-around in its production levels reaching an output of 107, 553 ounces of gold and 21,387 ounces of silver last year. This is an increase of over 100 per cent from previous years. The company is expecting to maintain its production at this level due to the recent upgrades to its processing plant.

Mr Samar said both the Kainantu and Tolukuma mines were moving towards reopening their operation under new owners - K92 Holdings Limited and Aisdokona Mining Resources. Both mines are scheduled to recommence commercial production within the next two years. He said the only new mine to commence production last year was Crater Mountain with an anticipated initial low production of 10,000 ounces, of which they reported production of 59 ounces of gold in the first four months. Ramu continues to ramp-up production of nickel and cobalt reaching 90 per cent capacity after its first export shipment in 2012. Porgera and Lihir, despite the drought, safety and landowner set-backs throughout 2015, are both increasing production. Barrick Gold concluded its strategic partnership with Chinese Government owned partner, Zijin Mining and has also commenced exporting pyrite.

Nautilus is progressing with development of its key infrastructure. It held several design workshops to support the design and build contract for the pivotal mining vessel during 2015. The company is expected to conduct its wet testing of the seafloor mining tools in the Oman during 2016 with integration of the sea floor equipment into the vessel during 2017 in preparation for commercial mining in 2018. PanAust has confirmed their takeover by their majority Chinese shareholder, which is considered positive for future funding. The company has confirmed its commitment to lodging a special mining lease application for the Frieda River project in the first half of 2016. Newcrest and Harmony have settled on a two stage approach to commence development of the Wafi/Golpu deposit and expectations are that an SML application may be lodged this year.

Exploration spending reduced in 2015

Post-Courier, February 01, 2016

MINERAL exploration expenditure in 2015 fell by K37 million to K323 million from K360 million in 2014. Mineral Resources Authority reported that of the K323 million, K266 million was spent by the top 10 advanced explorers. MRA is maintaining that despite low world mineral prices, PNG is still prospective as seen in its consistent exploration expenditure. Its report to government revealed that the ongoing activities in the sector have indicated that there are a number of prospects that look promising and could see increased spending in the following:

- Highlands Pacific's with new partner Anglo-American Star Mountains prospect which is indicating encouraging exploration results; and
- Harmony's Kili Teke prospect, with indications of ongoing and future commitment to significant exploration spending.

"Some defined resources are in retention phases, notably substantial nickel discoveries in Northern Province and heavy mineral sands in Morobe Province, while coal and other sand based mineral opportunities are also appearing positive," MRA managing director Philip Samar said.

O'Neill: Country facing hard times

The National, January 29th, 2016

By GYNNIE KERO

PRIME Minister Peter O'Neill says it is no secret that the country is going through challenging times given the downturn in commodity prices. O'Neill said energy prices were hurting all exporters, thus affecting the Government's revenue and the private sector. He said the Government had "deliberately" decided against increasing business and industry taxes when it drew up the 2016 budget. "From the highest levels in 2011 when we (Government) were receiving US$120 per barrel for oil, to the first two weeks of this year which saw the price dip below US$30," O'Neill said. "The price of copper, silver and tin has halved. And the price of LNG has fluctuated to where it was in 2012. "I appreciate these resource price downturns are impacting government revenues, but they are also having a real impact on our private sector, especially on resource developers, contractors, suppliers, and on employees.

“Our government is not looking for business to fund shortfalls through tax increases. Know that business must continue to grow and governments cannot continue to impose constraints. “To deal with the revenue reduction our government has cut recurrent and unnecessary spending. We have deferred projects that are not a priority and do all we can to return our budget to surplus.” He said “the fundamentals of our economy are very strong”. “Our debt level is manageable and on a global scale is more than reasonable. To put that into perspective, PNG cannot exceed a 35 per cent debt to GDP ratio by law. “PNG’s debt to GDP ratio is lower than Fiji, Malaysia, the Philippines and Vietnam that are all around 50 per cent.” He said Australia and New Zealand were also facing similar challenges.

Unlawful to live in mine site: MP

Post-Courier, January 29, 2016

BY JEFFREY ELAPA

THE landowners of the world class Porgera Gold mine in Enga Province have abused all laws as they continue to live in the Special Mining Lease area for the past 25 years, a Member of Parliament has said. Lagaip-Porgera MP Nixon Mangape said the laws of the country did not allow people to live within the vicinity of the mine area. But it was normal for the people although it is not safe because of the failure of the developer and the State. He said when he inquired with the mine management, he was told that the company has budgetted for the relocation and permanent resettlement of the SML landowners but they were waiting for the State to do its part by negotiating with them.

Mr Mangape said from Porgera yesterday that when he raised the question to the Prime Minister in Parliament, he was assured that the developer was responsible for the resettlement exercise but the company is now blaming the State for failing on its part. He said Porgera has been contributing 16 per cent of the country’s GDP but successive governments had fail to look into the needs of the people. "I am calling on the Government and its responsible authorities to address the issues for the good of its people and not to continue ignoring their plight. He also called on the Government to speed up the MoA review as it was overdue as the Government was continuing to sit on it for almost two years now.

Canadian Mining Company Granted Gold Mine License In Fiji

Tuvatu Mine expects to produce $414 million in revenues, employ 200

By Repeka Nasiko

SUVA, Fiji (Fiji Times, Jan. 28, 2016) – A Canadian mining company that spent more than $100 million [US$46 million] over the past nine years searching for gold deposits in the hills of Sabeto has been granted a mining lease. Tuvatu Gold Mine project manager Steven Mann said the projected revenue from the Tuvatu Gold Mine was more than $900million [US$414 million]. "We have a workforce in excess of 200 local workers, not including associated project contractors and service providers," he said. "We only have a handful of expats working in this mine because Fiji has all the people that we need. The company is planning that Tuvatu will be operating for many years into the future for the benefit of the people of Fiji."

Lion One Metals Ltd founder and chairman Walter Berukoff said he was excited about the future of the goldmine. "I came here in 2007 when my private company acquired the assets of the Emperor Gold Mine in Vatukoula and after the course of 18 months, I could see that Tuvatu was the real jewel of the crown," he said. "We are happy to be working with a Government and people who care so much for their land." While handing over the licence, Prime Minister Voreqe Bainimarama said the new goldmine would contribute to the growth of the mining sector and the country's economy. "The Fiji Mining and Quarrying sector has accounted for about 1.2 per cent of GDP since 2011," he said. Even with the decline of production in 2012 and 2013 and low prices because of low metal prices, gold exports have remained strong since 2013 at around $101.1million a year. "Gold production from the Tuvatu Gold Mine will add to that in the years to come."

Newcrest ponders options for PNG's Hidden Valley gold operation

Rhiannon Hoyle, The Wall Street Journal, January 28, 2016

The Hidden valley operation started producing gold in 2010. Newcrest Mining is mulling its options for a troubled gold operation in Papua New Guinea that it owns with one of South Africa's largest gold producers, which could include selling or closing the mine. The Australian gold company (NCM) runs the Hidden Valley operation, about 300km northwest of the nation's capital, Port Moresby, jointly with Harmony Gold Mining, but has struggled to turn a profit from the business, which started producing gold for sale in 2010. The mine--which, at five times higher than its flagship Cadia operation in Australia, is by far its costliest to run--has been hampered by poor ore grades and safety issues.

The mine sits in the mountains near the towns of Wau and Bulolo, at an altitude of roughly 2000 metres, where the terrain is steep, rainfall high and earthquakes not uncommon. Macquarie in late November valued Newcrest's Hidden Valley asset at $70 million. Since starting production, Newcrest has written down the value of Hidden Valley by hundreds of millions of dollars. Hidden Valley has been one of a raft of strains for the gold producer, one of the world's biggest, which has in recent years faced setbacks of almost every sort: from engineering faults at its mines and rain disrupting operations to unexpected tax bills. It was forced to write down its assets by billions of dollars as gold's decadelong bull-run ended and found itself in a regulatory tangle in 2013 when Australia's securities watchdog investigated the company's disclosure practices. Newcrest's top ranks have repeatedly bemoaned the "unacceptable" performance of the Hidden Valley complex, singling it out as an underperforming asset and vowing to turn the site around.

However, signalling they may give up on that operation to focus on more-profitable mines, the company today said Hidden Valley is under review. "The joint-venture partners are concurrently assessing all strategic options in relation to the future of the asset," said Newcrest, which also has gold mines in places such as Australia, Indonesia and Ivory Coast. A spokeswoman said she couldn't comment on how long the review may take. Newcrest isn't alone in reconsidering the future of one of its mines. As commodity prices have plunged and shareholders become pickier about their resources investments, miners around the world including BHP Billiton and gold major Barrick Gold have raced to trim down and focus on the best-performing facilities to protect profits. At Hidden Valley, the cost of mining remains a big challenge.

"Although an improvement on the prior quarter, which had significant production outages due to a fatality, the continued high cost nature of this operation" has led the joint venture to scale back some mining activities there until metal prices improve significantly, said Newcrest. A spokesman for Harmony couldn't immediately be reached. Newcrest said it produced more gold overall last quarter, as higher output from its Lihir mine, also in Papua New Guinea, and Telfer mine in Australia offset weaker volumes from its Cadia site, where it ran into difficulties with processing equipment. The miner reported a 6 per cent on-quarter rise in total gold output, to 620,691 troy ounces, in the three months through December. Copper output, however, fell to 17,581 tonnes from 21,337 tons, it said.

Gold majors in mix for PNG pit

Bridget Carter and Gretchen Friemann, Business Spectator, January 28, 2016

Some of the world's major gold miners could be eyeing one of Newcrest's troubled Papua New Guinea assets, with suggestions China's Xijin and South Africa's Gold Fields may be among a list of bidders for its Hidden Valley project should it come up for sale. However, Australian groups Northern Star and Evolution Mining aren't expected to be in the mix. Newcrest yesterday indicated it was mulling options for Hidden Valley, a gold and silver operation about 300km northwest of the PNG capital Port Moresby, that it jointly owns with Harmony Gold Mining. The mine, one of three owned by Newcrest in PNG, has struggled to turn a profit since it started producing in 2010, and some question whether the asset, which produces more silver than gold, should be shut down rather than sold due to its troubled history. For the December quarter, 17,000 ounces of gold and silver were produced. It is understood the mine has operational issues and a cost structure that makes generating a profit challenging. Still, every asset has a price, and offered at the right price it could prove attractive for an offshore bidder. Xijin and Gold Fields were both understood to be among the suitors for Newcrest's Telfer gold and copper mine in Western Australia when it was placed on the market last year through adviser Bank of America Merrill Lynch. However, it was withdrawn for sale after offers for the asset failed to live up to Newcrest's expectation, understood to be around $500m.

Indonesien macht Druck auf Freeport - Goldgräber in Westpapua im Gegenwind

Jahrelang war die Grasberg-Gold- und -Kupfermine im indonesischen Papua ein Eldorado für den US-Rohstoffkonzern Freeport-McMoRan. Doch der Wind hat gedreht. Jakarta will Kontrolle über Bodenschätze. Von Manfred Rist, Jakarta, Neue Züricher Zeitung, 27.1.2016

Die tiefen Rohstoffpreise, so möchte man meinen, setzen einem Land wie Indonesien besonders stark zu. Doch die Regierung in Jakarta nutzt die Gunst der Stunde auch, um den amerikanischen Betreiber der grössten Edelmetallmine auf Papua unter Druck zu setzen. Um die Grasberg-Vorkommen von Gold, Silber und Kupfer – global vermutlich die grössten Lager überhaupt – spielt sich derzeit ein für Indonesien ziemlich typisches Drama ab.

Wolken über Rohstoffkonzern

Der Begriff «Goldgrube» ist hier wörtlich zu nehmen. Wie der Abgrund eines riesigen Vulkans senkt sich die von Freeport-McMoRan Copper & Gold betriebene Grasberg-Mine ins Erdreich des indonesischen Gliedstaats Irian Jaya bzw. Westpapua. Seit fast hundert Jahren weiss man, dass auf diesem östlichsten Ausläufer der Nation, der fast der Fläche Frankreichs entspricht, wertvolle Bodenschätze liegen. Doch erst seit vierzig Jahren werden diese auch in grossem Stil abgebaut. Es waren die besten Jahrzehnte für die beiden Rohstoffkonzerne Newmont und Freeport-McMoRan, die zusammen beispielsweise 97% der indonesischen Kupferproduktion kontrollieren.

Über Freeport haben sich inzwischen aber dunkle Wolken zusammengebraut. Fehlinvestitionen im Erdöl- und Erdgassektor und die Rohstoffpreis-Baisse haben den Aktienkurs des legendären Unternehmens, der 2010 bei 60 $ notierte, auf 4 $ gedrückt, und der langjährige Chairman James Moffett hat inzwischen den Hut genommen. Die Perspektiven sind schlecht – auch wegen Indonesien: In fünf Jahren läuft dort die Bewilligung zur Ausbeutung der Vorkommen aus. Die Grasberg-Mine liefert 90% der Freeport-Goldproduktion und steuerte zum Konzernumsatz von 21 Mrd. $ im Jahr 2014 rund 3 Mrd. $ bei.

Mit dem Regierungswechsel in Jakarta hat der Wind für die Minenbetreiber gedreht: Der Reichtum Indonesiens, seine Bodenschätze, soll zur Industrialisierung des Landes eingesetzt werden und der Nation zugutekommen; so steht es auch explizit in der Verfassung von 1945. In einer ersten Phase soll in diesem Zusammenhang der Anteil des indonesischen Staats an PT Freeport Indonesia (de facto an Grasberg) von 9,4 auf 30% erhöht werden. Ferner macht Jakarta mit der Umsetzung des Gesetzes von 2014 ernst, das vorschreibt, dass nur noch verarbeitete Rohstoffe ausgeführt werden dürfen.

Korruptionsfall auf Tonband
Wenn es in Indonesien um Rohstoffe und viel Geld geht, ist die Korruption nicht weit: Konzessionsverlängerung gegen die Übertragung von Aktienpaketen an bestimmte Politiker – so lautete der Vorschlag von Parlamentspräsident Setya Novanto an einem Geheimtreffen mit dem Chef von Freeport Indonesia, Maroef Syamsuddin. Letzterer hatte früher eine hohe Funktion beim Geheimdienst bekleidet, nahm das Gespräch heimlich auf und spielte es dem für Energie und Ressourcen zuständigen Minister zu. Vor dem drohenden Amtsenthebungsverfahren reichte Novanto im Dezember seinen Rücktritt ein.

Bei dem Geheimtreffen hatte Novanto gegenüber Syamsuddin glaubhaft zu machen versucht, dass der Deal sowohl Präsident Joko Widodo als auch dessen Vize Jusuf und weiteren Regierungsvertretern zugutekäme. Diese Äusserungen scheinen inzwischen entkräftet; allerdings hat nach dem Intermezzo auch Syamsuddin seinen Job verloren. Freeport und die riesigen Gewinne, die die amerikanischen Goldgräber in Westpapua erzielten, sind in Jakarta seit Jahren ein Reizthema. Jetzt noch etwas mehr.

Heikle Bewertung
Die Bewertung der Grasberg-Mine und des von Indonesien reklamierten 20%-Anteils ist so schwierig wie nie zuvor. An den Rohstoffmärkten herrscht grösste Unsicherheit, und Freeport braucht angesichts seiner milliardenschweren Quartalsverluste dringend Finanzmittel. Die Regierung in Jakarta sitzt aber am längeren Hebel: Sie pocht darauf, dass laut Gesetz erst zwei Jahre vor dem Auslaufen der Genehmigung über eine Verlängerung entschieden werden könne, also 2019.

Aussitzen und Freeport ziehen lassen ist indessen auch keine Lösung. Zur längerfristigen Nutzung der Mine sind gemäss Freeport nämlich 18 Mrd. $ nötig, weil fortan unterirdisch abgebaut werden muss. So viel Geld bringt in Indonesien niemand auf. Das Angebot von Freeport, den Fünftel an Grasberg für 1,7 Mrd. $ zu verkaufen, wird in Jakarta als unrealistisch zurückgewiesen. Der Betrag entspräche bei heutiger Bewertung rund einem Drittel des Konzernwerts von Freeport-McMoRan. Von einer Einigung bzw. einer Verlängerung der Konzession wiederum hängt ab, ob Freeport überhaupt investiert.

Die Liste der Probleme ist damit noch nicht komplett. Freeport und Indonesien streiten auch über die Umsetzung einer bereits sechs Jahre alten Vorschrift, wonach ausländische Bergbaufirmen nur noch verarbeitete Rohstoffe ausführen dürfen. In diesem Zusammenhang hat sich Freeport zum Bau einer Schmelzanlage bei Gresik auf Ostjava verpflichtet, deren Kosten auf 2,1 Mrd. $ veranschlagt worden sind. Angesichts der Entwicklung der Rohwarenmärkte und der kritischen Lage bei Freeport würde es aber nicht erstaunen, wenn auch dieses Projekt sich noch eine Weile hinzöge oder schliesslich ganz schubladisiert würde.

Prime Minister: Mining will take Fiji forward

AVINESH GOPAL, The Fiji Times, January 27, 2016

PRIME Minister Voreqe Bainimarama says mining is one of the areas that will take Fiji forward. Mr Bainimarama made the comment while handing over the lease to Tuvatu Gold Mine in Sabeto, Nadi this afternoon. "We will be revising our policy and institutional framework for mining and quarrying to update antiquated legislation so that responsible mining and mineral exploration and mining companies will work with us," he said. "I hope Tuvatu can be a model of what we can achieve economically, socially and environmentally."

Fiji: Bauxite export affected

Joanne Vaetiti, The Fiji Times, January 27, 2016

THE global recession has continued to affect bauxite export with no shipments departing from our shores since last year. XINFA Aurum Exploration (Fiji) Ltd yesterday confirmed the drop in global demand had continued to affect export. Company executive Derek Qiu said they hoped to begin exporting this year though he could not confirm a date. The company only exported two shipments last year. Mr Qiu said China was the biggest buyer of bauxite. "Because of the global economy recession, the bauxite mining demand went down," he said. Mr Qiu added mining works was still in progress despite the low demand from the market. Despite the global effect, Mr Qiu added the company focused on its rehabilitation work in Nawailevu, Bua. He added they had planted 50,000 pine trees so far in the area, and were nursing 150,000 seedlings. Fiji has exported $48million worth of bauxite so far from the shores of Bua.

Nautilus to wet test sea apparatus

Post-Courier, January 26, 2016

NAUTILUS Minerals Inc has signed agreements with United Engineering Services LLC to provide support services associated with wet testing the company’s seafloor production equipment and storing the equipment as it is delivered from various suppliers prior to integration onto the company’s production support vessel. The Canadian miner in its market report said the first of the equipment to be tested will be the three seafloor production tools. The SPTs are due for delivery from the Soil Machine Dynamics facility in Newcastle upon Tyne early in 2016. Each machine is undergoing rigorous commissioning and factory acceptance testing which has been conducted in dry conditions on land. Once delivered, the SPTs will undergo extensive wet testing at Duqm Port in Oman which is designed to provide a submerged demonstration of the fully assembled SPTs and will involve submerged testing of:

- Control systems operations and feedback;
- Hydraulic functions;
- Collection system functions; and
- Survey and visualisation systems.

On completion of the wet testing, the SPTs will be stored at UES facilities in Duqm, Oman, for preservation and maintenance until integration on the PSV which is expected to occur in 2017. The company’s chief executive officer Mike Johnston said: "It is very exciting to have the SPTs all fully assembled as we prepare for wet testing. "We appreciate the ongoing support from our largest shareholder, MB Holding Company LLC, who is assisting us with the wet testing and provision of storage facilities in Oman. "We look forward to the next phase of development to wet test our equipment as we work towards commencing our seafloor operations in Q1 2018," he said. UES is a wholly-owned subsidiary of MB Holding Company LLC which holds, directly or indirectly, approximately 27 per cent of the company’s issued and outstanding shares and has two nominee directors sitting on the company’s board namely-Mohammed Al Barwani and Tariq Al Barwani. In addition to catering to the fields of oil & gas and power generation and water, UES has successfully integrated into the fields of mining, marine and defence. UES has operations in over 22 countries worldwide and over 6000 employees.

Address lawlessness in Hela province: Chief

The National, January 25th, 2016

THE Government has been urged to declare a state of emergency operation in Hela because of the lawlessness and continuous tribal fights leading to several deaths and destruction of properties. Hela chief Timothy Hayara told The National last Friday that tribal fighting was getting worse and the Government must step in. He said Hela was the host of the multi-billion Kina LNG project but the lives of people were still in great danger. Hayara said warring factions were using high-powered weapons which posed a serious threat. He said the recent killing of the two soldiers at Komo gave a very bad name to the province. All we need is peace and the only way to bring in normalcy is through a state of emergency." "I'm raising this concern on behalf of my other leaders because we see that law and order is becoming a very serious concern and it is beyond control." "This is also causing a serious threat to business houses, public servants and the public," Hayara said. He said almost all tribes in Hela were engaging in tribal fights and police in the province cannot do much to contain the situation. "This problem can be contained and normalcy can be restored only through a state of emergency," he said. Hayara said there were lives lost and properties destroyed.

Government ready to assist LNG Landowners exercise rights

Post-Courier, January 25, 2016

Landowners from the affected PNG LNG Project Area and entitled provincial governments have been assured that the Government will help them to exercise their rights. The assurance came from Prime Minister Peter O'Neill in a media statement yesterday. Ensuring that the process is properly carried out is essential for setting a standard for ongoing and future projects to follow, Mr O'Neill said. The landowners and the provincial governments of Hela, Southern Highlands, Gulf and Central will have to exercise their rights to take up their Kroton Equity options between now and June 31. The process was underway to identify affected landowners and confirm participating clans, the Prime Minister said. "Then having them recognised as incorporated land groups, as is provided for in the Licence Based Benefit Sharing Agreements and other agreements. "This process of identifying and confirming Project Area Landowners is being carried out through the National Court Annexed Mediation exercise. This is under the leadership of Justice Ambeng Kandakasi and Deputy Chief Magistrate, Mark Pupaka with the consent of the Affected Project Area Landowners and the State."

Mr O'Neill said seeing this process carried out properly is important for setting a benchmark for landowner participation with current projects continuing to grow and new projects coming online. "ExxonMobil is expanding the LNG project with the P'Yang field now being negotiated with Government, and once the officials establish a position it will come to Cabinet for Government's approval. "They will increase the investment to pipe gas from P'nyan to the current project sites and that will create a lot of construction and employment for Papua New Guineans. "This is billions of dollars of investment. The new TOTAL project is estimated to be valued at around $US20 billion. That is going to create a lot of employment over several years. "There is a lot of work going on behind the scenes, including a lot of drilling, so that they can verify the reserves of gas there so that they can determine the plant size and how it can be constructed and delivered. "This will create a lot of employment for Papua New Guinea and a lot of stimulus for the economy over a number of years."

Miners Reportedly Temporarily Trapped, PNG Firm Disputes Claim

Porgera has problems with water, mud in pit

By Rosalyn Albaniel
PORT MORESBY, Papua New Guinea (PNG Post-Courier, Jan. 22, 2016) – About 70 miners were reportedly trapped at one of the underground pits situated directly beneath the open pit at the Porgera Mine on Monday night but had managed to escape. However, Barrick Niugini Limited said last night they had water and mud problems in the mine pit but there were no workers on duty at the time. The developer said that following unusually heavy rain this week there were some minor impacts to drainage systems operating in the open pit, and on Monday evening a volume of mud and water was released into the underground mine drainage system. This caused localised flooding in a small area of the underground mine complex, Barrick said. "No employees were working in the affected areas at the time, and management are not aware of any injuries or other employee concerns arising from the event.

"Mine management can confirm that the incident has been reported to the Government's mine safety regulator, and that the company will work with the Mines Inspectorate to analyse the cause of the incident," the company said. Some workers who were reportedly trapped had stated that the incident had occurred between 10pm and 11pm on Monday. The workers had claimed that the pit had been flooding for the past three months because the drainage system had been clogged adding that it finally gave way that night. "Workers on nightshift on seeing the flood had rushed to nearest vehicles and heavy equipment and started the journey to surface.

"We fought on our own with bulldozers and loaders in front and LandCruiser at the back and made it to surface. The LandCruisers was completely covered in mud and water and debris and we are simply lucky not to have drowned," they said. They alleged that their superiors in seeing that no one had died had ordered the vehicles to be washed and cleaned and they were reportedly ordered to work without given any time to recover from the trauma. Mineral Resources Authority managing director Philip Samar had confirmed receiving a report from Barrick. Mr Samar said the authority is gathering further information from the company before it makes a decision to send inspectors to investigate.

Sovereign Wealth Fund to run: Vele

The National, January 22nd, 2016

THE Sovereign Wealth Fund is expected to be in operation this year, according to Treasury secretary Dairi Vele. Vele made this known during a presentation to a group of overseas investors this week. "One of the important things that investors who want to invest in our country look for is institutional development," he said. "One of the major things that the country has is the Sovereign Wealth Fund that commenced last year. "That is the organisation that will manage our LNG money, our petroleum money and our mining money more responsibly. "Sometimes when small countries like Papua New Guinea have a lot of money from mining and petroleum, it can get wasted despite investing in the areas where we should be investing in. "We are hoping that our Sovereign Wealth Fund allows us to manage those money much more efficiently." He said the Fund was designed to manage revenues from taxes and dividends from resource sectors and the Government's assets in all sectors, including the revenues from the PNG LNG project. The SWF consists of a Stabilisation Fund to manage the impact of fluctuating mineral and petroleum revenues on the budget, and a Savings Fund, to provide a means of preserving the real value of deposited funds for long-term investments and for the benefit of future generations. Overall objective of the fund was to:

- Support macroeconomic stabilisation;

- Promote intergenerational equity;
- Support asset management in relation to financial assets accrued from resource revenue; and
- Full integration with the budget and fiscal framework.

Meanwhile, the first Papua New Guinea Extractive Industry Transparency Initiative report is due on March 19.

Indonesia Unhappy At Price Freeport Wants For Grasberg Mine

U.S. company must sell stake in complex to government

WELLINGTON, New Zealand (Radio New Zealand International, Jan. 21, 2016) – Indonesia's government is unhappy with the price on offer for shares in Freeport Indonesia, which operates a massive mine complex in Papua. Under divestment rules, Freeport is required to sell a 10.64 percent stake of the Grasberg copper and gold complex to the government as part of the company's process to secure an extension to operate in Papua beyond 2021. Freeport, whose parent company is US-based Freeport-McMoRan, has offered the stake for US$1.7 billion, which state-owned enterprises minister Rini Soemarno says is too expensive. The Jakarta Globe reports her saying Jakarta is still interested, adding that SOE companies should have big mines and that these mines belong to Indonesia. This comes amid protracted and difficult negotiations between Jakarta and Freeport, with both the Freeport Indonesia's president director Maroef Sjamsoeddin and the chairman of the board of Freeport-McMoRan, James Moffett, having resigned in the past month.

Setya Novanto has resigned as Indonesia's Speaker of Parliament after being recorded in an alleged extortion attempt related to negotiations over the renewal of miner Freeport McMoran's lucrative contract in Papua province. The negotiations hit controversy last month when the speaker of Indonesia's parliament Setya Novanto was found to have sought to extort a stake in freeport's operations in return for assisting to secure the contract extension. Despite the huge revenues generated by the mine complex in their province, Papuans have largely been ignored by the negotiations. The Papua provincial governor, Lukas Enembe earlier indicated his administration would push to get a ten percent stake in the Indonesian component of Freeport. Governor Enembe said that Mimika regency has sued Freeport over the traditional ownership of the land because the company hasn't paid anything to the local community for use, and destruction, of its environment.

The Presidential leak, PNG’s bid for Bougainville Copper and the policy challenge ahead

Dr Kristian Lasslett, International State Crime Initiative, via PNG Mine Watch, January 21, 2016

Over the holiday period, reports emerged suggesting that the Papua New Guinea government intended to purchase Rio Tinto's 53.83% equity stake in Bougainville Copper Limited (BCL). This proposal earned strong condemnation from the Autonomous Bougainville Government (ABG). With good reason, the Papua New Guinea state deployed brutal violence during the 1990s in an effort to keep Bougainville's Panguna copper mine open (operated then by BCL), which at the time was a key revenue source for the Namaliu government. This violence triggered a prolonged armed conflict, which was settled in 2001 through the Bougainville Peace Agreement. The agreement has devolved a range of powers to the Bougainville government including over mining. As a result, the ABG now has ultimate say over mining related issues. Unfortunately when reporting on Papua New Guinea's proposed BCL buy out, the ABC's South-East Asia correspondent, Liam Cochrane, omitted key details . Having been the recipient of a high level leak, Cochrane focuses on a letter from President John Momis to his Papua New Guinea counterpart, Prime Minister Peter O'Neill.
In a provocative introduction Cochrane observes:

The Papua New Guinea Government wants to buy Rio Tinto's shares in the Australian company Bougainville Copper Limited (BCL), according to Bougainville's President. Such a move would be "completely unacceptable" to Bougainvilleans and would be "potentially a source of conflict", according to a series of leaked letters obtained by the ABC. Cochrane adds by way of commentary, 'the suggestion of conflict is a serious one, considering the large number of weapons still on the island and the highly factionalised population'. The ABC report then quotes an ANU expert, in a way that implies this proposed purchase would give Papua New Guinea control over Panguna:'I think the main questions are why does the Government want to buy the mine …'. Curiously Cochrane omits from his story arguably the most critical paragraph from the leaked letter, which confirms the proposed purchase by Papua New Guinea would not give the O'Neill government any commanding right whatsoever over Bougainville's natural resources.

President Momis makes this clear to Prime Minister O'Neill, stating: 'I must also emphasise two points concerning the effect of the Bougainville Mining Act 2015. The first is that under section 367 of the Act, BCL now *holds nothing other* than an Exploration Licence [see endnote – K.L.] over the area of its former Special Mining Licence at Panguna' (italics added). The leaked letter then reveals: That Licence [under the Mining Act] is take to have been granted on 8 September 2014, and has a term of 2 years. Section 112 provides that where 25 per cent or more of the shares of a company holding an Exploration Licence are transferred or otherwise dealt with within 24 months of the licence being granted, the Secretary to the ABG Mining Department must initiate action for cancellation of the licence. President Momis adds, 'these provisions are intended to provide protection for the ABG and for Bougainville more generally in such situations'.

Hopefully this legal appraisal should do much to counter concerns that Papua New Guinea can lawfully obtain a controlling stake in Bougainville's natural resources. It is doubtful the O'Neill government would proceed down an illegal route, would obviously be strongly opposed by Bougainville and all other states in the region. Why the President hasn't come out to calm the situation is unclear. Previously, ABG officials have strategically stoked local anxieties over the Papua New Guinea state, to counter longstanding opposition to Rio Tinto's return in Panguna. This intersects with a strongly held policy belief, that without mining at Panguna independence from Papua New Guinea will be unattainable. According to New Dawn radio, the ABG Minister for Veteran Affairs, warned landowners of the doomsday situation that would follow were Bougainville unable to obtain fiscal viability before the independence referendum window closes:

… if the Bougainville Peace Agreement lapses in 2020 all their talk of Independence and landownership would be forfeited to the State of Papua New Guinea. Mr Sisito said when this happens all Bougainville leaders and Ex combatants will be held for treason as all agreements with PNG will become null and void. The Veterans Affairs Minister said that to avoid all these problems the Ex-combatants and landowners must agree to reopen the Panguna Copper mine. However, in the current instance it is questionable whether the President is deploying fears over a Papua New Guinea takeover, to elicit support for Rio Tinto's. Especially in light of another critical statement in the leaked letter, which has received little attention in subsequent reporting.

An ABG policy shift on the Panguna mine

As late as April last year, President Momis maintained that there was widespread landowner support for the reopening of Panguna. He told Radio New Zealand International, 'landowners and me'ekamui are totally in support'. Coupled to this, he argued, there was a compelling business case for the project which would see significant revenues flow to the ABG before the referendum window closed in 2020. However, in his letter to Peter O'Neill, the President signposts a notable shift in policy: The situation since 2011 has changed. Commodity prices have dropped dramatically. The problems involved in getting consensus on the future of Panguna have added to sovereign risk assessment issues. As yet no announcement has been made of the outcome of the review Rio Tinto initiated into its investment in BCL in August 2014. If Rio's decision is to divest itself of the equity then the ABG's considered view is that it is most unlikely that any potential responsible developer will be able to find the $US6 billion to $US7 billion needed to reopen the mine. As a result of these three factors, President Momis concludes, 'it is therefore most unlikely the mine will reopen in the foreseeable future'.

While the ABG has always hedged its bets on whether Panguna would reopen, it appears that the government now concedes there is no clear social licence for a return to mining in Panguna, where heavy scars remain. Additionally, it has revised the optimistic economic predictions underpinning its business case. This new position sits more congruently with the evidence set out in empirical research conducted with the mine affected communities, and economic analysis produced by independent industry experts. President Momis publicly confirmed the ABG policy shift to parliament in a speech delivered on 22 December 2015. He again reiterated 'the ABG's assessment now is that it's quite likely that the Panguna mine will not re-open in the foreseeable future'. As a result of this conclusion, he argues: 'Rio also made very significant profits through BCL. Indeed, BCL used to be described as the jewel in Rio's crown. In all these circumstances, if Rio decides to withdraw from BCL, they must take steps to do a proper mine closure. They must remedy the injustices done'.

This echoes an earlier position adopted by President Momis in 2005 when Bougainville Governor. Then he wrote to the US State Department's legal adviser in support of a Bougainville class action against Rio Tinto, stating the 'litigation has helped facilitate the [peace] process as it is viewed as another source of rectifying the historic injustices perpetrated against the people of Bougainville'. In an affidavit for the class action Momis went so far as to blame Rio Tinto for much of the violence and destruction inflicted on Bougainville by Papua New Guinea forces: It is important to understand the significance of holding Rio Tinto responsible for its actions and the actions of the PNG government. At all times, Rio Tinto, through BCL, controlled the government's actions on Bougainville … whenever government action was called for on Bougainville, BCL was the one that requested it.

For a period, President Momis stepped away from this adversarial position, arguing controversially the best way to remedy past injustices would be to actually reopen the mine under BCL-Rio Tinto auspices. The logic underpinning this reversal, was explained by the ABG's legal adviser, 'the compensation is essentially going to come from production, from profits'. Of course, it was difficult for many within the mine affected communities to fathom how reopening the Panguna wound would serve to heal it. Instead, rural communities impacted by the mine have welcomed the slow recovery process being observed in their surrounding environment over the past two decades (although the road to recovery is a long one), and are now set upon the task of building an economic future that accords with their own ways and means. Justice still strikes a chord though, many interviewed in the mine region wish BCL-Rio Tinto to atone for the violence and environmental harm they helped to inflict upon communities – and the expectation is atonement does not come with strings attached.

The challenges ahead for the ABG

The President's recent policy shift, if enduring, may be a positive signal that the ABG's stance is beginning to reflect strong local sentiment in the Panguna region. However, it remains to be seen how much of a sea change the President's remarks represent. One critical test for the ABG over the coming year will be confronting the high levels of corruption and mismanagement within government, signposted in Auditor General and Public Accounts Committee reporting. This is no easy task. We have seen recently appointed Ministers and civil servants implicated in major corruption scandals, documented by the police and courts. Furthermore, the ABG has contracted advice and assistance – for a considerable sum – from a number of foreign concerns implicated in human rights abuses, and malfeasance. Indeed, it is not clear whether there is actually anyone with a serious foothold within the ABG government, who has the commitment, resources and power to fight the rot.

It is equally worrying that a significant chunk of mainstream international commentary has presented the Panguna mine as a panacea for Bougainville's challenges, without acknowledging the endemic problems of corruption, public mismanagement or indeed current commercial realities. While arguments have been made that a rapid return to mining would buoy the ABG fiscally – the questionable economics aside, this assumes a well administered state would carefully manage revenues and allocate them into the strategic areas of infrastructure, education, health and rural extension services. Current evidence suggests any revenues would buttress an increasingly clientalistic state, decimated by corruption. In addition to the problem of corruption, there is an urgent need to strategically invest in local innovation and strengths, which draw upon grass roots productive systems and savvy in a sustainable fashion. In the past, Bougainville's President has been reluctant to consider alternative models, which he cast unkindly as 'planting and selling tomatoes'. Similarly, the ABG's legal adviser has also opined: 'So agriculture, contrary to what a lot of outside observers think, is a difficult one … Outside commentators, especially from the activist community, who say there are obvious other ways of getting a sustainable economy in Bougainville have yet to establish the viability of any alternative model unfortunately'.

However, Papua New Guinea's own fiscal crisis and lamentable performance with respect to service provision, is a salutary example for those who had pinned Bougainville's future to large-scale extraction projects. Paul Flannigan, an ANU Visiting Fellow and Former Chief Advisor to the Australian Treasury – certainly not an activist in any conventional sense – recently remarked: 'A more complex answer to what went wrong [in PNG] is based on the tendency of PNG's political leaders to focus too much of its hopes on its resource sector rather than its people … Greater focus on improving the performance of the agriculture sector would do much more for the people of PNG than a focus on the resource sector'. This broad advice was given with respect to Bougainville in 2008 by a number of development specialists, who warned 'while some think that reopening the [Panguna] mine is possible, it is just as likely that any agreement would again collapse. In the interim, a strategy for economic recovery through agricultural production appears the most viable among the possibilities'. With the window for the independence referendum now open, time is of the essence if the ABG is to conduct a major policy overhaul. Such an overhaul is critically needed if the government is to support the political aspirations of its constituents in the forthcoming vote and the economic aspirations of those so deeply injured by the actual existing practices of the extractive industries on Bougainville.

* Letter from President John Momis to Prime Minister O'Neill, 10 December 2015

Endnote
***** By April 2015 BCL's special mining lease and exploration licences had all lapsed (see http://portal.mra.gov.pg/Map/). The Mining Act 2015 reactivated BCL's live rights over Panguna, by granting it a two year exploration licence, with caveats designed to prevent Rio Tinto from off-loading its share of the company to an undesirable purchaser.

Micah: Priority is to get LNG projects off the ground

Post-Courier, January 21, 2016

By ROSALYN ALBANIEL
PETROLEUM and Energy Minister Ben Micah is adamant on getting the Papua LNG and Stanley gas projects off the ground within reasonable time. He said this would be an urgent priority for him. He said this when highlighting his immediate goals during the handover-takeover ceremony with the outgoing minister Nixon Duban in Port Moresby yesterday. Mr Micah said he has already been tasked by the Prime Minister to ensure these projects were negotiated with the respective developers Total SA and its joint venture partners InterOil and Oil Search and Talisman in the best interest of PNG. "We have learnt from the lessons we faced with the PNG LNG project and I am determined not to repeat what we went through as we negotiate what should be the best for PNG in the Papua LNG and Stanley gas projects.

"These are to be the template for future project negotiations. This goes for the mineral sector where we must also negotiate for the best for PNG," Mr Micah said. Mr Micah also highlighted landowner issues as a priority as he takes office. An emotional Mr Micah stressed this would be given utmost prominence as it seemed PNG has not learnt any lessons from past experiences including Bougainville. He reiterated that oil and gas like minerals can only be extracted once and when exported is gone. "My focus will be on landowners. Those who have given their land to allow for the big developments that we have and continue to benefit from. We have rushed projects on their land without properly addressing their issues," he said.

MRA tells firm to clean up Sinivit mine

The National, January 20th, 2016

By ELIZABETH VUVU
THE Mineral Resources Authority has told a Canadian company to come and clean up the Sinivit mine in East New Britain it had abandoned. New Guinea Gold Limited abandoned the East New Britain gold project in September 2014 after blaming the Government and the authority "for not quickly renewing our mining lease". MRA managing director Philip Samar told The National that they had notified the company to return and rectify safety and environment issues related to the Sinivit project. Samar said they had told New Guinea Gold Ltd that it was their responsibility to clean up their mess at the mine site. "Under the Mining Act, the company still has a mining lease that has not been cancelled," he said. "Therefore, New Guinea Gold remains responsible to ensure all mining and environment regulations are complied with and safety measures are followed.

"As the mining lease holder, it needs to be responsible and cannot shift the blame here and there." He said the company responded by blaming the State and the Mineral Resources Authority for not acting quickly on its mining lease. "These unsubstantiated and misplaced claims by the tenement holder did not change New Guinea Gold's social and regulatory obligations to fully maintain the mine. Samar said the company had not lodged any application with the MRA to have the mine placed in a "care and maintenance" phase. He said production had stopped but the site would continue to be managed safely and responsibly to ensure the mine's security and stability. "There is a process to follow and you cannot just walk away after giving us a letter," Samar said. "It is a legal requirement that a formal application is submitted.

"Mines are not tuckerboxes and companies who operate them must ensure they have the sources to maintain these mines." The Sinivit mine is currently under a renewal application for a new 10-year term. That application was with the Minister for Mining for a final determination in accordance with the Mining Act process and a National Court order issued in February 2014. There were reports that when the Sinivit mine was abandoned, locals looted and vandalised everything at the mine, including explosives and chemicals. Reports had surfaced of chemicals from the abandoned vats flowing into the Warangoi River. Meanwhile, provincial authorities had warned the people of Dadul, Riet and Uramot to stay clear of the mine site.

Nautilus signs deal on seafloor production

The National, January 20th, 2016

NAUTILUS Minerals has signed an agreement with United Engineering Services LLC to provide support services in wet testing the company's seafloor production equipment and storing the equipment. Nautilus said in a statement the work would begin as soon as it was delivered from suppliers prior to integration onto the company's production support vessel. The first equipment to be tested will be the three seafloor production tools which are to delivered from the soil machine dynamics facility in Newcastle-upon-Tyne in the United Kingdom. Each machine is undergoing rigorous commissioning and factory acceptance testing conducted in dry conditions on land. Once delivered, the seafloor production tools will undergo extensive wet testing at Duqm Port in Oman which is designed to provide a submerged demonstration of the fully assembled tools. It will involve submerged testing of:

- Control systems operations and feedback;
- Hydraulic functions;
- Collection system functions;
- Survey and visualisation systems.

On completion of the wet testing, the tools will be stored at UES facilities in Duqm, Oman for preservation and maintenance until the integration on the PSV which is expected in 2017. Nautilus' chief executive Mike Johnston said: "It is very exciting to have the SPTs all fully assembled as we prepare for wet testing.

Court to decide on Ok Tedi funds, orders

The National, January 20th, 2016

THE National Court will decide if the interim orders on Ok Tedi Mining Ltd funds for Western people and other orders concerning the mine will be dissolved. Justice Derek Hartshorn heard applications on Monday by the lawyer representing nine plaintiffs, Allan Baniyami, and the lawyer representing Mineral Resource Authority and the state, Allan Mana. Baniyami said the interim orders of 2014 obtained by the plaintiffs, including Pastor Steven Bagari, should be extended until determination of the court on the substantive matter or further orders from the court. The orders were obtained on the grounds that the community mine continuation agreement (CMCA) was unenforceable, dumping of the mine waste into the river was unlawful and that the deeds and trust accounts were invalid and certain trust funds were payable to the plaintiffs and others.

Furthermore, mine operation to be stopped until a proper waste dam was built. Baniyami said the plaintiffs were beneficiaries of the mine under the agreement (CMCA) and were affected by the mine tailings and they had an arguable case. He said the development funds should be locked up. Mana argued that the plaintiffs' case was based on misconception. "The plaintiffs seek to nullify all the grants not relevant to them," Mana said. "The grants are public money for the people managed by a different regime. "They are from South Fly, who live 100km away from the mine." Mana said the dumping of the waste was lawful and the people were compensated for the damage through the agreements. Hartshorn reserved to the ruling to an indefinite date.

ExxonMobil in PNG for the long haul

Post-Courier, January 20, 2016

By ROSALYN ALBANIEL
EXXONMOBIL, the operators of the multi-billion dollar PNG LNG project, has to date loaded more than 160 cargoes for markets abroad and produced more than 11.7 million tons of liquefied natural gas. The company was responding to questions put to it by *Post-Courier* in light of the sustained low commodity prices and its implications on the economy. The company would not disclose how sales have been tracking both in terms of levels and monetary value, citing commercial confidence. However, with one cargo shipped reportedly worth US$50 million, the 160 cargoes would have earned more than US$800 million (K2469.13m) in total sales. A company spokesman said it was important to appreciate the long term nature of the investments such as the PNG LNG Project, adding also that the company was here for the long haul. "Commodity prices are cyclical and as long as the fundamentals are strong, like they are for the PNG LNG Project, the long term benefits would remain.

"In addition to royalties and development levies PNG benefits from sales of every cargo through equity dividends to the Kumul Petroleum Holdings Limited and Mineral Resources Development Company and direct and indirect taxes paid to the State. ExxonMobil is committed to PNG for the long term," the spokesperson said. ExxonMobil had stated that the company is working hard to ensure that production operations maintain the highest level of performance and it would continue to take full advantage of opportunities to grow its business in PNG. "We are continuing to invest to confirm resources for the potential expansion of the PNG LNG Project, including future plans for exploration drilling on the Muruk well, north of Juha, and drilling on the P'nyang field in Western Province. "These reserves have the potential to increase the supply of domestic gas for power generation and also provide energy for future growth of the PNG LNG project," the spokesman said. With most businesses scaling down on its workforce to keep their heads above water as the low prices persist, ExxonMobil had stated they continue to maintain a full production workforce.

The Mining Boom in Papua New Guinea goes Boom

Economy Watch, January 18, 2016

The Papua New Guinea (PNG) government has finally admitted that PNG's revenue surge has ended. As long as PNG's mining boom lasted, Prime Minister Peter O'Neill could build parliamentary support by allocating constituency funds to each member of parliament's (MP) district. So how will restricted funds impact upon O'Neill's political position and the stability of the government? O'Neill's majority currently stands at a seemingly impregnable 100 of the 111 MPs. But the cost of the 15 million Kina (US$5 million) allocated to district MPs in 2015 has meant that he has been unable to deliver landmark policies such as subsidising schooling and free primary healthcare. With district funds now cut by a third and expenditures slashed, 2016 will test whether O'Neill can maintain his current political dominance or whether economic stresses and legal challenges will become political crises.

For most of 2015, as in 2014, PNG politics centred on O'Neill's financial actions. Allegations of poor governance have become the basis of legal cases that, hypothetically, could lead to his dismissal. Despite O'Neill's apparent supremacy, these issues dominated public comment throughout 2015; associated cases could place the judiciary in conflict with the executive — as happened in 2011–12. In early 2014, the government took out a US$1.2 billion loan from UBS bank to buy shares in oil and gas company Oil Search, but failed to seek the necessary approval of parliament. Treasurer Don Polye refused to sign off on the borrowing and he was sacked. He now leads the small opposition. The loan (via a near-bankrupt state-owned enterprise) has drawn criticism because the shareholding creates a conflict of interest, given that the state is the national regulator. In 2015, the Ombudsman Commission urged the public prosecutor to make O'Neill face a leadership tribunal for poor governance, a case he is still fighting.

A second financial matter involved the payment, allegedly on O'Neill's instruction, of 72 million Kina (about US$24 million) to Paraka Lawyers for unauthorised invoices. In mid-2014, the then police commissioner refused to exercise a court-issued arrest warrant against the prime minister. O'Neill is also fighting this case in court. The case has led to factionalism within the police. The former police commissioner was replaced and sentenced to three years in prison for contempt of court. In addition, O'Neill defunded the Investigative Task Force Sweep, which had gained several major convictions, though many of its cases investigating alleged corruption are continuing. The fluidity of PNG's political parties, and the resulting shakiness of its governments, is notorious. In the hope of creating some stability, since 1991 the constitution has prevented a vote of no confidence for a 'grace' period of 18 months after a prime minister is elected. In 2013, O'Neill persuaded his well-funded MPs to extend the 'grace' period to 30 months.

This amendment was challenged as unconstitutional by then opposition leader, Belden Namah. In a unanimous decision on 4 September 2015, the Supreme Court found the 2013 restrictions on votes of no confidence were unconstitutional. The decision may be a case of the Court reasserting itself after the bruising it received in December 2011 and in 2012 when the O'Neill government twice defied the court's rulings that O'Neill's parliamentary takeover was unconstitutional and Sir Michael Somare was still legally prime minister. Two more ongoing legal cases could have a major impact on PNG politics in 2016. One case is an opposition challenge to the government's blocking of two attempted votes of no confidence in late 2015. Another pending case, led by MP Belden Namah, challenges the constitutionality of the incarceration without charge of nearly a thousand asylum seekers in PNG, who are held at the behest and expense of the Australian government. The detention arrangement receives little publicity in PNG but it is quite clear that the PNG government is reluctant to resettle more than a few of the hundreds deemed ‘genuine refugees’. The Australia–PNG regional processing centre on Manus Island has received widespread international criticism, especially at the UN Human Rights Council.

It is possible that the Supreme Court could rule the entire project unconstitutional — just as it did with Australia’s Enhanced Cooperation Program in 2005. If Namah’s case fails, there will be another constitutional challenge alleging human rights abuses at the detention centre led by lawyer Ben Lomai on behalf of over 200 asylum seekers. The PNG state — including the often undisciplined and violent police — lacks effective control of much of the country. O’Neill is under constant criticism for his government’s failure to deliver basic services and meet any of the UN’s Millennial Development Goals. O’Neill seems defensive and accuses critics of opposing the national interest. He has also moved to restrict international oversight, banning two Australian journalists and passing a government edict that requires all foreign advisers be contracted to and controlled by the PNG government as of 1 January 2016. There have been some tensions in relations with Australia, and the edict will likely rupture some aid programs.

PNG’s government rushed the 2016 budget through in November, and then adjourned parliament for four months. A vote of no confidence is possible until early August, but not likely — PNG politicians have a talent for withdrawing from the brink of crisis. Further, PNG is already gearing up for the 2017 elections. Opposition Leader Polye warned about early campaigning, saying ‘If these trends continue, I am afraid our country is on the verge of kleptocracy’. Despite the prevalence of ‘money politics’, some 60 percent of sitting MPs usually lose out in national elections. How PNG’s money politics plays out in the context of restricted funds and persistent legal challenges will help shape domestic politics in 2016. It could well be a turbulent year. *PNG politics after the boom is republished with permission from East Asia Forum.*

OK Tedi plans March return

The National, January 18th, 2016

By LUKE KAMA

THE OK Tedi Mining Limited is expected to resume operation in March, according to Treasury secretary Dairi Vele. He told The National that board members of the OK Tedi Mining Limited met last month and decided to resume operation in March. “In December, the board of OK Tedi held a meeting and came up with a decision that the mine to resume operation in March,” he said. OTML, the largest copper mine in the country, suspended operations on August 22 last year after drought conditions resulted in a decrease in the level of the Fly River. It affected the national economy and the Government revenue. Bank of Loi Bakani said the decline in the country’s economy was attributed to expected significant decline in the mining and manufacturing sectors as a result of lower international commodity prices and government spending.

“With lower international commodity prices including oil and the temporary shutdown of the Ok Tedi Mine, Government revenue is significantly lower than budgeted and will impact on public spending,” Bakani said last year. OTML managing director Peter Graham said in a statement last year that the reopening of the mine was dependent on the weather conditions in Western and areas along the Fly river catchment. “We are looking forward to restarting operations in OK Tedi just as weather permits,” Graham said. “Our target is February-March. “We will come back afterwards and we will come back as a stronger and longer company from the experiences of the long dry weather.”

New Zealand Green's objection to seabed mining

By Andrew Campbell, SunLive, 15 Jan, 2016

A combination of soft markets, mining companies' lack of environmental knowledge and local opposition will stop a seabed exploration application from going ahead, says Green Party MP Catherine Delahunty. Commenting on Pacific Offshore Mining's application for a five-year permit to explore for ilmenite – titanium ore, within 12,000 hectares off Waihi Beach, Catherine says one of the main hurdles facing seabed mining is the mining companies lack of knowledge about the effect mining operations will have on the seabed.

Pacific Offshore Mining has applied for exploration permit to mine an area of seabed off Waihi Beach, something Catherine Delahunty says should not happen.

"The real problem with exploration for minerals on the seabed is the potentially quite damaging processes to find samples. "If they found what could be minable samples, we would be in real trouble - I mean digging up the seabed and not just scraping along the top of it. "It's bad enough what's happening to the sea bed in terms of trawling but if you actually dig it up, we don't even know what is there that we are destroying. "We have got so little real understanding of the intricacies of what's in the seabed, then to destroy it to create the potential risk, it's just not worth even considering," says Catherine. "Given that this area is so important for recreational use and for future generations, we should just leave it alone and protect the environment. This coastal area is such an important are to so many people, I really think the company is wasting their time."

As well as ilmenite, the permit is seeking rights to iron sands, gold and silver deposits in same area of the seabed at depths of 20-50 metres. Ilmenite and ironsand deposits were previously been explored in the area in the 1970s and 1990s. An exploration licence would give Pacific Offshore Mining the right to identify mineral deposits and evaluate the feasibility of mining any deposits that may be found. Methods may include seafloor sampling, geophysical surveys, including magnetic surveys - either airborne or from a vessel - shallow drilling on average 10m beneath the seafloor, and bulk sampling with each sample being up to two tonnes. Because the area is within New Zealand territorial waters, Pacific Offshore Mining Limited requires the exploration permit from New Zealand Petroleum & Minerals, and a separate, resource consent from the Bay of Plenty Regional Council under the Resource Management Act before exploration can begin.

Other undersea mining applications on both the Chatham Rise and off the North Island east coast near Patea, both failed because the mining companies concerned were unable to supply information to the level required, says Catherine. In the Taranaki decision, the Environmental Protection

Agency panel wasn't satisfied the life-supporting capacity of the environment would be safeguarded by the ironsand mining operation, or that the adverse effects of the proposal could be avoided, remedied or mitigated, given the uncertainty and inadequacy of the information presented. "They don't know enough and they expect to be given permits to do exploration and potentially bulk sampling without even knowing what's there, and it's just completely unacceptable," says Catherine. "Even if they did know what was there, I think any environmental protection agency would have concerns, because it's a fragile food chain out there. You can't replace it. It's hard enough on land to restore land after mining. It's impossible under the water.

"There's no way you can do this stuff without doing damage, and that's probably why they couldn't provide sufficient information to the EPA, and why the other companies have been turned down." The mining industry is in decline world-wide at the moment, says Catherine. Prices are not high and the cost of exploration is enormous. "All the big companies, like Petrobras, have all pulled out of New Zealand – it's not happening," says Catherine. "The government tried to do these tender offers for all this offshore stuff and they have tried to promote it because it is their only economic plan. "But all the big companies have actually pulled out because it costs so much money to be able to even explore in deep water like we have off New Zealand, in rough water, and there is so much opposition that really it's not worth the time."

From a peak of about $US1800 an ounce in July 2011, gold has steadily declined in price and is currently about $US1000 an ounce. Ilmenite is a titanium mineral generally used in pigment production. Ilmenite prices trebled during 2011 from levels of about US$100 per tonne at the start of that year. Currently ilmenite prices are in the range US $100 – US$120/t. The ABC reported in October 2015 that a ground-based ilmenite mine in south-east Queensland laid off 18 workers as a price crash threatened the project. Canadian miner, Melior Resources, recommissioned the defunct Goondicum Mine at Monto North Burnett in April 2015, after it was mothballed by previous owners in 2013. The price had been falling for 18 months. Mine management admitted the company was wrong in its expectation that the price had bottomed out.

Tolukuma mine waste affecting locals

Luke Miria, Post-Courier via PNG Mine Watch, January 15, 2016

I write to appeal to the National Government of Papua New Guinea, through its ministerial arms of both mining and health ministries, about the Tolukuma mine in Central Province. For far too long, the people residing near the Angabanga catchment have suffered from mining activities. People residing beside the river have been using it for generations as a means of livelihood. The ongoing river pollution has put the livelihood of the people living downstream at risk. It is about time that the Government does a thorough investigation in collecting blood samples of the people affected and reveal the consequences imposed by the mine to the people. Furthermore, I urge the Minister for Mining, Byron Chan, to direct the mining company to dispose its waste responsibly and take heed of the people’s plight in compensating the damages it has done on both the environment and the people.

For instance, the Abiara Or Eke people have a high rate of unknown diseases which I believe is a result of mining pollution. This simple remote village entirely relies on its marine resources for survival. It is unfortunate that the future of this humble village is at the verge of losing its young generation as a result of pollution. Therefore to Kairuku-Hiri MP Peter Isoaimo and Central Governor Kila Haoda, please I urge you to continue fighting for our people until they receive what is rightfully theirs. I bet you history will always remember you for your deeds. I would also acknowledge Mr Isoaimo for his continuous support for this course and may, God-willing, you achieve your goal. To Environment and Conservation Minister John Pundari, Health Minister Michael Malabag and Mr Chan, we need your blessing for this worthy cause. Please address our plight.

Sovereign Wealth Fund a must for PNG

Post-Courier, January 14, 2016

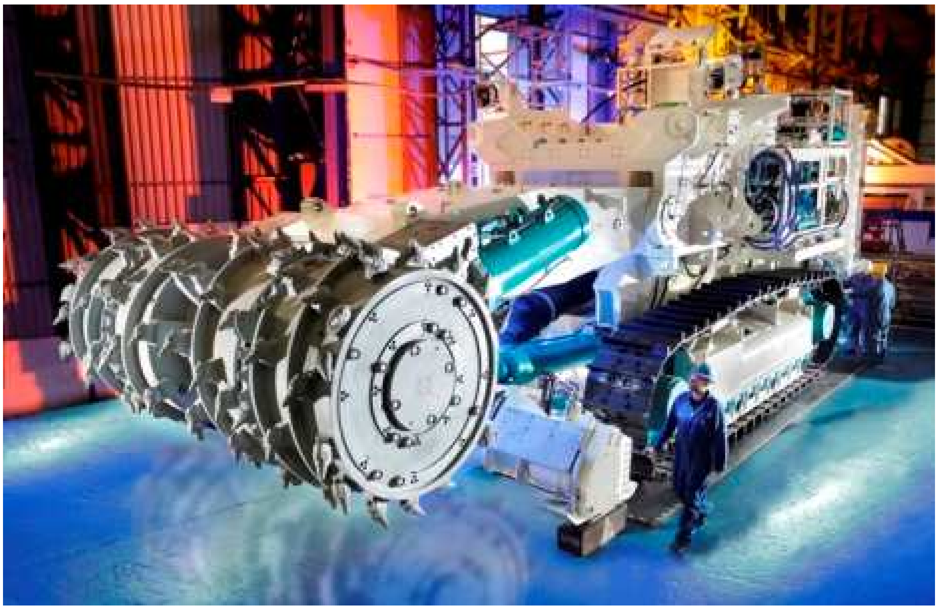
THE Sovereign Wealth Fund, although implemented late, is a must for Papua New Guinea.
This is the view from economist and director of the Institute of National Affairs Paul Barker when giving his outlook on the PNG economy for 2016. Mr Barker had reiterated what he and many commentators and economists have continually been stating about the country being over dependent only on a few economic activities. "The drop in commodity prices has highlighted the risks of being over-dependent on a few economic activities, and the need to both diversify and emphasis on those activities which directly generate employment and local income earning opportunities. "These income and earning opportunities and import replacement activities were handicapped by the resource curse and especially the Dutch Disease appreciation of the Kina, notably during the construction phase of the LNG project. "The SWF was aimed at countering that Dutch Disease effect," he said. Mr Barker said although the SWF was established too late for the last swing (in commodity prices), he stressed that it remained critical and must be put in place before the next swing which he added would come in the end and on short notice.

Other areas he said that ought to be made a priority in light of the challenges ahead in 2016 included the current lack of foreign exchange. "It is severely undermining many businesses especially smaller to medium enterprises which have less access to international credit or support. "This was an artificially created crisis which needs to be addressed by lifting or at least adjusting the impositions, especially in the absence or deferral of any immediate relief from international sovereign borrowings, at a time when PNG is not in the flavour of the financial market. "2015/2016 will not be an easy period and it will require adjustments, some which may continue for medium to longer term, indeed some of them will need to if PNG’s economy is to be put on a sound course for the future" he said.

Seabed-Mining Robots to Be Tested

Engineering360 News Desk, 13 January 2016

Nautilus Minerals plans to begin testing of sea-mining robots in the first half of 2016 that will ultimately be used to dig for copper and gold from the ocean floor off Papua New Guinea. The company has commissioned a Bulk Cutter, Collecting Machine and Auxiliary Cutter and now awaits completion of a production support vessel that will act as operational base for the mining of the Solwara 1 site, expected to begin in 2018.


Nautilus Minerals' Bulk Cutter. Image credit: Nautilus Minerals.

Nautilus has developed a production system using technologies adapted from the offshore oil and gas, dredging and mining industries to enable extraction of minerals at the site off New Guinea. The company says the site contains copper and gold of significantly higher grades than those typically found on land. Rock will be dug up on the seafloor by two large robotic machines that excavate material by a continuous-cutting process, not unlike those used for coal or other bulk continuous-mining operations on land. The Auxiliary Cutter (AC) is a preparatory machine that deals with rough terrain and creates benches for the other machines to work. It will operate on tracks and has a boom-mounted cutting head for flexibility. The second machine, the Bulk Cutter, has higher cutting capacity but will be limited to working on flatter areas and benches created by the AC. Both machines leave cut material in temporary positions on the seafloor for collection by the third machine, the Collecting Machine (CM).

The CM, also a large robotic vehicle, will collect the cut material by drawing it in as seawater slurry with internal pumps and pushing it through a flexible pipe to the Riser and Lifting System (RALS). The RALS comprises a large pump and rigid riser pipe supported from the vessel that delivers the slurry to the surface. The pump is supported on a solid vertical (riser) pipe suspended beneath the support vessel. On the deck of the Production Support Vessel (PSV), the slurry is dewatered. The dewatered solid material is stored temporarily in the PSV’s hull and then discharged to a transportation vessel moored alongside. Filtered seawater is pumped back to the seafloor through the riser pipes and provides hydraulic power to operate the RALS pump. Discharge of the return water at the seafloor eliminates mixing of the water column and is designed to minimize the operation’s environmental impact.

According to Nautilus, the Solwara 1 deposit, which sits on the seafloor at a depth of 1,600 meters, boasts a copper grade of approximately 7%. That compares with land-based copper mines, where the copper grade averages 0.6%. Gold grades of over 20 g/metric ton have been recorded in some intercepts at Solwara 1, which compare with an average grade on land of approximately 6 g/ton.
The PSV is under construction in China. When completed, it will measure 227 meters in length and 40 meters in width, generate approximately 31 megawatts of power and be able to accommodate up to 180 people. All the below-deck mining equipment will be installed in the PSV during the build process to minimize the work required following its delivery.

Sinivit Gold Mine: MP calls for river system check

Post-Courier, Januar 13, 2016

By GRACE TIDEN
THERE is a need to engage an independent team to carry out another assessment of the Warangoi river systems in East New Britain province. This is according to Pomio MP Elias Kapavore. He was responding to questions that were raised in regards to the idle Sinivit Gold Mine and what authorities were doing in terms of addressing environmental issues such as potential cyanide spillage from the mine site. Mr Kapavore said he had raised the matter on the floor of Parliament and Minister for Environment and Conservation John Pundari had assured him that the National Government would take over the responsibility and make sure the developer, New Guinea Gold Limited is brought back to clean up the mess at the site. Mr Kapavore also said according to the Minister, there was no evidence of any cyanide spillage from the mine site and that it was safe for people to use the river systems. The Baining Mountains where the mine is located is where most of the province's major rivers originate.

However, Mr Kapavore said there were people disputing the comments made by the minister and there was a need for an independent team to conduct another assessment to confirm if the rivers were safe to use. Mr Kapavore had also raised the issue during a recently ENB provincial assembly meeting in Kokopo. In response, ENB Governor Ereman Tobaining Jnr said they will have to seek legal advice on the matter. Mr Kapavore added that as a province, it was proper and wise to engage an independent team to carry out another assessment and he called for support from the provincial government. "The Sinivit Mine is still a disaster that must be addressed properly by both the National Government and the Provincial Government," he said. The mine was abandoned by the developer in October 2014. Meanwhile, the ENB Provincial Assembly had endorsed a submission to the Mineral Resource Authority last year to put a stop to any negotiations with investors in regards to the mine. The assembly also approved a request from the ENB Provincial Government to declare a State of Emergency on the mine to detoxicate the cyanide contamination and contain potential environmental pollution within the vicinity.

Stay away from mine site

Post-Courier, January 13, 2016

People residing near the closed Sinivit gold mine in East New Britain were told not to endanger themselves by entering the restricted mine site today. Since the departure of the project developer New Guinea Gold LTD in July 2014, the locals have taken the opportunity to enter this hazardous site, looting and vandalising the properties therein. Provincial administrator and disaster committee Chairman Wilson Matava said there are reports of dangerous chemicals leaking into the Waranoi River. The barriers of the 17 vats used to extract gold and other minerals were vandalised and looted thus leaving the people and the environment vulnerable to contamination. Matava said that they are trying to bring New Guinea Gold LTD back to clear the mine site. He also stated that the Mineral Resources Authority and Conservation and Environment Protection Authority are collaborating with the East New Britain administration to control the potential risk of environment contamination.

Former PNG PM Challenges Legality Of Mine Nationalization

Morauta asks court to declare Ok Tedi take-over unconstitutional

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Jan. 14, 2016) – Former Prime Minister Sir Mekere Morauta has started legal proceedings, in the Supreme Court of Papua New Guinea, seeking to have the Ok Tedi Tenth Supplemental Agreement Act 2013 declared unconstitutional and invalid. This is the Act through which the State expropriated PNG Sustainable Development Program Ltd's 63.4 percent shareholding in the Ok Tedi mine, and purports to give the State the right to restructure the company into a State entity. Sir Mekere has brought the case as a private citizen because he believes there are serious Constitutional flaws in the Act, and that it is harsh, oppressive and unjust. It is separate to the cases between PNGSDP and the State currently before the courts in Singapore and PNG. Sir Mekere said his decision to proceed with the case was based on his rights as a citizen to ensure that the laws of Papua New Guinea are fair and reasonable and comply with the Constitution. "My experience as an economist, a businessman and former Prime Minister tells me that there are many things seriously wrong with the Act, and that it is having very damaging consequences," he said

"The Act is a law that is not reasonably justifiable in a democratic society having proper regard for the rights and dignity of mankind." Sir Mekere said he had decided to act now because the State has once again failed to agree to a negotiated settlement of the dispute. He said the Act offends a number of sections of the Constitution, especially Sections 38, 39 and 41 which deal primarily with legal rights and freedoms, whether laws are reasonable and justified or whether they are harsh, oppressive and unwarranted. It also contravenes the UN Universal Declaration of Human Rights, which states that "everyone has the right to own property alone as well as in association with others" and that "no one shall be arbitrarily deprived of his property".The Constitution states that a PNG court may take this into account in deciding the constitutional validity of laws.

New Caledonia Truckers Call For Talks About Nickel Strategy

Group unhappy discussions to take place in Paris

WELLINGTON, New Zealand (Radio New Zealand International, Jan. 12, 2016) – New Caledonia's truckers have called on the president to convene talks about the future of the nickel sector which is the backbone of the territory's economy. In a letter to Philippe Germain, the truckers' group has given him until Friday to respond to its request for such talks, warning that if there is no reply, strong measures are envisaged. Last year, the same group blockaded much of the territory for weeks in protest at the government's refusal to allow for the export of low-grade nickel ore to China. The group says it again wants the president of the pro-independence Caledonian Union, Daniel Goa, who was a mediator last year, to be at the talks called for now. Discussions have been planned in Paris for early February when the signatories to the Noumea Accord will meet to discuss the nickel strategy. The truckers, whose livelihood depends on mining activity, say they regret that the discussions are scheduled to go ahead outside of New Caledonia.

Give equity at a cost to groups, Somare tells government
The National, January 12th, 2016

EAST Sepik Governor Sir Michael Somare has called on the Government to give equity at a cost to beneficiary group landowners for the Papua New Guinea LNG (liquefied natural gas) projects. Sir Michael acknowledged a government statement last week that the 4.22 per cent equity option of US$19 billion (K56 billion) PNG LNG project for the beneficiary group landowners 'is safe and guaranteed'. Sir Michael said as per the 2009 umbrella benefit sharing agreement (UBSA), set up under his term, the beneficiary group landowners could exercise their option to acquire 4.22 per cent equity in the PNG LNG project. This option has become available from January 1 this year and this 'window' remains open for six months until June 30.

"I am confident that beneficiary group landowners can raise the money needed to acquire the 4.22 per cent in the PNG LNG project owing to the fact that there is a cash build up because of the benefit streams that is still due to them by Government through the project," Sir Michael said. "Since no royalties, levies, or free equity payments have been made since first shipment in 2014, the Government should allow the beneficiary landowners to acquire the 4.22 per cent at cost as the law does not allow them to acquire it for free. "This seems a fair option due to the fact that the internal processes of the Government is the cause of the delay in no landowner payments to date, yet an estimated 150 ships have left our shores since December last year."

State ready to help LNG project landowners
The National, January 12th, 2016

The Government stands ready to help landowners with their 4.27 per cent equity in the PNG LNG Project, Prime Minister Peter O'Neill said yesterday. He said the onus was now on the landowners to raise the money and pay the Government at an agreed price. O'Neill said the asking price of US$240 million per share was given by the landowners themselves at the Umbrella Benefits Sharing Agreement in 2009. "Given that the oil prices have collapsed, there may have to be some discussions around that," O'Neill said. "All those prices were given to us by the landowners and the negotiation team. "We have to go back to historical events, we have to go back to real discussions that took place, but it is not the Government's intention to go and negotiate for them to pay us. "It is up to the landowners and their advisors, but if I were them, I would be asking government because government, with a sovereign standing, has better ability to come up with cheaper funding for them to buy the shares from Government.

Landowners concern over mining surveys
Post-Courier, Jan. 12, 2016

Landowners from Central Inland Pomio have expressed disappointments over an exploration mining company that is currently carrying out surveys on their land over mining prospects. Ballygowan Limited is one of the many exploration companies that have carried out surveys at Central Inland Pomio for the Ora Mine. Pomio MP Elias Kapavore is standing firm with his people to support them and their decision over the Ora mine and the granting of exploration license. Mr Kapavore said the landowners have expressed their disappointments over the lack of consultations between the landowners and the company over the Ora mine area. He said he will be writing to the office of the Prime Minister as well as the Minister for mining to stop further discussions on these mining activities.

He added that his people needed more consultation and awareness on the environmental impacts plus the conditions on agreement if this company is granted licence. The landowners want more consultations with the mining company and they also want to see previous reports from past companies who have also surveyed the area. Mr Kapavore said from previous experiences, companies have been flying in helicopters into the area conducting fast surveys and spending between 15 to 20 minutes with landowners and leaving for good. A warden’s hearing has been set for the end of the month for landowners together with the company to get together and talk over issues of concern over Ora mine. Speaking on behalf of the landowners, the Pomio MP said they are not happy with the way the mining company is fast tracking the surveys to allow for the exploration licence to be issued by the Department of Mining. He strongly called for the hearing to be cancelled.

The mining company is also the same company that is applying for an exploration licence for the Sikut mine in the Sinivit LLG. The MP together with the landowners have requested for Ballygowan Limited not to go ahead with the warden’s hearing at the end of January. The warden’s hearing is arranged for the landowners to come together with the mining company to air their views on the mine issue, however, landowners are not at ease for this to go ahead. Mr Kapavore said the people of Pomio have learnt their lesson with the Sinivit Gold Mine and they do not want to repeat the same mistakes, without making proper consultations at the initial stages of the mine. He said he is supporting the decision of his people and will stop such companies who have not done proper consultations with the landowners to exploit their resources.

PNG PM: People Of Bougainville To Determine Future Of Mining

Autonomous region should decide if Panguna will reopen

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Jan. 12, 2016) – Prime Minister Peter O’Neill, who is now the Minister responsible for Bougainville Affairs, said the people of Bougainville will determine how they want the Panguna mine to be reopened. Speaking at the Cabinet reshuffles yesterday, Mr O’Neill said that although the Government owns 20 per cent of Bougainville Copper Limited, it will not change any decision. "I did not change any talk. We will only wait for the people and the Government. If they do not want the mine to reopen then we have to respect their decision." He said the people and the autonomous government were the only ones to decide on the future of Panguna. The PM stated that BCL still has cash and assets remaining and that his Government decision is final and will not let the people down. His aim is not to talk about referendum, independence or Panguna mine but his aim now is to improve the facilities in the region.

Mr O’Neill said so far his Government has committed a lot of money to fix the province and allow the peace process to progress. A lot of changes were taking place in Bougainville like the sealing of all trunk roads, building of bridges, improving and reopening hospitals, bringing back and establishing the state owned enterprises back to the province and building classrooms like the classroom at Panguna with an aim to allow the children to go to school. "I’m not interested in reopening the mine. I want the peace agreement to be completed by working with the leaders of ABG and the people of Bougainville. "We have invested a lot to open up key infrastructure in Bougainville therefore as Prime Minister, I will be responsible for Bougainville Affairs," Mr O’Neill stated. He reiterated that he had to make the changes (the minor cabinet reshuffle) because of Bougainville," he said.

Porgera mine sends first shipment to china
The National, January 11th, 2016

BARRICK Niugini Limited says its Porgera gold mine in Enga has sent its first shipment of the pyrite concentrate to smelters in Lingbao, China. The vessel Macau Trader carried about 932 dry metric tonnes or about 1006 wet metric tonnes of the pyrite concentrate from the Lae port. The concentrate export project cost around US$6.2 million (K17 million) to construct. The exports would continue on a fortnightly basis to clients of American company Metallica Commodities Corporation and Swiss-owned Cliveden Trading AG. Barrick's senior metallurgist Toke Kewe and concentrate export project manager Peter Colvin confirmed the shipment. BNL has a 30-month to 36-month contracts with MCC and Cliveden subject to reviews every 12 months.

The export of a high-grade concentrate will allow stored low-grade concentrate to be reclaimed and processed through the autoclaves. "Our aim is to produce and export four 23-tonne sea containers per day with a moisture content of less than 10 per cent," Kewe said. The concentrate export plant at the Porgera gold mine was commissioned last December. The first sea container of concentrate left Porgera site on December 31 on a truck. BNL supply manager Rodney Holmes was on hand to ensure the process proceeded safely and efficiently. The Porgera Gold Mine is a large gold and silver mining operation in Enga. It is located at the head of the Porgera Valley. The mine is situated in the rain forest covered highlands at an altitude of 2200 to 2700 metres, in a region of high rainfall, landslides, and frequent earthquakes. Mine operations began around 1990.

O'Neill: Govt has no interest in Panguna
Post-Courier, January 11, 2016

By GORETHY KENNETH
PRIME Minister Peter O'Neill has reiterated that the Government has no interest to own the Panguna Copper Mine on Bougainville. He also reiterated that the decision to re-open Panguna mine will be up to the landowners and the people of Bougainville. There have been suggestions that the Government is keen to buy 53.38 per cent Rio Tinto's shares in the Australia firm Bougainville Copper Limted. "The National Government is committed to improving the delivery of basic services to the people of Bougainville as a top most priority of our Government. "Recent decisions, including rebuilding the main roads including Kokopau to Arawa, and to Buin and the awarding of contracts, are clear examples of this commitment.

"The restoration of the Aropa Airport, ceiling of the Buka town road and Arawa roads are important ongoing investments. "As I stated in Arawa and in Panguna, the National Government is not interested in talking about anything else including the opening of the Panguna mine. "In all of our meetings with the ABG these issues have been openly discussed between the leaders and my position has not changed. "There has been some discussion between the ABG, the National Government and Rio Tinto about the possible divestment of Rio Tinto's interest in Bougainville. "But again, this is a decision on which the landowners and the people of Bougainville will have to guide the National Government. "We have no interest in owning the mine or reopening the mine. We will remain focused on delivering the better education and healthcare, rebuilding infrastructure and improving the economic opportunities of people on Bougainville," Mr O'Neill said.

Panguna mine: PNG attempt to buy Rio Tinto's shares in Australian mining company 'completely unacceptable'
By South East Asia correspondent Liam Cochrane, Radio ABC Australia, 9 January 2016

Bougainville President John Momis labels an attempt by the PNG Government to buy Rio Tinto's shares in the Australian-owned BCL mining company as "completely unacceptable".

Key points:

- Leaked emails show PNG, Bougainville governments met with Rio Tinto to discuss future of Bougainville Copper Limited
- PNG expressed interest in buying Rio Tinto's shares of BCL
- Bougainville President says Panguna mine's tortured history would make such a deal unacceptable to Bougainvilleans

The Panguna mine, once operated by BCL, remains a source of tension between Bougainville and the PNG mainland. (Credit: AAP)

The Papua New Guinea Government wants to buy Rio Tinto's shares in the Australian company Bougainville Copper Limited (BCL), according to Bougainville's President. Such a move would be "completely unacceptable" to Bougainvilleans and would be "potentially a source of conflict", according to a series of leaked letters obtained by the ABC. BCL once operated the Panguna mine, which sparked a decade-long civil war in 1989 and remains a source of tension between the autonomous island of Bougainville and the PNG mainland. Rio Tinto holds 53 per cent of shares in BCL and the company still holds an exploration licence for the now-derelict mine area. The ABC has obtained correspondence between the Autonomous Bougainville Government (ABG) President, the PNG Government and Rio Tinto regarding BCL's future. "I refer to the Monday 8 December discussion in Kokopo with you [PNG Prime Minister Peter O'Neill], and other ministers concerning proposals for National Government to purchase Rio Tinto's equity in BCL," Bougainville President John Momis wrote to Mr O'Neill, two days after the meeting. "You emphasised a need for urgent purchase for fear Rio Tinto might otherwise sell the equity to some other entity."

Given the tortured history of the Panguna mine it would be completely unacceptable to virtually all Bougainvilleans if that 53 per cent equity were to be transferred to the National Government. Bougainville President John Momis

He also voiced concerns in a separate letter to Rio Tinto's managing director Sam Walsh. "[PNG State Enterprises] Minister Ben Micah has advised that following a series of meetings with Rio Tinto, PNG wishes to purchase Rio's equity in BCL and is seeking ABG agreement," Dr Momis wrote on December 4. It is no secret the mining giant is considering its options, launching a review of its stake in BCL in mid-2014. On December 10, Rio Tinto's chief development officer Craig Kinnell assured Dr Momis that no deal had been done. "The review has not reached any final conclusions, but as you would expect Rio Tinto has engaged further with interested parties since we met earlier this year," Mr Kinnell wrote to Dr Momis. The PNG Government said its main priority was to re-build Bougainville's broken infrastructure and deliver services, but confirmed it was involved in talks about a sell-off. "There has been some discussion between the ABG, the National Government and Rio Tinto about the possible divestment of Rio Tinto's interest in Bougainville," Mr O'Neill told the ABC.

It would be political suicide for the ABG, and potentially a source of conflict, if the ABG were to agree to the National Government becoming the majority shareholder in BCL.
Bougainville President John Momis

"But again this is a decision on which the land owners and the people of Bougainville will have to guide the National Government. "We have no interest in owning the mine or reopening the mine." Dr Momis has warned Mr O'Neill of the possible consequences of a deal that was perceived to favour the mainland. "Given the tortured history of the Panguna mine it would be completely unacceptable to virtually all Bougainvilleans if that 53 per cent equity were to be transferred to the National Government," he said in a letter to Mr O'Neill. "It would be political suicide for the ABG, and potentially a source of conflict, if the ABG were to agree to the National Government becoming the majority shareholder in BCL." The suggestion of conflict is a serious one, considering the large number of weapons still on the island and the highly factionalised population.

Questions over why PNG Government wants the mine
The once-lucrative open cut mine has been abandoned for more than two decades and will need an estimated $8 billion to $10 billion investment to restart operations. Some commentators, including Matt Morris, an associate with the Australian National University's Development Policy Centre, have questioned PNG Government's interest in Panguna, given the nation's current financial state and its poor track record managing other mines. "I think the main questions are why does the Government want to buy the mine, what is the value added that the PNG Government would bring to a shareholding in BCL and thirdly what would be the political implications?" Mr Morris told the ABC. "The last year has been a pretty awful year for the PNG Government's finances with the collapse of the commodity prices and that's led to rising debt levels and the PNG Government's had to cut back on expenditure for things like health and education and infrastructure. "So it's not really clear how the Government would go about finding the funds to purchase the company or where it would find or borrow the billions of dollars that would be required to reopen the Panguna mine."


Photo: John Momis says it would be 'completely unacceptable' for the PNG government to buy BCL.

In addition to operational costs, any restart at Panguna would have to deal with demands for compensation from locals and expectations of an environmental clean-up around the mine site. But the potential revenue it could bring is central to Bougainville's political future. As part of the peace agreement that ended the civil war in 2001, Bougainville will hold a referendum on independence from PNG some time in the next five years. Dr Momis told Bougainville's Parliament in December that "real autonomy" would only come when the island became financially stable and that would probably mean a large-scale mining project. "If Rio's decision is to divest itself of the equity then the ABG's considered view is that it is most unlikely that any potential responsible developer will be able to find the $US6 billion to $US7 billion needed to reopen the mine," he said. "It is therefore most unlikely the mine will reopen in the foreseeable future."

Pacific Offshore Mining eyes Bay of Plenty seabed

FAIRFAX NZ, stuff.co.nz, 8 December 2016

A pending application to carry out mining exploration off Waihi Beach could see 12,00 hectares sampled for ilmenite, gold, iron and silver.

A company intending to mine the seabed off Waihi Beach should know within about two months whether they have the go-ahead to explore below the surface. Auckland-based company Pacific Offshore Mining (POM) has applied for a five-year permit to explore for ilmenite – a titanium-iron oxide mineral – within 12,000 hectares along the Bay of Plenty's East Coast. As well as ilmenite, the permit would allow exploration rights to iron sands, gold and silver deposits in the seabed at depths of 20-50 metres. The application area runs parallel to Waihi Beach down to Bowentown, and starts about two kilometres offshore.

NZ PETROLEUM AND MINERALS/LINZ, Pacific Offshore Minerals has applied for an exploration permit for ilmenite, a titanium-iron oxide mineral, off the coast of Waihi Beach.

No offshore exploration permits currently exist along New Zealand's East Coast. The application has been met with fierce opposition from the Green Party and environmental groups, who are promising to fight for the seabed. "We'll fight them on the beaches, we will fight them on the water, and we will do whatever it takes," said Green MP Catherine Delahunty, who's based on the Coromandel Peninsula.

Green MP Catherine Delahunty, pictured at a seabed mining protest in 2013, has criticised the seabed mining application. "Give up now," she said. "This is not going to be worth the money they are going to waste." The company has an active minerals prospecting permit for 215,700ha – which means it can carry out mapping, hand-sampling and aerial surveys.

An exploration permit is the next step towards full-scale mining, and allows for bulk sampling, drilling and mine feasibility studies. Even small scale exploration has the potential to cause damage to the marine environment, she said. "Exploration in the seabed is very technical, it's not like land mining. You're going to have to go into the marine environment, and really they should not bother. "Economically, it's far more valuable what we have with a beautiful coastline than if we allow some company to come in and have an attempt at something that's both technically difficult and environmentally unsustainable." Coromandel MP Scott Simpson was keeping an open mind on the application, saying it was too early to take sides. "It's a very long process and strictly regulated. "My first thought is just that we have a very rigorous and controlled environmental regime that has multiple steps along the way. "I think it pays to assess the proprietor on their merits rather than kneejerk up to everything. "The vast majority of applications come to nothing." Community group Coromandel Watchdog did share his sentiments, which couldn't understand what the company was looking for. "Waihi Beach is a totally inappropriate place for seabed mining and we oppose any further degradation of the coastline in Coromandel," spokeswoman Ruby Powell said.

FAIRFAX NZ


CAMERON MASSEY, National MP for Coromandel Scott Simpson.

The group can't fight the exploration permit – this can only happen if the company applies for marine consent later down the track. "The first step for us is making sure we are ready to be engaged in the democratic process." Pacific Offshore's parent company, Cass Offshore Minerals (CASS), already has active permits on the West Coast in the Taranaki Basin, under Ironsands Offshore Mining Ltd. Neil Loftus, chief executive for POM and majority shareholder for CASS, did not respond to requests for an interview. A decision on the permit is expected in "a couple of months", said minerals national manager Ilana Miller for New Zealand Petroleums and Minerals. But even if the permit is granted, the company would also need resource consent from Bay of Plenty Regional Council before it could start exploring, Miller said. The application has prompted concern from Raglan-based group Kiwis Against Seabed Mining (KASM), who have called for a moratorium on seabed mining. "This is the kind of thing the government is trying to encourage," said KASM spokeswoman Cindy Baxter. "It's a ridiculous notion to have half the New Zealand seabed dug up." "Pacific Offshore Minerals is buying into a a big fight," Baxter said.

WHO ARE THEY?
Pacific Offshore Mining's parent company, Cass Offshore Minerals (CASS), is controlled by three directors – Andre Homberg, Neil Loftus and John Vincent. CASS is registered as a New Zealand company and has 1,665 investors and nine shareholders. New Zealand-based Loftus owns 72.8 per cent of the company's 34.6 million shares. 12.3 per cent is owned by Caldecott Resources Ltd, which has five shareholders, all in Malaysia and Singapore. One of Caldecott's shareholders, Singapore-based George Wong, also owns a direct 5 per cent stake in CASS. 5 per cent is owned by a second Singapore-based shareholder, Happy Sim. The remaining 4.9 per cent is split between Australian-based Honan Investments Pty Ltd and New Zealand-based companies Cre-active Investment Ltd and Tasman Capital Ltd. POM was formed specifically to "explore and develop" mineral deposits in the East Coast, according to the CASS website. CASS has labelled the waters off New Zealand an "an untapped mineral resource target of unprecedented scale".

IMF welcomes govt’s effort to set Sovereign Wealth Fund
Post-Courier, January 08, 2016

BY GORETHY KENNETH
THE International Monetary Fund has welcomed the Government’s efforts to set up a Sovereign Wealth Fund (SWF) and supports plans to activate the fund soon. The Fund emphasised the need to channel resource revenues from the fund through the Budget to ensure transparency and accountability. IMF directors called for greater exchange rate flexibility, and generally saw scope for further depreciation, to safeguard external buffers and eliminate imbalances in the foreign exchange market, supported by tight fiscal and monetary policies. "It is important to ensure that the proposed SWF is adequately resourced and effectively managed," the directors said in their annual report. "The final stage of the legislation has been approved by the Cabinet. ‘‘Ensuring that all resource revenues flow through the Budget will help to improve transparency and better target national priorities for resource revenue use," they said.

They noted that Kumul Trust, which will consolidate the Government’s interests in petroleum, mining, and other State-owned enterprises, under three holding companies, should be designed to ensure that transparency and efficiency of public investment are enhanced, with governance structures that can support the achievement of stated corporate goals. Continued commitment to implementing the Extractive Industry Transparency Initiative (EITI) will also be important, the directors said. "The SWF should be put into operation as soon as practicable. It is important to ensure that all public resource revenues are channeled through the budget. This would improve transparency and better target national priorities for resource revenue use and is consistent with the SWF’s role in macroeconomic stabilization and wealth sharing. "They agreed that the exchange rate should be allowed to move more quickly to a market-clearing rate, and that the authorities should mop up excess liquidity to strengthen monetary policy effectiveness.

Calls for transparency on resource extraction

Post-Courier, January 08, 2016

CALLS have been made to the Government and the extractive industry for greater transparency through the disclosure of information related to the value chain of the country's natural resource extraction. The calls are from the PNG Resource Governance Coalition. PNGRGC coordinator Martyn Namorong said the people of Papua New Guinea had the right to know about the exploitation of their resources. And he said there must be a greater transparency about information on contracts, licences, production values, environmental and social impact data and data regarding payments made by government and industry to various parties. "Informing communities about the importance of knowing their rights to resource projects and benefit sharing is especially important for all citizens, including women, children and the marginalised, but that is only possible if state agencies and the industry provide quality data and contextual information through the Extractive Industries Transparency Initiative (EITI)" Mr Namorang said.

The EITI is a voluntary, global effort designed to increase transparency, strengthen the accountability of natural resource revenue reporting, and build public trust for the governance of these vital activities. It forms part of the Government's efforts to achieve progress towards the National Government's vision put forward in 2015. PNGRGC is leading the charge representing the Civil Society and helping to secure concrete commitments from governments, resource owners, companies and the civil society in PNG to improve natural resource governance so that Papua New Guineans see their natural resource wealth being translated into sustainable human development. The Secretariat hosted and attended a series of activities locally and abroad since September 2015 with the hope of forging partnerships with the civil society organisations, community members, the Government and the private sector organisations to ensure communities receive long-term benefits from resource projects. In December last year, Mr Namorong and other members of the coalition attended two capacity building meetings on resource governance in the Asia Pacific in Fiji on December 1-2 and Philippines December 4-10.

Warning of volatile situation in Tari

The National, January 7th, 2016

By MALUM NALU
HELA acting provincial administrator William Bando says there is a "very-explosive" situation on the ground which the Government must address. He said it did not augur well for LNG-rich Hela and the country at the beginning of 2016. "We have a very explosive situation on the ground," Bando told The National. "It's a worrying start for the new year. For me, every day I drive a kilometre or so, I start questioning myself (whether) I am safe to go here, to go there," he said. "How can you live and work in an environment like that? And what do I get? What do public servants get as a result of what we do? "Risking ourselves and travelling to places, especially when we are locals ourselves. No one is going to come and solve the problem. The problem has to be solved by the people themselves. "Police have got to go in with full force, and return fire for fire. It's a wild west." Bando said he drove for eight hours from Koroba to Mt Hagen last Sunday to catch a flight to Port Moresby.

"As I drove into Nipa, I could sense that the environment was different. You see women and children walking peacefully in the early morning. You come into Mendi, you feel even different, and Ialibu is even better," he said. "Whereas in Tari, even the women now carry bush knives around." Meanwhile, Bando said there were uncompleted projects in Hela despite it being the "richest" province in the country. "We've got too many unfinished projects," Bando said. "A lot of our money is held up in the courts. Our landowners are in court, our leaders are in court, everybody's in court.

I'm in court. "I don't know how many other provincial administrators are frequenting the courts like I am. "How many provinces in the country are there where the administrators are questioned by the people themselves? "In a way, it's good, because it keeps us on our toes." Bando said there were a number of ongoing infrastructure projects which he hoped to see completed in 2016. "These can only be completed when there is funding," he said.

New Caledonia Nickel Company Asked To Appear Before Congress

SMSP Head alleges politicians know little about industry

WELLINGTON, New Zealand (Radio New Zealand International, Jan. 6, 2016) – A New Caledonian party has invited the head of the SMSP nickel company Andre Dang to discuss in Congress the company's financial situation. The anti-independence Republicans issued the invitation in a statement after Mr Dang said he regretted that some politicians had so little knowledge about SMSP and therefore kept telling lies. SMSP is owned by the mainly Kanak northern province whose leadership is pro-independence. Last week, the Republicans refused to approve the 2016 budget which granted SMSP tax concessions worth 26 million US dollars. They warned that they might test the budget provision in court because it was legally flawed. The party says Mr Dang should explain SMSP's situation to the Congress once an audit of the company has been done. In an interview with the local daily on Tuesday, Mr Dang said the criticism was political because with SMSP, the Kanaks have succeeded in setting up nickel plants with him as an ethnic Vietnamese at the helm.

[*PIR editor's note: On Jan. 6, 2016 RNZI* reported *that 'Nickel producers in New Caledonia have suffered setbacks amid this week's massive stock market decline in China. … New Caledonian media have collated figures, showing that the key stake holders lost up to 5.3 percent of their share value. … The companies, Eramet, Glencore and Vale, have huge investments in nickel plants but all operated at a loss last year estimated to total about one billion US dollars. … The price of nickel on the London market however has seen a modest rise after last year's huge slump.'*]

Barker: Government must focus on real priorities

Post-Courier, January 06, 2016

THIS year will be a challenging one for the country and the focus will need to be on "battening down the hatches and cutting back on waste and extravagant or over-priced projects." This is from economist and director of the Institute of National Affairs Paul Barker. Mr Barker was responding to questions put to him by *Post-Courier* on his outlook for 2016. He said as the country moves into the New Year, focus should be on real priorities for which the Government exists - being the people and economy. The priorities include maintaining basic infrastructure, providing reliable law and order, education and health. "These would be enough of a challenge in themselves, considering the very run down state of much of Papua New Guinea's institutions," he said.

Other commentators including former government advisor Paul Flanagan and the International Monetary Fund had also warned of challenges ahead in 2016. He had in his latest review article on East Asia Forum hailed 2016 as the year of "Crisis Management". He urged the need for focus on priorities that mattered to the people and highlighted agriculture as one of them, stressing that this should be given more focus rather than the resource sector. "Around 80 per cent of PNG's population still depend on subsistence agriculture. From 2003 to 2015, real per capita growth rates in the agriculture sector averaged only 1.1 per cent per annum — one-third of the growth rate of other non-resource sectors," he said. IMF on the other hand had in its outlook and risks stated that medium term growth is expected to converge to about 3 per cent supported by the agriculture sector and preparations for the hosting of APEC 2018.

"The Government plans to spend K3 billion over 2015-2018 (this includes upgrading of the airport). Thus, 2018 will see a winding down of construction activity, with overall growth projected to slow down to 1½ per cent in 2018 and stabilise at 3 per cent over the longer term. "Inflation is expected to stabilise at around 5 per cent, which is in line with its ten-year historical average, as imported price inflation remains stable and domestic agricultural supply continues to expand. Bank authorities had further concurred that longer-lasting drought caused by El Niño could prolong a temporary mine closure and worsen a poor harvest of crops.

Economic boom to fiscal crisis

Post-Courier, January 05, 2016

The 2016 financial year will be one of crisis management for Papua New Guinea

By GLORIA BAUAI

THE 2016 financial year will be one of crisis management for Papua New Guinea, says economist Paul Flanagan from the Australian National University. This is outlined in Mr Flanagan's year review article on The East Asia Forum. In this article he compares 2016 to 2015, a year he describes as the year of economic boom; which started off well and finished not as expected. He says 2015 started with the view of PNG having the highest gross domestic product growth rate in the world at over 21 per cent, but finished in crisis management and cash shortages instead. While Flanagan states a number of reasons for this situation, he said a more complex answer to what went wrong was based on the tendency of PNG's political leaders to focus too much of its hopes on the resource sector rather than its people. "Like in the 1990s, the Government started spending up big before actually receiving any revenues from major new resource projects. PNG's budget deficit levels reached 9.5 per cent of GDP in 2013 and 8.6 per cent – the highest deficits in its history," he said.

In addition, he also said the overly simplified short-term answer was to blame the fall in oil prices. He says he observed that the PNG LNG project is functioning better than planned and export volumes are booming; despite this being an opportunity for PNG to improve its international credit rating. Watchdogs Moody's and Standard and Poor's had consequently moved PNG onto a negative watch list. Flanagan goes on to say that greater focus on improving the performance of the agriculture sector would do much more for the people of PNG than a focus on the resource sector. "Around 80 per cent of PNG's population still depends on subsistence agriculture. From 2003 to 2015, real per capita growth rates in the agriculture sector averaged only 1.1 per cent per annum — one-third of the growth rate of other non-resource sectors," he said. He also noted earlier on in the article that extensive currency controls are hurting businesses and undermining their growth. "Local businesses are facing major drops in sales and most believe the outlook will not improve in 2016. "The high exchange rate is possibly the most important policy instrument that undermines incentives for growth."

Going forward in the year, Flanagan outlined a number of areas to manage. "A harder path politically would require a more balanced and realistic approach to PNG's medium-term development. A lower, market-based exchange rate would improve the incomes of agriculture exporters and import-competing industries, as well as boost the prospects for foreign investment. " The revenue base will need reinforcement and tax reform proposals suggested by the Government's recent tax review need to be embraced. The expenditure focus should be on effective implementation and fighting corruption. "The easy option will be to talk up the foreshadowed major Papua LNG project. Providing generous tax concessions will help get the project underway. "And the investment stage of such a project could start injecting cash into the economy by the time of the 2017 election. But such resource tax concessions are part of the reason for PNG's current fiscal problems." Wages and competition policies also need to support longer-term growth. "PNG has muddled through similar crisis in the past. But on each occasion, there has been a change of Prime Minister and an international assistance package. "PNG has great prospects, but slow policy responses and a growing number of poor policies hinder its outlook. Yet, given the politics, it is unlikely that PNG will benefit from the leadership required for making the tough decisions rather than taking the easy way out," he said.

IMF projections for PNG

Post-Courier, January 06, 2016

BY GORETHY KENNETH
A RECENT International Monetary Fund report gives credit for Papua New Guinea's economic growth but cautions on debts level and urges improvement on quality spending. The report said despite a good outlook for 2016 the country should promptly implement structural reforms to diversify the economy, boost growth and improve the country's debt profile. "Papua New Guinea's PPG external debt remains at low risk of debt stress," the report said. "However, the overall risk of public debt distress has remained heightened, given the rising stock of public domestic debt in recent years. "Contingent and non-contingent liabilities significantly increase the public debt burden, and a failure to consolidate the fiscal position would result in unsustainable debt dynamics. "The government needs to bring the public debt on a downward trajectory over the medium term, while focusing on improving spending quality to make the most out of a restrained resource envelope in meeting the country's development needs.

"The terms and conditions of all loans including the UBS loan should also be published to ensure fiscal transparency and debt sustainability. Going forward, a planned debut sovereign bond issuance should be used to improve the debt profile and terms and cover existing commitments rather than finance new projects," it said. IMF executive directors commended the authorities for achieving impressive economic growth in recent years. They said while growth remains robust this year, the sharp drop in commodity prices and slowing growth in non-resource sectors has adversely affected fiscal and external sector performance and poses challenges going forward. Against this background, directors stressed the need to maintain prudent macroeconomic policies to ensure debt sustainability and safeguard the external position.

They also encouraged prompt implementation of structural reforms to diversify the economy, boost growth potential, and promote inclusiveness in the longer run. The directors agreed that strong fiscal consolidation is needed to keep the government debt-to-GDP ratio on a downward trajectory over the medium term, while safeguarding key social outlays. They stressed the importance of strengthening expenditure prioritisation and public financial management, as well as developing a medium-term debt management strategy. Directors also welcomed the government's efforts to set up a Sovereign Wealth Fund and supported their plans to make the fund operational soon. They emphasized the need to channel resource revenues from the fund through the budget to ensure transparency and accountability.

Oil spill fears in PNG waters

Post-Courier, January 06, 2016

Officials in Papua New Guinea's East New Britain province fear a ship that ran aground last month may be leaking oil. The MV Kimbe Queen struck a reef near Talele Island, near Rabaul, on the 23rd of December. About 60 people had to be rescued from the ship, which ran aground about 50 metres from the Talele Nature Reserve. A spokesperson for the provincial disaster management office says rainy conditions have prevented a team from being able to inspect the ship, but there is the threat of an oil spill. The spokesperson said that crews were hoping to resume work around the wreck this week given weather conditions improve.

From economic boom to crisis management in PNG
By Paul Flanagan, DevpolicyBlog on January 5, 2016

Papua New Guinea (PNG) is a land of contrasts. 2015 started with the prospect of PNG having the highest GDP growth rate in the world at over 21 per cent. It finished in crisis management and cash shortages. PNG proudly celebrated its 40th anniversary of independence, hosted a successful yet expensive Pacific Games and its prime minister strode the world and regional stage. But the 2016 Budget, rushed through Parliament in November given a looming vote of no-confidence, introduced even more extensive expenditure cuts than Greece has endured. Extensive currency controls are hurting businesses and undermining growth. Local businesses are facing major drops in sales and most believe the outlook will not improve in 2016. Newspaper stories report shortages of government cash. Funding is not being paid to urgent medical programs, there are uncertainties as to whether public servants will be paid, teacher entitlements are being deferred and superannuation contributions are not being deposited. A sovereign bond was the planned solution to these cash flow problems but it has been put on hold until the middle of 2016, reportedly due to a lack of market interest.

The new PNG LNG project is functioning better than planned and LNG export volumes are booming. This should have been an opportunity for PNG to improve its international credit rating. However both Moody's and Standard and Poor's have moved PNG onto a negative watch list. And the high GDP growth rate over the last two years hid the negative growth rate on better measures such as non-resource GDP per capita. So what has gone so wrong? The overly simplified short-term answer is to blame the fall in oil prices. Government ministers initially denied that there would be any impact on revenues from LNG, PNG's largest export, claiming PNG LNG contracts were based on fixed prices. Officials acknowledged the inevitable budget hit in early August with revenue forecasts being reduced by 20 per cent. But there were no specific expenditure cuts to match the fall in revenues. In early October the government finally recognised the export earnings decrease, yet no changes were made to monetary or exchange rate policies.

The 2016 Budget released in November looked good on paper. This was possibly an attempt to win over potential investors in the proposed sovereign bond solution. But more detailed analysis shows that the budget suffered from serious errors and contained unrealistic levels of expenditure cuts. A more complex answer to what went wrong is based on the tendency of PNG's political leaders to focus too much of its hopes on its resource sector rather than its people. Like in the early 1990s, the government started spending up big before actually receiving any revenues from major new resource projects. PNG's budget deficit levels reached 9.5 per cent of GDP in 2013 and 8.6 per cent in 2014 — the highest deficits in its history. If the fiscal starting point in 2015 had been similar to the almost balanced budgets of the previous decade, then the fall in commodity prices could have been met with an expansionary fiscal policy rather than fiscal consolidation.

Greater focus on improving the performance of the agriculture sector would do much more for the people of PNG than a focus on the resource sector. Around 80 per cent of PNG's population still depends on subsistence agriculture. From 2003 to 2015, real per capita growth rates in the agriculture sector averaged only 1.1 per cent per annum — one-third of the growth rate of other non-resource sectors. The high exchange rate is possibly the most important policy instrument that undermines incentives for growth. Looking ahead, economic policy in 2016 will be greatly affected by the uncertainties of a possible vote of no-confidence in the government and the rapidly approaching 2017 elections. The easy option will be to talk up the foreshadowed major Papua LNG project. Providing generous tax concessions will help get the project underway. And the investment stage of such a project could start injecting cash into the economy by the time of the 2017 election. But such resource tax concessions are part of the reason for PNG's current fiscal problems.

A harder path politically would require a more balanced and realistic approach to PNG's medium-term development. A lower, market-based exchange rate would improve the incomes of agriculture exporters and import-competing industries as well as boost the prospects for foreign investment. The revenue base will need reinforcement and tax reform proposals suggested by the government's recent tax review need to be embraced. The expenditure focus should be on effective implementation and fighting corruption. Wages and competition policies also need to support longer-term growth. PNG has muddled through similar crises in the past. But on each occasion, there has been a change of Prime Minister and an international assistance package. PNG has great prospects, but slow policy responses and a growing number of poor policies hinder its outlook. Yet, given the politics, it is unlikely that PNG will benefit from the leadership required for making the tough decisions rather than taking the easy way out.
This blog was originally published as part of an East Asia Forum special feature series on 2015 in review and the year ahead.

LNG landowners fear they will lose share

Post-Courier, January 05, 2016

By JOE GURINA
BENEFICIARY groups in the LNG project impacted areas fear they may not have the money or time to raise K3.34 billion to purchase 4.22 per cent equity in the venture. Their concerns were raised over the weekend at an urgent meeting in Port Moresby. They said the meeting was necessitated by a short deadline given by the Government for them to come up with the money. They only have between now and June 30, to raise the money to allow their direct entry into the US$19 billion (K58.5b)project. The 4.22 per cent interest was formerly held by Kroton Ltd which has since been taken over by National Petroleum Company of PNG Limited which holds 16.57 per cent in the LNG project as the third largest shareholder. Direct interest in the project by landowners was agreed to under the umbrella benefits sharing agreement by the Government in Kokopo in 2008. The weekend meeting, however, revealed the time frame may be inadequate because it would be a struggle to secure the required funding.

The former Member for Koroba Lake Kopiago John Kekeno initiated the meeting attended by landowner leaders from impacted project areas in Southern Highlands, Hela, Gulf and Central Provinces. "The time frame is the factor but we can manage it if we come together and work alongside for the benefit of our landowners in the future. "We cannot beckon the Government for their assistance as the shares according to findings are owned by the Government and managed by the Kumul Petroleum Holdings. "K3.34 billion is big money which we all do not have right now. We need to seek funding from outside to help us purchase the shares," Mr Kekeno said. An economist who wished to remain anonymous revealed that there is currently no money in all the beneficiary groups' accounts. He encouraged all 19 beneficiary groups to amalgamate under an umbrella company to help pave the way to source possible funding before the deadline lapsed.

Report: LNG in fragile ecosystems

The National, January 4th, 2016

By KEVIN PAMBA

THE International Gas Union says the PNG LNG (liquefied natural gas) and the Papua LNG are located in one of the world's most fragile natural ecosystems. This is IGU's assessment in the "Remoteness index" of its 2015 LNG report. The IGU gave PNG an overall national ranking of 4.2 out of scale of one to five on the Remoteness Index – five being the most remote and hostile location of a LNG project. "The Remoteness Index quantifies just how remote and hostile a particular project is and, based upon past project experiences, looks at correlations, which may be useful in predicting outcomes and success rates of future projects," the global peak industry body reported. The Remoteness Index has six criteria that the IGU assesses, (including) the challenges a project faces due to its isolated location.

The six criteria are geographical remoteness, extreme climate conditions, manpower problems, operational challenges and infrastructure, technical hurdles and environmental sensitivity and concerns. Each of the criteria is given a score of one to five with five being the most extreme. The International Gas Union gave a score of five to PNG LNG and Papua LNG on "environmental sensitivity", "geographical remoteness" and "manpower problems". It gave a score of four for "extreme climatic conditions", a score of three for "operational challenges" and a score of two for "technical hurdles". The IGU said Papua New Guinea was the 16th major exporter of LNG with 6.9 million tonnes per annum. It is one place ahead of the United States (17th) in field of 19 exporting nations as at 2014.

Nautilus first ore shipment in 2018

Post-Courier, January 04, 2016

CANADIAN miner Nautilus Minerals Inc is set to deliver its first shipment of ore to China from Solwara 1 project in New Ireland in 2018. The company's December market report confirmed finalisation of the first sale with Tongling Nonferrous Metal Group Co Limited from its deep sea mine. The deal was first entered into on April 21, 2012, with the signing of the heads of agreement for the sale of the product extracted from the Solwara 1 deposit. Following detailed negotiations the terms of the HOA will now be replaced with the Master Ores Sales and Processing Agreement just signed off on. Nautilus chief executive officer Mike Johnston said: "This new agreement provides improved terms for both Nautilus and Tongling and can be truly described as a win-win outcome.

"The MOSPA gives greater flexibility to Tongling with respect to its operations, while providing Nautilus with certainty and an improved net smelter return. "I am delighted to be continuing our relationship with Tongling as a key business partner supporting the development of the world's first seafloor massive sulphide mining project." Vice-President of Tongling Nonferrous Metals Group Co. Ltd Zhan Deguong also hailed the signing. "Tongling Nonferrous Metals Group has a long history of technological innovation, and is committed to the green economy where waste streams are minimised and value is realised on all components of the material. Our modern world class processing facilities will allow us to extract maximum value making this win-win agreement possible.

"We are very proud to support Nautilus in the development of Solwara 1, a ground breaking project which signals a new era in the mining industry," he said.

American Mining Giant Escaped Indonesian Law with Investor State Dispute Settlement

By Eve Schram, IPS, Dec. 28, 2015

American mining corporation Newmont escaped the domestic processing requirement from Indonesia's 2009 Mining Law. It achieved this by using a clause in a Dutch investment treaty.

JAKARTA, Dec 28 2015 (IPS) - If you want to make your developing country more attractive for foreign investors, try signing bilateral investment treaties (BITs) with rich countries. With these treaties countries promise to look after each others' investors. That is the dominant idea in the world. Up until now, that is. More and more countries discover that BITs can be quite risky. Indonesia, for example. Last year it received a so-called ISDS claim from an American mining company, which used the Indonesia-Netherlands investment treaty to get exemptions from certain requirements.

Problem number one

"Our perspective on BITs has changed," says Abdulkadir Jaelani, director of Economic and Social Affairs of the Indonesian ministry of Foreign Affairs in Jakarta. "It seems very much in favor of the investor. Our number one problem is ISDS." ISDS (Investor State Dispute Settlement) is a clause in BITs that enables investors to sue a host country, if it feels it has been treated unfairly. The investor will generally claim financial compensation from the host state. This claim will be judged by a panel of three arbitrators, appointed by the investor and the state. The verdict is binding. Indonesia received five such claims in recent years. Financial compensation was not always the goal. A claim can be used by an investor to block new legislation. Indonesia started to terminate BITs last year. The Dutch BIT was one of the first to go.

Newmont

The most recent claim against Indonesia came from the American mining corporation Newmont in the summer of 2014. Newmont has had an active copper mine on the Indonesian island of Sumbawa since 1999. Curiously, financial compensation appears never to have been the goal of Newmont. "I believe Newmont used the arbitration case to enforce an export license," said Bill Sullivan, legal counsel in Jakarta and expert on the Indonesian mining industry. In 2009, the Indonesian parliament voted for a new mining law, that served to kickstart the domestic processing industry. Every mining company was told to build a smelter, a plant to process mineral ores. "Indonesia is too dependent on natural resources for its budget," said Rani Fabrianti, head of legal information at the Mining and Energy Ministry. "The Mining Law enables us to grow into an industrial economy and eventually to a service-oriented economy."

The Mining Law dictated the mining companies to build a smelter no later than 12 January 2014. After that time, the government would enact an export ban on mineral ores. On 11 January 2014, certain mining sectors, including the copper sector, were delayed. Copper mining companies would receive an export license for copper concentrate, if they showed progress with the building of smelters. In the meantime, the Indonesian government introduced export tariffs on copper concentrate from 25 per cent in 2014 to 60 per cent in 2017. The two biggest copper miners in the country, the American corporations Freeport and Newmont, were not amused. Still, Freeport reached a compromise with the government soon after and received its export license. The company pledged over 100 million dollars for the construction of a smelter.

Difficult

The negotiations with Newmont were more difficult. The company said building a smelter would be 'uneconomic' and that its mining contract with Indonesia dating from 1986 safeguarded it from such activities. When its storage facilities reached capacity just before the summer of 2014, Newmont called into force the Force Majeure clause of its contract. It means that the company had to stop production for reasons beyond its power. Force majeure is generally used when the contract area is hit by natural disasters or violent conflict. 80 per cent of the 4000 employees of the Batu Hijau mine on Sumbawa were sent on unpaid leave. After that, Newmont filed for financial compensation from the Indonesian government, through a Dutch business entity, citing the investment treaty between Indonesia and the Netherlands.

It was able to do so, because the Dutch government does not require companies to have any economic activity in the Netherlands for using its investment treaties. But just two short months later, news broke that Newmont and the Indonesian government had reached an agreement. Newmont received its export license and can export for significantly lower tariffs than before: 7.55 in 2015 and 0 per cent in 2017. Newmont in turn pledged 25 million dollars to the smelter that Freeport was set to build and annulled its ISDS claim.

Satisfied

Jaelani says he is satisfied with the compromise. “We negotiated, which we prefer over ISDS”, he says. But many Indonesians think differently. Yani Sagaroa is a mining activist on Sumbawa and is often consulted by the Mining ministry in Jakarta. He blames the government for inconsistency. “Newmont had to build a smelter between 2009 and 2014, but did not. Still they can export copper,” he said. “They did not abide by the law.” In October 2015, Newmont responded to questions about the smelter by saying it is still negotiating with Freeport. Meanwhile, Indonesia is writing a new model text for its investment treaties, of which the Dutch journalists have gotten hold. One of the most eye catching changes is that Indonesia will only allow ISDS, if they have provided written consent before each case. This means that companies can never use it as a threat or bargaining tool. Whether western countries are willing to swallow this radical departure from the current practice, remains to be seen.

This article is part of a research by De Groene Amsterdammer, Oneworld and Inter Press Service, supported by the European Journalism Centre (made possible by the Gates Foundation).