

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

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Abbreviations in common use:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PIR: Pacific Islands Report

PNG: Papua New Guinea

Websites:

Radio New Zealand: <http://www.radionz.co.nz/international>

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

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

Audit Hidden Valley funding shares: Mauri

BY JOAN BAILEY, Post-Courier, February 25, 2022

Up to K170 million has been paid as royalty shares from Hidden Valley mine in Bulolo district, Morobe Province to its beneficiaries since 2009. Nakuwi Association president Rex Mauri revealed this in an interview recently stating that this is a monthly payment from Hidden Valley. Mr Mauri said the beneficiaries benefiting from these shares include impact local level governments of Wau rural, Watut, Wau-Bulolo urban and non-impact LLGs of Waria, Mumeng and Buang. He said the highway communities, Morobe Provincial Government (MPG) and Bulolo district also receive their shares including the landowners of the mine which are Winima, Nakuwi and Kwembu. “The royalties were paid after the signing of the memorandum of agreement in 2009 between stakeholders of MPG, National Government through Mineral Resource Authority, Bulolo LLGs and landowners. “Funding has been given but there are no tangible changes in these LLGs.

“This raises concerns of how these funds are being used,” Mr Mauri said. He said monthly royalty payment report for the month of October 2021 stated since 2009 to October 2021, MPG has

received K39,815,514 while Bulolo district, a non-party to the MOA gets K25,326,750. He said Waria receives K3, 619,015, K5 428, 522 to Mumeng, Buang gets K1, 809,507 and Wau-Bulolo urban receives K 7 238, 029. “Watut and Wau rural receive K9, 047,537 respectively while other landowners of Wafi received K859, 516 to their associations to manage their operations. This is not government money, instead it’s a royalty share from the mine intended to provide basic services to the people in those respective LLGs,” Mr Mauri said.

However, Mr Mauri said it was saddening to note that the people are still struggling to access good road conditions, health services, education services, water supply and other related basic services are lacking. He said this mining share is free money to develop the communities and improve the currently living standard but this is not happening so where did all these money go to. “I want to call for an independent audit into these mining shares and let the audit report tells us how these funds are used. “We cannot continue using this money for personal gain and doing decisions to divert this money thinking that its non-acquitted funds and you have the right but remember it belongs to the people in that particular LLG and they must benefit from it through services provided with these money,” Mr Mauri added.

Hidden Valley Mine agreement due for review

BY JOAN BAILEY, Post-Courier, February 25, 2022

The National Government is keen deliver Wafi-Golpu mining project but they must know that they failed to have the review for memorandum of agreement (MoA) for Hidden Valley mine in Bulolo district, Morobe Province. This is according to Nakuwi Association president Rex Mauri while arguing that the current MoA for Hidden Valley is pending a review. Mr Mauri said the MoA was signed in 2005 and as clearly stated, this MoA must be reviewed after three years and two years thereafter. However, he said this didn’t happened as stated in the MoA which was signed by parties of Mineral Resource Authority, Morobe Provincial Government, mine landowners and local level governments in Bulolo district between Hidden Valley Gold mine. “A review was finalised in 2014 by concern parties and waiting for final approval for national executive council to sign given effect to its implementation but this didn’t happen. “The National Government through the National Executive Council and Morobe provincial government did nothing to have this agreement reviewed and this is very frustrating.

“This is an overdue issue that should be taken priority but responsible authorities continue to overlook meetings, discussions and concerns despite benefiting greatly from financially benefits from Hidden Valley,” Mr Mauri said. Mr Mauri said the delay to have this MoA reviewed has seen the impacted landowners and local level governments missing out on a lot of benefits and if the 2014 review was approved, then there was supposed to be reviews again done in 2016, 2018, 2020 and this year. He said successive governments did nothing including the current government, claiming that there is political influence at play to have this overlooked. “This agreement must be reviewed and signed immediately and if they continue ignoring the review, we will shut the mine down. “It means nothing to the landowners and their benefits are not reaching them, instead it was diverting elsewhere,” Mr Mauri added.

Project construction to take longer

February 25, 2022, The National Business

THE P’nyang gas project will provide some four years of additional construction activity after Papua LNG, according to a statement from Santos. “This would involve a multi-billion kina investment, driving continued economic growth for the nation as well as provinces involved in the

project,” the company said. “Infrastructure tax credit projects in support of infrastructure needs in Western and other involved provinces are expected to commence this year.” The company added that upon completion, the P’nyang project would make available up to five per cent of gas produced to Western or another location to support the Government’s electrification programme. “The focus on national content would support local job creation in Western and other involved provinces, with the PNG workforce and local businesses benefitting from economic opportunity as well as training and skills development programmes.

“In parallel, social investment initiatives in collaboration with the provincial and national Governments as well as community stakeholders are designed to further enhance community livelihoods.” The P’nyang field is located within petroleum retention licence 3, which covers 105,000 acres (425 square kilometres). The field is estimated to have 4.36 trillion cubic feet of gas. Esso PNG P’nyang Ltd, a subsidiary of ExxonMobil Corporation, operates the licence and, together with Ampolex (PNG) Ltd, has a 49 per cent interest. Affiliates of Santos and JX Nippon have a 38.5 per cent interest and 12.5 per cent interest respectively.

Santos managing director and chief executive officer Kevin Gallagher welcomed the gas agreement, signed on Tuesday, and looked forward to supporting the operator to develop the resource for the region and as long-term backfill for existing LNG infrastructure. “The signing of the P’nyang gas agreement demonstrates the commitment of all parties to the project and will bring economic benefits for the people of PNG when the project is developed,” he said. Gallagher said P’nyang would provide landowner benefits under a benefit sharing agreement to be negotiated in the future. “Development of P’nyang will create local and regional jobs and business opportunities, provide training and skills development opportunities and help build stronger communities.”

State getting 63pc share in project

The government and project developer ExxonMobil Ltd had signed the P’nyang gas agreement on Tuesday. The State would receive up to 63 per cent of revenue on average from the project. Business reporter DALE LUMA writes about the project deal and its benefits.

February 24, 2022, The National Business



P’nyang LNG project landowners with ExxonMobil PNG Ltd managing director Peter Laden outside Government House after the signing of the gas agreement on Tuesday.

THE country is to receive up to 63 per cent of revenue on average during the life of the P’nyang liquefied natural gas (LNG) project. The P’nyang gas agreement was signed on Tuesday between the

State and the project developer ExxonMobil PNG Ltd with its affiliates. The construction phase will begin after the completion of the Papua LNG construction phase, sometime around 2028. With a capital investment of around US\$9 billion (K30 billion) in the project in Western, it will be worth around US\$44 billion (K151 billion) once up and running, according to Prime Minister James Marape.

Project agreement

The gas agreement signed on Tuesday comes after two years and three months of negotiations. The Government's main aim for all projects in the country is to gain higher returns – anywhere between 60 per cent and 65 per cent. Government acknowledges that different projects have different models in as far as cost structure and rate of returns is concerned in which in this case, Exxon. Both the State and developer ExxonMobil PNG Ltd have found what was described as a soft spot in reaching an agreement with maximised benefits to all stakeholders. Marape said the State was able to bargain and push hard during negotiations. The deal was struck also considering the shift in the energy space with the world moving towards green energy.

With the agreement in place, construction of new upstream facilities in Western and linked to existing infrastructure will take place. The agreement is sequenced consistent with the construction of the Papua LNG which will possibly start construction around 2024/2025. This ensures that after the construction of the Papua LNG, P'nyang LNG construction will begin. The Government had initially intended for the P'nyang project to be a standalone project but has done a complete circle on the proposed arrangement. The project will be linked to the PNG LNG project through existing infrastructures. This, according to the Government, technically gives the country gas producing ability up to 2050/2060, extending the country's life being a gas-producing nation.



Prime Minister James Marape outside Government House with some landowners of the P'nyang LNG project in Western after the gas agreement was signed on Tuesday. – Nationalpics by KENNEDY BANI

Exxon has also indicated that as it engages on feed, as the pipeline runs, there will be t-joints in certain specific strategic interventions to ensure that in the future, if exploration finds gas, these can be mobilised continuing sustained value to the economy over a long time instead of aggregating resources quickly and depleting gas much earlier.

Benefits

The country is to benefit from eight years of consistent construction activity which in the Government's view, will have a positive effect on the economy in a very big way. Government believes this is smart project sequencing which the country was able to pick up together. In the agreement, the State has secured 34.5 per cent equity shares in the project with other headline gains such as a:

- THREE per cent production levy compared to Papua with no production levy;

- BETTER calculations in royalty and equity compared to PNG LNG which has more deductions;
- FIVE per cent of gas for domestic market use;
- ADVANCE on tax credit project with an envelope of K150 million in early works; and,
- ACTUAL earnings from gas will flow in about 2032 or 2033 thereabouts.

All in all, the State has secured returns within the range of 60 per cent to 65 per cent Government take in the P'nyang deal. The deal ensures that the country which includes all parties will pick in the first instance at 59 per cent and into the life of the project average to 63 per cent full stake of total revenue generated from the project. The Government believes in getting higher returns from resource projects to ensure that the rural areas which the project sites are located get service delivery.

P'nyang gas field

According to ExxonMobil PNG Ltd, the P'nyang gas field is located within Petroleum Retention License Three, which covers 105,000 acres (425 square kilometers). The field is estimated to have 4.36 trillion cubic feet of gas. Esso PNG P'nyang Ltd, a subsidiary of Exxon Mobil Corporation, operates the license and with Ampolex (PNG) Ltd, has 49 per cent interest. Affiliates of Santos and JX Nippon have a 38.5 per cent interest and 12.5 per cent interest respectively.

Chamber hails project signing

February 24, 2022, The National Business



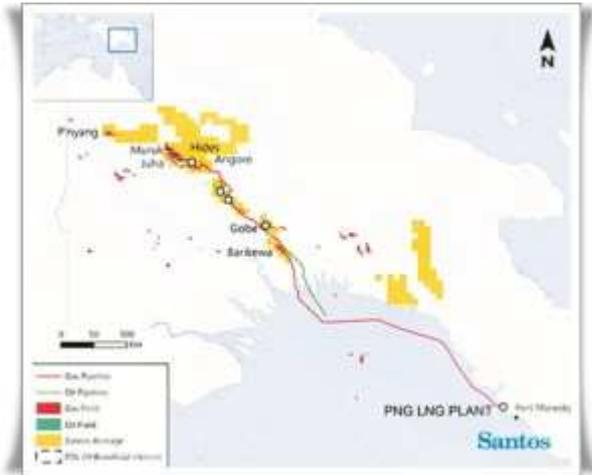
All partners in the P'nyang project should be commended for their commitment in ensuring negotiations were resurrected, the PNG Chamber of Mines and Petroleum says. The gas agreement was signed on Tuesday between project developer ExxonMobil PNG and the State. Other project partners are Santos and JX Nippon. Chamber president Anthony Smaré said the project would deliver gas and condensate through new upstream facilities in Western linked to world-class PNG LNG plant near Port Moresby. “All of the partners in the project, led by ExxonMobil PNG, must be commended for their steadfast commitment to ensuring negotiations on this project were resurrected, and now seen to fruition with this signing,” Smaré said.

“The world is moving quickly under a new net-zero paradigm, and thus if we do not bring these projects on stream responsibly and expeditiously, then as a country, we may lose that opportunity, and with that associated benefits and revenues in the form of taxation revenue, job and training

opportunities, state company revenues, landowner revenues and benefits, and business opportunities for Papua New Guinean entrepreneurs and SMEs,” Smare said. “It was important that P’nyang, Papua LNG, Wafi and Porgera are progressed in a responsible and expedient manner to significantly boost the economy to help our country overcome recent economic challenges. “This announcement will improve investment confidence in Papua New Guinea internationally.”

‘Govt not breaking laws’

State not in business of breaking laws, says Kua
February 24, 2022, The National Main Stories



Map showing the P’nyang gas project in Western.

PETROLEUM Minister Kerenga Kua has assured Parliament that the Government is not in the business of breaking laws. Kua was responding to North Fly MP James Donald on questions surrounding the signing of the gas agreement between the State, developer ExxonMobil and partners in Port Moresby on Tuesday. Donald asked Kua to list the benefits for Western people sealed in the K151 billion P’nyang deal. He said locals had not been consulted and involved in discussions before the deal was signed. Donald also questioned Parliament if the licence held by the developer had been renewed after it had expired.



ExxonMobil PNG Ltd managing director Peter Laden (middle) meeting with landowners from Western in Port Moresby on Tuesday.

Kua said investors of the P’nyang gas project in Western did due diligence on the security of the licence before investing. “Negotiations took two years and three months; it was a long process to ensure that we, as leaders, achieve the maximum take for our people,” he said. “I want to assure the people that the Government is not in the process of breaking laws.”

Newcrest reaffirms commitment to PNG

Post-Courier, February 23, 2022

In the last financial year Newcrest Mining Limited contributed US\$450 million to the country's national account through the acquisition of K1.574 billion in foreign exchange. The miner also spent K180 million in operational costs to mitigate the impact of the pandemic on our Lihir operations and employees, paid over K1 billion to PNG suppliers, with more than K400 million going to Lihirian vendors alone. Newcrest also contributed K284 million in taxes, K99 million in royalties apart from the foreign exchange contribution. All of these contributions reaffirms the company's deep commitment to Papua New Guinea through its operations. Newcrest Mining Limited, whose interests in PNG include the Lihir Gold mine and a 50 per cent share in the proposed Wafi-Golpu project with Harmony Gold, has a long-standing partnership with PNG. Newcrest managing director and CEO, Sandeep Biswas, travelled to Port Moresby this week and met with Prime Minister James Marape reaffirmed the company's commitment to invest in PNG.

"Newcrest is pleased that it has been able to continue to make a significant contribution to the PNG economy throughout the challenges of the global pandemic. "To date, we have had no material disruptions to production, and I would like to take this opportunity to thank the PNG Government for its support throughout a very challenging time," said Mr Biswas following his meeting with the Prime Minister. "I would also like to thank our employees, contractors and business partners for their resilience and flexibility, with extended rosters and time away from their families to support our Lihir operations." Newcrest employs approximately 4500 people at its Lihir operations, with about 90 per cent of those being from PNG. Newcrest established our Community Support Fund in April 2020, to support the Government and communities' preparedness and response to COVID-19 across the jurisdictions we work in. Since the fund's inception, 22 projects in PNG have been approved to the value of over K17 million.

These projects have been implemented primarily in response the priorities of the communities it operates in, focusing on delivery of health care supplies and equipment. "We have worked provincially in partnership with the New Ireland, East New Britain, Morobe and National Capital District Provincial Health authorities, and nationally in partnership with donors such as UNICEF. "Most recently we have turned our attention to supporting the roll-out of the COVID-19 vaccine in New Ireland. Our implementation partner Australian Doctors International are working very closely with the Provincial Health Authority to overcome vaccine hesitancy and give the people of New Ireland the opportunity to understand the benefits of getting vaccinated," said Mr Biswas. He thanked the PM for his ongoing support for Lihir and commitment to progressing the discussions on the permitting of the Wafi-Golpu project. "Newcrest looks forward to a long partnership with Papua New Guinea, which will deliver benefits to both the people and the Government of this country for many years to come," he said. Lihir Gold Limited is very well positioned for the future, with an aspiration of a million ounces a year in the coming years.

K151bil gas deal signed despite court order

By GYNNIE KERO, February 23, 2022, The National

THE signing of the K151 billion (US\$44 billion) P'nyang liquefied natural gas project between the Government and the developer ExxonMobil went ahead yesterday despite a court order stopping it. But Prime Minister James Marape told The National that they were not aware of the order issued by the National Court. "We are not aware. We haven't been served any court orders," he said. "Everybody knows we were signing (the gas agreement) on Tuesday (yesterday). They had every (opportunity before yesterday) to serve us the court orders. We will go to court to defend what we have done." The order was issued by acting judge Justice Emma Wurr around 10am yesterday after an

urgent application for a stay was filed by North Fly MP James Donald through lawyer Ralph Saulep.



Donald named Petroleum Minister Kerenga Kua, the State and Esso P’nyang PNG Ltd, (a subsidiary of ExxonMobil), as defendants in the case. Justice Wurr after hearing submissions from Saulep ordered that the defendants be restrained from signing the P’nyang gas agreement until further orders of the court. The court also ordered Donald to file and serve the defendants necessary court documents by today (Feb 23). All parties are to return to court on Friday for a hearing. Saulep said copies of the court order were sent electronically (via WhatsApp) to the Attorney-General, Petroleum Minister and ExxonMobil’s office between 10am and 10.30am yesterday. Marape was reportedly at Government House by around noon. Saulep said a copy of the order was to have been served at Government House but policemen refused him entry.

“Justice Emma Wurr granted the orders sought. “Defendants are restrained from executing the gas agreement until the court otherwise orders. As soon as the orders were issued and sealed, we served the orders electronically which is the accepted means of serving many documents these days. “They were served around 10am and 10.30am (yesterday). “The court issued the orders before the signing of the agreement. We believe that court orders were brought to attention of all parties on time.” Saulep said they had to file the stay application because “an agreement becomes law once it’s signed”. “The client’s concern is that once the agreement is signed, it cannot be reviewed,” he said. “Secondly, once the agreement is signed, ExxonMobil becomes the monopoly as far as gas production is concerned.” Marape, ExxonMobil PNG Ltd and its partners signed the agreement for the proposed development of P’nyang.

Project worth billions

By DALE LUMA, February 23, 2022, The National Main Stories

THE P’nyang liquefied natural gas project in Western will be worth US\$44 billion (about K151.1 billion) upon completion, says Prime Minister James Marape. Marape mentioned this yesterday after the signing of the P’Nyang Gas Agreement between the State and the developer ExxonMobil Ltd with its affiliate partners. The construction phase will begin after the completion of the Papua LNG’s construction phase around 2028. Earnings from the project will start flowing in around 2032 or 2033, Marape said. The Government secured a 34.5 per cent in equity shares – the highest ever the country will be getting in a LNG project. “We aim high in any project harvest in our country,

we wanted to earn anything between 60 per cent and 65 per cent in as far as project economics is concerned,” Marape said.

“That is government policy but different projects have different modality in as far as project cost structure and rate of return is concerned and Exxon came out really well for us.” The country also benefits from a three per cent production levy, better calculations in equity and royalty. Marape said P’nyang was sequenced according to the Papua LNG project in which the country would enjoy eight years of construction benefits from the two projects. ExxonMobil PNG Ltd managing director Peter Laden said the signing of the agreement was an important milestone. He said since the discovery of P’nyang more than 30 years ago, significant resources had been put into the gas field.

“The gas agreement unlocks the next phase of the life cycle of P’Nyang providing a clear framework for all stakeholders towards a future development,” Laden said. “The ExxonMobil operated 4.4 billion cubic feet P’nyang resource proposes to deliver LNG by constructing new upstream facilities in the Western province linked to existing infrastructures downstream. “The development plans to commence after the Papua LNG project supporting the government’s desire for sustained growth and investment in the decade ahead. “P’nyang for the landowners is an independent project and landowner benefits will be provided under a future benefit sharing agreement,” Laden said.

MRA awaiting shareholders deal before transferring mining lease

February 22, 2022, The National Business

THE Mineral Resources Authority (MRA) will register the exploration license and transfer the Special Mining Lease for the multi-billion Porgera gold mine to the new operator once the shareholders agreement is signed between the stakeholders, an official says. Providing an update on Porgera, MRA managing director Jerry Garry said: “BNL (Barrick Niugini Ltd) is waiting for the other joint venture partners to sign off on the shareholders agreement. “Once the shareholders agreement is signed, they will then see the authority to register the interest of the underlying exploration license and also transfer the interest in the lease to enable the new project company to operate the mine.” Garry said if the shareholders agreement was signed, it would pave way for an early mine commencement.

The Porgera Project Continuation Agreement was recently signed by the landowners and the State. Prime Minister James Marape said it paved the way forward for the new Porgera and the eventual re-opening of the mine. Barrick president and chief executive officer Mark Bristow said the formal execution of the agreement represents important progress. “Our task now, in partnership with the State, is to accelerate the process so that the new company, which will be 51 per cent majority owned by Papua New Guinean shareholders, is incorporated and a sound tenement granted, enabling the mine to reopen at the earliest opportunity and resume delivering economic benefits to the landowners and the community in Porgera and to PNG,” Bristow said.

State hoping to seal project deal

By DALE LUMA, February 22, 2022, The National Business

THE State is hopeful it will finalise agreements for the US\$5.4 billion (K18.5 billion) Wafi-Golpu mining project in Morobe in the first quarter of the year, Mineral Resources Authority (MRA) managing director Jerry Garry says. He said the State negotiation team (SNT) had been engaged in discussions for a mining development agreement with many of the items in the term sheet agreed on. Garry told The National that there were some outstanding issues that needed to be agreed on with stakeholders which were royalty payments and benefits which the state wanted to be set at eight per

cent. “Basically, many of the items in the term sheets were agreed to in principal,” Garry said. “There were one or two outstanding things, particularly the royalties. “The state has a National Executive Council decision at eight per cent and the company is saying no and is offering 3.5 per cent, so that’s where the negotiations are.

“Negotiations were suspended last Friday, and was to reconvene either on Monday or today to deal with the royalty issue. The State is embarking on getting higher royalties because it comes at no cost to the state. “It’s a certainty, a certain stream of revenue that can be collected by the state. “When we talk about equity and corporate income tax, they are profit based, meaning that state will only realise any of these payments when the company or project declares profit, the payback period is about 10 years. So to enter the state going forward with assurance that there will be definite money coming regardless of profitability or not, the state team has been very strong in getting a decent rate on royalties so that they can be sure of its revenue from the project.” Garry said they had not decided on a rate yet. “We have looked at the financial modelling and the internal rate of return is very healthy for the project as well as the investor’s internal rate of return,” he said

FEED for Papua LNG in June

BY MELISHA YAFOI, Post-Courier, February 21, 2022

FRONT End Engineering and Design for the \$US12 billion Total led Papua LNG Project is set for June 2022. Total Energies Senior Vice President Asia Pacific Julien Pouget confirmed this last Friday in Port Moresby. Mr Pouget said the company is committed in seeing that this project is delivered as the PNG Total Energies team headed by managing director Jean-Marc Noiray is on track for that. He said the project will face challenges in logistics but that is something they are working to address. “We have an excellent team and together with our partners we are going to make this happen as soon as possible,” he said. Mr Noiray said they will be entering into FEED in June, targeting FID at the end of 2023 and then construction will follow firstly targeting production by the end of 2027 beginning 2028.

“This is an aggressive timeline and we are still committed to delivering it. “We are also carrying out the environmental survey liaising with CEPA to achieve our environmental permit hopefully by Q2/Q3 of this year. “We’re keen on delivering the project. “This project is too essential for the country and the country need the project and we will try to do our best. We are not the type of company which is trying to cheat in and abuse position. “We want to find balance, because balance agreements they last.” Minister for Petroleum Kerenga Kua, in welcoming Mr Pouget to the country on behalf of the Prime Minister James Marape, said the PNG Government remains confident in seeing this project getting off the ground and into implementation of FEED, FID and into production.

He said from engagements the State has had with the investor, it was positive and looks forward to work with the operator in achieving the next milestones ahead. “I look forward to working with Julien. “We’ve overcome a lot of milestones already but there is still a few more very significant milestones in front of us and I am happy to hear Jean-Marc that we are committed to FEED and after that we will be looking at construction and all of that. Along the way irrespective of the government, this project is a political project,” Mr Kua said. “This project underpins the dreams and vision of this country. No state of leadership can afford not to treat this project with respect. “So we will continue to give the support that you need going into the election.”

Miner pulls production outlook as virus hits ops

February 21, 2022, The National Business

Australian gold miner St Barbara Ltd on Friday withdrew its production outlook for fiscal 2022, citing an outbreak of the Omicron variant of the Coronavirus (Covid-19) at its Simberi operations in Papua New Guinea that has affected its workforce. While gold production at Simberi operations continues, ramp-up of mining operations is not achieving target rates, the company said. There were 139 active Covid-19 cases at Simberi as of Friday, roughly a quarter of its daily workforce of 600, St Barbara said, adding that the majority of those cases were asymptomatic with zero hospitalisation so far. St Barbara's shares closed down 1.7 per cent after the announcement after scaling as much as 4.3 per cent earlier in the day.

“While we have experienced previous Covid-19 surges, this Omicron outbreak is proving to be far more disruptive,” chief executive officer Craig Jetson said. The miner also warned that reduction in operation of commercial flights across PNG due to pilot shortage would impact its supplies and senior staff commutation. The mine and processing plant at Simberi continue to operate at reduced rate, it added. St Barbara had earlier flagged issues in sourcing labour and equipment for its Atlantic and Simberi operations, narrowing its 2022 production guidance to between 305,000 and 335,000oz from earlier range of 305,000 to 355,000oz. – **Reuters**

Papua LNG nearing deal: Kua

February 21, 2022, The National Business

PETROLEUM Minister Kerenga Kua says the Papua LNG is on track for final investment decision (FID) next year and construction to begin in 2028. This follows discussions with operator TotalEnergies in Paris, France this month. “The Government supports and is committed to the project but emphasised the need to learn from the PNG LNG project in areas of landowner identification, biodiversity and environmental consciousness and meaningful national content, provincial and project area local levels. He said TotalEnergies had confirmed doing advance work to ensure Papua LNG was delivered at low cost, on schedule with low carbon footprint and was a socially and environmentally responsible project. Kua was accompanied by Kumul Petroleum Holdings Ltd managing director Wapu Sonk. Both of them briefed TotalEnergies of their meetings in Beijing with Sinopec, one of the leading Chinese LNG buyers in the world.

They also briefed Total on the country's expectations of the schedule for front-end engineering design (Feed), FID and requirements for national content, social mapping and various other requirements leading to project sanction and Petroleum Development License grant by the State. TotalEnergies chairman and chief executive officer Patrick Pouyanne, member of the executive committee, and exploration and production president Nicolas Terraz, senior vice-president Asia Pacific Julien Pouget met with Kua and Sonk at the Total's headquarters. TotalEnergies executive team reaffirmed TotalEnergies commitment to the project timelines and meeting all outstanding requirements before FID. “Marketing work is ongoing and TotalEnergies and Kumul Petroleum have assembled their marketing team in Singapore. Project financing work will commence soon post completion of the Pre-Feed work,” Kua said.

US\$9bil P'nyang deal set

February 18, 2022, The National Main Stories

PRIME Minister James Marape says a deal on the country's third liquid natural gas (LNG) project is expected to be signed next week. He said cabinet had cleared the P'nyang Gas Agreement, which

now awaits signing between the State and developer – ExxonMobil. Marape told *The National* yesterday that the US\$9 billion (K30bil) P’nyang standalone project would be integrated with the multi-billion dollar PNG LNG project. The P’nyang agreement closely follows another multi-billion agreement made two weeks ago to reopen the Porgera gold mine. The US\$5.4 billion (K18.5 billion) Wafi Golpu project is expected to be announced next week, Marape said. On a PNG LNG project related matter, Marape mentioned Santos Ltd’s positive indications of additional equity, based on his request to Santos, if they offload equity in PNG LNG as a result of their acquisition of Oil Search assets.

He commended Santos chief executive officer Kevin Gallagher for the good indications thus far, saying this should recompense PNG parties in PNG LNG for dilution of their interest to only 19.6 per cent instead of the 22.5 per cent required by law. “We started a protracted negotiation that included detaching P’nyang from Papua LNG terms and moving onto a separate template to gain more for the State but at the same time, giving respect to our investors’ return on their investments,” Marape said. “After almost two years of exchanges, I think we have found the sweet spot where investors will be happy and PNG beneficiaries, including the Western government and landowners, will be happy.” Marape said the State team had secured total state equity to be at 34.5 per cent above the 22.5 per cent allowed by the Oil and Gas Act.

Ok Tedi: Landowners disconnect water supply to mine

February 18, 2022, *The National Business*

LANDOWNERS have disconnected water supply to Ok Tedi Mining Ltd (OTML), forcing the mine to operate with its reserve tanks the last two days. The Wangbin landowners in Western’s Tabubil shut down and diverted the water from Dablan creek after OTML was allegedly using the water without proper negotiations for the last 37 years. Star Mountain local level government council president Borok Pitalok said OTML abstracted water from Dablan and Yuk creeks in the Wangbin area for its mining operations since 1982 but were not paying any compensation to the landowners. “The mine has used the water from the creeks for its operations over the last 37 years but they did not pay us,” Pitalok said.

“OK Tedi mine has been abstracting Yuk Creek for hydro-electricity since 1982, Dablan Creek for mining project in Mt Fubilian since 1992 and Lukum creek to supply water to township for domestic use in early 80’s. “OTML has no compensation deal with the Wangbin landowners recognised under the former Water Resources Act 1982 and the current Environment Act 2000.” He said Wangbin village were the customary landowners on which the Tabubil township was established. The landowners were making claims that when a company abstracted water from customary land for commercial purposes, the authorised parties to involve in the negotiation process for development and benefits would be the State, company who used the water and the beneficiaries should be the landowners.

In this case, the three recognised parties would be Conservation Environment Protection Authority (Cepa), OTML and the Wangbin landowners. Pitalok, who was also the Wangbin ward-five councillor, said OTML was given the environment permit in 2018 but they did not consult the landowners to pay for the usage of water. He said Cepa failed to enforce the laws and regulations on OTML, resulting in the loss of their right to compensation as provided in the Constitution and the Environment Act 2000. “We are disconnecting water supply to OTML indefinitely for the Government and the mine to negotiate with us. He said landowners were also planning to disconnect water supply to the Tabubil commercial area. *The National* contacted OTML management on Monday for comment but was unsuccessful to get a response.

Deal to re-open Bougainville's Panguna mine, momentous

Radio New Zealand on 18 February 2022

Last week the Bougainville Government announced an agreement had been reached with Panguna landowners to re-open the island's controversial Gold and Copper mine.

Once the backbone of the Papua New Guinea economy, Panguna has been idle since the civil war began more than 30 years ago - a war the mine was at least partly responsible for.

But now the leaders of the five major clans in the Panguna area - Basikang, Kurabang, Bakoringu, Barapang and Mantaa, have said they will allow the mine to re-open.

Don Wiseman asked Island Business's specialist writer on PNG, Kevin McQuillan, about the significance of the decision.

KMcQ: This is hugely significant. It's significant for the people of Bougainville, the Bougainville autonomous government, the national government, and, dare I say, probably the whole region. But on the other hand, it also creates a huge dilemma for the national government. Panguna was probably the second biggest copper and gold mine in the world, and at one point and accounted for two fifths of Papua New Guinea's GDP. So when it was operating, that was a huge source of income for the national government. But it wasn't so much of course, for the people of Bougainville, which prompted the 10 years civil war in part. The other element of that civil war, apart from the poor income that the operators gave the people of Bougainville was the environmental damage to the island of Bougainville.



Photo: RNZ / Johnny Blades

DW: President Ishmael Toroama has said that being able to open Panguna again is a critical step on the road to independence, in terms of showing economic viability.

KMcQ: Yes. And that's reflected also in the fact that there's been mounting pressure over the last probably 10 or more years for the mine to open because the generations coming through have had very little in the way of food, shelter, clothing, educational opportunities, so on and so forth. And a lot of that pressure to re-open has come from the younger generation, because they want the opportunities that they know exist. For the national government it creates the dilemma of having agreed to discuss Bougainville breaking away, but not wanting to break away. What does it do to keep Bougainville within the fold, because the potential income for not just for Bougainville but for the country as a whole is enormous - 42% of GDP when it was operating. It may not be as much when it does get back up and running, but it will certainly be a significant contributor to the PNG economy. So where Marape and whoever takes over as prime minister if he loses the election this year, goes with discussions on Bougainville and its independence is hugely significant for the country as

a whole.

DW: This idea that President Toroama has of it being a conduit to independence may in fact work in the other direction.

KMcQ: Well, it all depends on the negotiating skills really. The other element that comes into play is that BCL - Bougainville Copper Ltd - is now jointly controlled by the Papua New Guinea Government, the autonomous Bougainville Government, through a company called Bougainville Minerals Ltd. They both own 36.4% share in Bougainville Copper. Over the past few years there have been promises from the national government to transfer that 36.4% shareholding that the national government has to the people Bougainville, which would give it roughly 72 percent shareholding in Bougainville Copper. It's never happened. The national government has held off transferring that money despite the promises that it would do so. And this is going to be a key negotiating point in the future of independence. The national government, of course, does not want Bougainville to go independent. And there are options. There are other options. It's not a binary choice of either independence or not. It could be that the negotiations see the Bougainville area stay within, if you like the parameters of Papua New Guinea, but having a high degree of independence. But whatever that actually means, nobody's really going to know until the negotiations finish.

DW: Yes. So the PNG government could hold on to shareholding and still earn from Panguna. Even if it went to this lesser form of independence.

KMcQ: Yes, it could. But you can really bet your bottom dollar that if the national government holds on to its 36.4% shareholding which was given to it by Rio Tinto. Despite those promises, that will be a matter of a court case.

DW: Now you talk about a lot of people being very keen to see the mine re-opened. But there are also many, many people who certainly don't want to see it reopen.

KMcQ: They do but what has given this announcement the impetus is that clan chiefs representatives from the five major clans from the area who have agreed to this resolution to re-open the mine. There will always be opposition to re-opening the mine. There always has been even over the last 10 years, when previous president of Bougainville, Fr John Momis, wanted the mine to reopen. There was a significant minority. Well, a vocal minority is probably more accurate - deeply opposed to the re-opening of mine on environmental grounds.



Panguna tailings wasteland Photo: supplied HRLC

DW: With these announcements the minuscule share price for Bougainville Copper has soared.

KMcQ: Well, it has doubled on news of this announcement. And it means that BCL has a market

capitalisation of around about 260 to 265, 270 million New Zealand dollars. The point about the doubling of the share prices, the support that it reflects for the re-opening of mine, Plus it also, it paves the way for a company to be a little bit more settled in the prospects of the process of reopening the mine. The last valuation that they had to re-open the mine, which was several years ago now, said that it would cost between around about 6 billion New Zealand dollars to re-open the mine. But over its lifetime, it would earn roughly \$75 billion. So it's a high risk, high reward investment. But the fact that this resolution has been made, declared, share prices doubled, it means that Bougainville Copper is probably a lot more confident this week than it was last week that it could go ahead and do some preparatory work for the re-opening of the mine, which could take five to seven years.

DW: They are just eyewatering figures aren't they?

KMcQ: Well, it shows the potential. I mean this is a mine that was the second biggest gold and copper mine in the world. And there will be a lot of companies, global companies keen to get involved. Rio Tinto has put its fingers into the air and sniffed the wind and it realises that this could finally happen.

DW: You mean Rio Tinto is lining up to to work with its former company?

KMcQ: Well, it certainly looks that way. In 2016, because of the criticism that Rio Tinto had, or was receiving because of the huge environmental damage that it caused to the Bougainville area, it gave away its mine. It had a choice of either fixing up the environment or walking away, as it saw it. So it walked away - gave those shares equally to the Bougainville government and the national government. But now it wants to get back involved. And over the last week it has been talking about repairing some of the environmental damage that it caused during the mine's operation. But there are other companies involved around the world, which could get involved. I'm thinking Glencore, the Swiss based development company could get involved as well. Now, the reason why this is important is because BCL does not have the financial wherewithal to go and reopen the mine at a cost of \$6 billion. And it's only gotten 260 roughly a million dollars in play. And really, it doesn't have the expertise to reopen the mine, develop it, run it. It would have to go into partnership with one of the big mining companies Rio Tinto, or Glencore, somebody else. The former president. Sir John Momis, had negotiations or had talked to China about the possibility of a Chinese company moving in and developing the mine. So in the current climate of debate around China's role in South Pacific, one has to wonder just what impact that might have on the Australian, New Zealand, American governments.

Kolumne

Begehrte Knollen

Von Manfred Niekisch, Frankfurter Rundschau, 18. Februar 2022

Der Meeresgrund birgt Rohstoffe für die Industrie, aber auch eine fast unbekannte Lebenswelt. Die ist gefährdet, wenn die Büchse der Pandora geöffnet wird. Die Kolumne.

Genau weiß man es nicht, wie schnell ein Tropfstein wächst. Das hängt von zu vielen Faktoren ab. Aber zehn Millimeter in einhundert Jahren gilt als realistischer Mittelwert. Deshalb achten die, die durch Höhlen führen, darauf, dass niemand diese mineralischen Naturgebilde berührt und damit das Wachstum stört.

Das ist vernünftig, selbst wenn solche menschengemachten Störungen keine ökologische Katastrophe auslösen würden. Stalagmiten und Stalaktiten legen noch relativ schnell zu, wenn man sie mit Gebilden vergleicht, die auf dem Boden der Tiefsee wachsen.

Dort unten, 4000 Meter und mehr unter dem Meeresspiegel, finden sich kugelige Gebilde, die reich sind an Mangan, das den Knollen ihren Namen gab. Doch sie enthalten auch andere Metalle, darunter die sogenannten seltenen Erden, die entgegen ihrem Namen nicht Erden, sondern Metalle sind. Diese Materialien sind in der Elektronik unverzichtbar. Sie sind sehr knapp und sehr gesucht.

So weckten die Manganknollen, kaum entdeckt, sofort das Begehren der Industrie. Dumm nur, dass sie noch langsamer wachsen als ein Tropfstein. Man schätzt, dass das Erreichen von zehn Zentimeter Größe etwa eine Million Jahre dauert. Auch der größte Optimist kann da nicht von einem nachwachsenden Rohstoff fabulieren. Manganknollen wachsen nicht mit Stoffwechsel wie lebende Wesen, sondern ähnlich wie Tropfsteine durch die Ablagerung von Sedimenten.

Im Falle eines industriellen Abbaus dürfte die gesamte Unterwasserwelt auf dem Meeresgrund so stark gestört werden, dass dort nichts mehr funktioniert wie vorher. Das System dort unten ist Störungen nicht gewohnt. Größere Reparaturmechanismen hat die Evolution deswegen nicht vorgesehen.

Unterwasserbergbau würde somit das üppige tierische und pflanzliche Leben am Meeresboden gefährden. Üppiges Leben? Ja, denn gerade haben wissenschaftliche Untersuchungen ergeben, dass in diesen noch weitestgehend unerforschten Regionen etwa zwei Drittel der Arten sich keiner bisher bekannten Gruppe zuordnen lassen. Feststellen konnte man dies durch Auswertung von Sequenzen der Erbsubstanz DNA, die man dem Wasser entnommen hatte. Diese moderne Methode erlaubt völlig neue Erkenntnisse. Immerhin beginnt die Forschung zu verstehen, wie wichtig der Grund der Ozeane für den CO₂-Haushalt der Erde ist.

Gleichzeitig laufen Versuche, wie man den Abbau der begehrten Knollen bewerkstelligen könnte. Forschende warnen davor, die Gefahren zugunsten der begehrten Metalle und zulasten von Leben und Klima zu unterschätzen. Soll nach all den Umweltproblemen, die wir uns aus Unwissenheit oder Rücksichtslosigkeit schon eingebrockt haben, noch eine weitere Büchse der Pandora geöffnet werden?

Elektromobilität, Telekommunikation, Digitalisierung, Unterhaltungselektronik, die Welt der Halbleiter lechzt danach, mit den Bestandteilen der Manganknollen gefüttert zu werden, denn die Ressourcen im Untertagebau sind begrenzt. Aber auch die des Meeresbodens sind endlich. Und dort würden Ökosysteme zerstört werden, die essenziell sind für die vielen lebenssichernden Funktionen der Ozeane. Das können wir uns nicht mehr leisten. Daher Hände weg vom Tiefseegrund und kreativ nachhaltige Lösungen suchen. Die Zeit der zerstörerischen Ressourcenplünderung ist vorbei.

Manfred Niekisch ist Biologe und früherer Direktor des Frankfurter Zoos.

Management of extractive industry in 2020-21 pleasing

BY MAXINE KAMUS, Post-Courier, February 16, 2022

The Papua New Guinea Extractive Industries Transparency Initiative is impressed and satisfied with the level of analysis and debate that has been going on in relation to management and ownership of existing and upcoming resource projects. Head of PNG Extractive Industries Transparency Initiative (PNG EITI) Lucas Alkan said the management and ownership of natural resources are the key pillars for deriving best value from PNG's rich resources endowments and the industry players and the State appear to have embraced this with a genuine intent to commercialise the natural resources to sustain economic growth and advancement. He said EITI was encouraged by the understanding reached recently between the Government and the industry that has created an environment for better negotiations and discussions on benefits to be derived by both parties.

He said the level of discourse around resource management and governance issues can be the basis for shaping a vibrant and competitive market in the mining and petroleum space. Mr Alkan said the PNG EITI National Secretariat, supported by its multi stakeholder group (an oversight body) is well prepared to deliver on second validation (country assessment on EITI implementation) of PNG by the EITI International and their work on the enactment of the proposed PNG Extractive Industry Transparency Commission Bill. He said EITI will deliver on those two activities to strengthen EITI implementation in the country going forward. "Since the arrival of the COVID-19 pandemic, we have made necessary adjustments to our annual work plans, and therefore we are optimistic of a successful year in which EITI continues to play its lead role of publishing country reports.

“These reports, as well as other supporting reports and activities that have been undertaken arising from recommendations from the EITI reports on the extractive industries, had created a platform for better management of the proceeds from the mining and petroleum activities,” he said. Mr Alkan said like everyone else, dealing with disruptions on work flow by the COVID-19 pandemic has been a major challenge, particularly for a multi stakeholder initiative like EITI and the use of modern technology in communications has eased some of those challenges; however, to a limited extent due to the poor and unreliable telecommunications infrastructure in the country.

New Caledonia: SLN strikes deal with government

Radio New Zealand on 15 February 2022

New Caledonia's SLN nickel company says it has struck a deal with the government, allowing it to export an additional two million tons of low-grade ore a year. The company, which is the biggest private sector employer, has been pushing for an increase in the sale of such ore because it is not suitable for processing at its smelter in Noumea. According to a statement from SLN, the company will in turn invest \$US280 million. It said this arrangement will maintain the 1,000 jobs at the plant and will create an additional 200 jobs mainly in the Northern Province. It said these are in addition to the 360 jobs created since 2019. In recent years, SLN kept incurring huge losses and risked insolvency because of lower nickel prices, but in recent months they rebounded sharply amid rising demand and low inventories. Nickel accounts for almost 90 percent of New Caledonia's exports.

Panguna share value doubles overnight

BY GORETHY KENNETH, Post-Courier, February 14, 2022

The dormant Bougainville Copper Limited share value has more than doubled overnight on the Australian Stock Exchange following a resolution to re-open the rich but controversial Panguna copper mine. Landowners from the mine area and the Autonomous Bougainville Government (ABG) signed a joint resolution last Friday to re-open the mine causing the leap in its share price. The ABG's current 36.4 per cent (146,175,449 shares) shareholding was worth K146.2 million when the shares were worth 40 cents each on Thursday. On Friday afternoon, however, the share value was worth K325.2 million when they increased and closed at 89 cents, a jump of 122.5 per cent. That is an increase of K179 million. It shows what a little bit of good news and perhaps a demonstration of confidence in Bougainville can do.

ABG President Ishmael Toroama acknowledged and congratulated the five clans and their respective leadership for taking the bold stand to reopen the mine. Mr Toroama said following the signing of the joint resolutions, the ABG through the Department of Mineral and Energy Resources and other relevant departments, would now work together with the landowner groups to facilitate the process towards the reopening. The ABG government is confident that the mine reopening would be a major boost for Bougainville's economic future and at the same time guarantee Bougainville's political independence. “Today marks the ending and the beginning of a new chapter, a chapter to realize Bougainville's independence,” Mr Toroama said.

BCL general manager and secretary Mark Hitchcock said the significant increase in the volume of BOC's securities traded from 10 February 2022 to 11 February 2022 and the article published on the Autonomous Bougainville Government website entitled ‘Panguna Landowners and ABG agree to reopen Panguna Mine’ dated 11 February 2022 contributed to the latter. “We understand the article published relates to resolutions passed during a Panguna landowner summit that was supported by the ABG,” he said. “The landowners appear to have agreed to work co-operatively with the ABG to reopen the Panguna Mine. “According to the article the resolutions were endorsed by the chiefs

of the five major Panguna clans and the ABG will now work with landowners to facilitate a process towards reopening. “If the article is a fair representation of the events, then this would appear to demonstrate unity amongst the landowners and, would also boost confidence in the Autonomous Region of Bougainville as it pursues economic independence.

“Bougainville Copper Limited is engaged in investment activities. The company’s assets include the Panguna mine and associated facilities on Bougainville, and equities listed on the Australian Securities Exchange. “There is no change in the status of the shareholdings of the Autonomous Bougainville Government (ABG) and PNG shareholdings in BOC. The PNG government’s commitment to transfer their shares to the ABG remains pending and both governments continue to hold 36.4 per cent each of the shares in BOC. “The Judicial Review of the ABG’s decision not to renew the exploration licence over Panguna remains in process and we anticipate proceedings to commence in the first quarter of 2022.”

The ABG has a 36.4 per cent ownership stake in BCL, which is set to become a 72.8 per cent majority share with the PNG National Government committed to transferring its 36.4 per cent over. Mr Hitchcock said BCL had long had an active presence on the ground in Bougainville with a locally engaged team. It has continued supporting community projects and other initiatives. Bougainville Copper’s board has strong levels of local representation with four prominent Bougainvillean directors – Sir Mel Togolo, David Osikore, James Rutana and Kearneth Nanei. Other board members are Sir Rabbie Namaliu, Sir Moi Avei, Dame Carol Kidu and Peter Graham. “Over time, BCL has transformed into a truly local company,” Mr Hitchcock said.

K92 ops to last 30yrs: CEO

February 14, 2022, The National Business



THE K92 Mining Ltd can be operational for more than 30 years, its chief executive officer John Lewins says. He said the current resource had more than five million ounces of gold (ozs Au). “We are continuing to increase it with our exploration drilling,” Lewins said. “The current mine life is more than 10 years with the expansion to 350,000ozs per annum. “With continuing exploration success, we believe that the mine can be around for more than 30 years. “K92 has budgeted K50 million for exploration this year.” He said K92 remained committed to serving the communities and paying tax to the Government. “With K92’s stage three expansion, we are looking at commission-

ing the expansion in 2024 and to achieve full production in 2025,” Lewins said.

“This will result in a tripling of its production to 350,000 ounces (oz), with a similar threefold increase in corporate tax (K250 million per year) and royalty payments (K40 to K50 million per year), while salary wages tax will also increase with a doubling of the number of people employed on the operation. “Completion of our stage two expansion in 2021 which doubled throughput to 400,000 tonnes per annum and the stage 2A expansion, due to be commissioned in the third quarter this year, will increase throughput to 500,000 tonnes per annum. “Planning and execution of stage three expansion, which will involve capital expenditure of more than K1 billion over the next three years (K300 million in 2022), will increase the throughput at Kainantu to 1.2 million tonnes per annum and increase production to 350,000 ozs per year, making the Kainantu Gold mine a world class mine.”

Panguna mine to reopen

By MIRIAM ZARRIGA, February 11, 2022, The National Main Stories

AFTER 30 years, the Panguna copper mine will be reopened for the economic empowerment sought by the Autonomous Bougainville Government (ABG) for its people. The declaration of the mine’s reopening was announced after the closing of a three-day summit at Tunuru outside Arawa, Bougainville. The chiefs of Panguna landowner group’s five clans Kurabang, Barapang, Bakoringu, Basikang and Mantaa agreed to the historic decision in front of President Ishmael Toroama. The specific details of when the mine will be reopened and redeveloped will be discussed in follow-up meetings. The Panguna mine was at one time the largest open pit copper mine before production was brought to a halt on May 15, 1989.

The mine produced concentrate containing three million tonnes of copper, 306 tonnes of gold and 784 tonnes of silver. Toroama said that the journey of the Bougainville people from the fighting to the peace agreement, to the referendum and the decision to be independent between 2025 and 2027 was a journey that had seen revolutionary ideas brought into light as to how Bougainville could move forward. “Our journey has not been easy, 20,000 lives have been lost to find a solution to help the Government and the people, it is time to reset the clock,” Toroama said. “This reopening will create opportunities and jobs. “The ideology sought by all leaders before me is to ensure Bougainville takes control of its resources and it will be a journey to see.

“This signing is the beginning of what is to come for Bougainville.” “This is our tool to control what is yours,” he told the landowners. The signing of agreement comes after Toroama told the five major landowners that their challenge was to resolve and agree to an outcome that would facilitate and support the 97.7 per cent vote for political independence. Toroama said while the ABG had progressed much in declaring Bougainville’s firm position for independence in the last three Joint Government Consultation meetings with the national government, it needs a strong backing to ensure that Bougainville’s political aspirations is well supported with a vibrant economic foundation.

Bougainville a step closer to a Panguna re-opening

Radio New Zealand on 11 February 2022

The Bougainville Government says it's reached an agreement with Panguna landowners to re-open the controversial mine. The mine has been idle since 1989, forced to close by Bougainville's long and bloody civil war. The Papua New Guinea region's autonomous government said a joint resolution has been signed by clan chiefs and representatives from the five major clans of the Panguna area - Basikang, Kurabang, Bakoringu, Barapang and Mantaa. The signing took place at the end of

a three-day summit for the Panguna Landowner groups held in Tunuru in Central Bougainville this week.



Photo: Supplied/ Autonomous Bougainville Government

The Bougainville President, Ishmael Toroama, said the joint resolution signifies a new chapter for Bougainville. He reassured the landowners, saying the government is there to protect the people and their resources. He urged the landowners to use the government as a tool to control what rightfully belongs to the people. Under Bougainville's Mining Law, brought in by the last government, landowners own the resources below the surface of their land. The government believes a re-opened Panguna mine will be a major boost for Bougainville's economic future. They have also said this should guarantee Bougainville's political independence. When the PNG parliament comes to vote on the independence resolution one of the key factors before them will be the extent to which Bougainville can economically sustain itself.

Bougainville: Landowner groups to sign resolution for mine reopening

February 9, 2022, The National Main Stories

FIVE landowner groups are expected to sign a joint resolution towards the possible reopening of the renowned Panguna Mine. This comes after the Panguna Chiefs Summit opening by Bougainville President Ishmael Toroama at the Tunuru Catholic Parish in Central Bougainville. Toroama told the summit that it was time for Bougainvilleans to re-set themselves and align with the independence timeline. The five Panguna landowner groups are Kurabang, Barapang, Bakoringu, Basikang and Mantaa. Toroama urged the five Panguna clan groups to resolve and agree to an outcome that will facilitate and support the 97.7 per cent vote for political independence.

While the government has progressed much in declaring Bougainville's firm position for independence in the last three Joint Government Consultation meetings with the national government, it needs a strong backing to ensure that Bougainville's political aspirations is well supported with a vibrant economic foundation. "If we are talking about a new Bougainville, we must re-set and re-focus our priorities," Toroama said. The Panguna dialogue chiefs' summit is an activity under the Panguna Mine dialogue project, sanctioned by the Bougainville Executive Council last year as a strategic mechanism to solve outstanding issues of the Panguna Mine using a bottom-up approach. The process is being guided by the theme "local problem, local knowledge, local solution".

PM thanks China for positive talks on oil and gas sector

February 8, 2022, The National

PRIME Minister James Marape has thanked China for a positive engagement to expand its ongoing interest in Papua New Guinea's oil and gas sector. Marape said this after negotiations between his team and China's petroleum company, Sinopec, held on Saturday in Beijing, China. He commended Petroleum and Energy Minister Kerenga Kua and Kumul Petroleum Holdings Ltd managing director Wapu Sonk who led the negotiations on his behalf with Sinopec officials. The meeting discussed the petroleum sector and Sinopec's involvement in the upstream and downstream opportunities in the country, including the company's interest to buy LNG from Papua LNG and P'yang gas. "I express our deep gratitude to both President Xi Jinping and Premier Li Keqiang for asking Sinopec to meet with our Petroleum Minister (Kua) and Sonk; the meeting has turned out very well," Marape said.

Seabed mining equity dilemmas in the Pacific

By Aline Jaeckel, Quentin Hanich, Harriet Harden-Davies, Judith van Leeuwen, Holly Niner, Katherine L. Seto and Michelle Voyer, Radio New Zealand 8 February 2022

Seabed mining in the Pacific can affect fisheries and the flow-on social equity issues need to be addressed. What is currently hundreds of metres down below the ocean floor could soon be found in our electronics and on construction sites. The desire to explore the deep ocean for minerals, such as copper, cobalt, and manganese is not new, but only now are companies pushing for commercial-scale mining. The regulatory body for deep sea mining, the [Seabed Authority \(ISA\), is under pressure](#) to finalise international regulations by mid-2023 after the Pacific Island nation of Nauru pulled a so-called [two-year trigger last year](#). The trigger means it intends to submit a mining plan and the ISA must have the necessary regulations in place to assess it by the time frame. Numerous issues [must still be addressed](#) before mining can get the green light. Seabed mining will likely create noise, heavy metal contamination, and large sediment plumes, which [can cause significant risks](#) not only to seafloor ecosystems but also [mid-water ecosystems](#), including fish stocks. Many Pacific island countries and other developing states, where most seabed mineral explorations are underway, [are dependent on fisheries](#) for government revenue, nutrition, and livelihoods.



The desire to explore the deep ocean for minerals, such as copper, cobalt, and manganese is not new, but only now are companies pushing for commercial-scale mining. Photo: 360info

Food security is a particularly pressing issue for many fish-dependent low-income countries where tuna is essential [for the nutritional needs of local people](#). The Pacific region holds the world's largest tuna fishery and any decrease in tuna stocks can have deleterious effects on the health, economies, and livelihoods of ocean-dependent communities. Tuna accounts for an average of 37 percent of GDP for tuna-dependent small Pacific island states, and as high as 84 percent for some - seabed mining can potentially put these economies at risk. Tuna stocks are already threatened by climate change and scientific models predict a significant decline in fish catch for 10 tuna-dependent Pacific island countries. A decline in fish stock could lead to insecure food supply, decreasing revenue from fishing licences, a loss of employment in fishing and fish processing and community tension. The UN Convention on the Law of the Sea (UNCLOS) legally classifies minerals on the international seabed as the common heritage of humankind, meaning they should be managed for the benefit of all. But this definition raises questions on equity: who shoulders the burden and who will reap the benefits of resource extraction remains unclear. A portion of economic benefits from seabed mining must also be shared with the international community under the UNCLOS, but how much and for what purposes are yet to be defined.

The ISA regulates all seabed mining on the international seabed, referred to as the Area, and state sponsorship is required to obtain a mining contract. States may receive royalties and financial benefits from mining operators in return for acting as a sponsor but social and economic risks are unlikely to be offset by potential benefits to local communities. Deep seabed mining relies on [high technology and robotics](#) to conduct much of its operations and does not foster a local workforce that provides alternative employment. As a new industry, the technology [used to mine remains unproven at scale](#), and significant environmental concerns persist.



The Deep Sea Mining Campaign warns that if nodule mining is allowed to take place in the Pacific Ocean, species such as the Sperm Whale could be adversely affected. Photo: WILLYAM

Nauru, Tonga, and Kiribati currently sponsor an exploration contract for The Metals Company [based in Canada, previously known as DeepGreen](#). The company has links to the now insolvent Nautilus Minerals, which sought to mine seabed minerals in waters off Papua New Guinea. The endeavour failed, leaving [Papua New Guinea US\\$120 million in debt](#). While mining arrangements between small island developing states and a mining company from the global North may create some benefits for those involved, it can also undermine [the collective interests of developing states](#). The relationship can create legal and financial risks if serious environmental harm occurs. For example, sponsoring states can be held liable under international law for the damages. As Nauru stated over a decade ago:

"... these liabilities or costs could, in some circumstances, far exceed the financial capacities of Nauru (as well as those of many other developing states). Unlike terrestrial mining, in which a state generally only risks losing that which it already has (for example, its natural environment), if a developing State can be held liable for activities in the Area, the State may potentially face losing more than it actually has."

Seabed mining is a long way from obtaining a social license to operate, with major brands rejecting [minerals taken from the ocean floor due to environmental concerns](#). As the clock ticks down until 2023, we may see increasing pressure on industry and governments to rule out using minerals sourced from the oceans. A social license will depend not only on environmental factors but also on social ones. Social equity should be considered by states when making policy decisions about seabed mining, by mining companies in their social impact statement, and by the ISA when assessing mining plans. Transparent engagement with fish-dependent communities and industries can help to avoid conflict. States and the ISA will need to ensure social and environmental safeguards are applied to both the mining activity itself, but also the interactions of mining with other activities and supply chains.

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Sinopec keen for more LNG deals

February 7, 2022, The National

SINOPEC, a Chinese foundation LNG buyer of PNG LNG with two million tonnes per annum on a 20-year contract, is again very keen on more long-term contracts that are about to enter front end engineering design (feed) mid this year. Petroleum Minister Kerenga Kua accompanied Prime Minister James Marape and held a separate meeting to discuss various aspects of petroleum business in PNG and how best Sinopec can partner in the opportunities in upstream and downstream processing, as well as their interest to buy LNG from Papua LNG and the P'nyang gas development project. Kua said Sinopec also expressed strong interest in upstream participation for current

projects, as well as new licences. He pledged to help with their entry into PNG's petroleum industry in a broader intent and urged them to partner with PNG's national oil company, Kumul Petroleum Holdings Ltd. Kua was accompanied by Kumul Petroleum managing director Wapu Sonk, who will now follow through on Sinopec's request.

K1bil mine expansion

By PETER ESILA, February 7, 2022 The National Business



THE K92 Mining Ltd will be investing about K1 billion in capital to expand the mine and increase production this year, chief executive officer and director John Lewins says. He said with the current 1,650 employees (1,250 direct and 400 contractors) employment is expected to increase to 2,500 over the next two years. “We are busy with the expansion,” he said. “By the end of the following year, when we get into the next phase of expansion, we expect to be around 2,500 people. “We are looking at double the number of people we employ over the next two years, and to actually triple the amount of production that we do.

“We will be investing over a billion kina in capital this year alone, we are doing about K300 million in capital projects, all is part of that expansion to triple our production so that by 2025, we will be producing about 350,000 ounces of gold a year, which will make K92 one of the largest gold mines in PNG and the world and a very profitable one. “We will be paying a lot of the tax,” he added. “In terms of production, last year, we did around 104,000 ounces and we expect to do between 140,000 ounces and 150,000 this year and by 2025, that will be up to about 350,000 ounces.”

Aust miner halts work on project

By GYNNIE KERO, February 7, 2022 The National Business

AUSTRALIAN miner Geopacific Resources has suspended construction works on its Woodlark gold and silver project in Milne Bay as it continues to review costs estimates and schedules. Last December, Geopacific warned that there would be a likely increase in capital cost for Woodlark. Chairperson Andrew Bantock said: “Having recently been appointed as chairperson, I am focused on ensuring the company thoroughly works through its strategic options. “The suspension of these activities limits the company's cash spend as we reassess how to develop the Woodlark gold project in the most efficient manner possible. “However, we remain focused on the underlying value of the

Woodlark gold project which has over one-million ounces of gold in reserves, significant untested mineral resource growth potential and has seen over AU\$100-million (about K257 million) invested over the past 18 months in project design and development.”

Last July, Geopacific Resources Ltd had secured AU\$100 million (K257.5mil) for the construction of its gold and silver mine on Woodlark Island, Milne Bay. Chairman Ian Clyne had confirmed securing the funding through a debt facility. Mineral Resources Authority (MRA) managing director Jerry Garry confirmed the firm suspended construction work as it needed time to re-calculate the costs. Initial project cost was AU\$130 million (K314.88 million) over a 13 years’ mine life. The Woodlark project was expected to produce 980 000 oz and have a net present value of AU\$347-million (K840 million) and an internal rate of return of 34 per cent.

Despite the suspension of construction work, Garry said Geopacific had improved its housing designs for the relocation exercise following MRA’s intervention. He added that exploration work still continues. Garry told *The National*: “Initial cost for developing mine has changed significantly because of the Coronavirus period. “Costs of building mines now have increased by 16 per cent to 20 per cent. “Geopacific suspended some of their activities. “They have to raise further capital. “Construction work was suspended as of this morning (Thursday). “All fly in fly out employees were made redundant until further notice. But they continue with relocation exercises of locals and exploration work on gold resources. “Eighty decent houses were completed for landowners.”

Porgera deal on

By GYNNIE KERO, February 4, 2022, *The National*

LANDOWNERS of the multi-billion kina Porgera gold mine in Enga and the State have inked a deal which paves way for the reopening of the mine. Mineral Resources Enga (MRE) signed the Porgera Project Continuation Agreement (PPCA) with the Government in Port Moresby yesterday. MRE, which the Porgera landowners and the Enga government own, carries 5 per cent shares of the old Porgera mine. The previous operator, Barrick Niugini Ltd, (BNL) continues to maintain care and maintenance as the mine remains closed. Last June, BNL said the cost of restarting the Porgera mine was expected at around US\$300 million (about K1.028 billion). Prime Minister James Marape, who witnessed the signing, said it paved the way forward for the New Porgera and the eventual re-opening of the mine. Responding to a question by *The National* at yesterday’s signing, he said: “We are making redundant MRE’s attachment with the Porgera Mine.

“The Porgera Mine area landowners and others under the Old Special Mining Lease (SML 1) area operation have agreed to retire or have retired all the outstanding issues. “We have agreed and signed off on the Porgera Project Continuation Agreement (PPCA) for the new Porgera to start actual mine operations. “And that they have given the Government a Deed of Settlement and Release, allowing them to sign the PPCA, which now allows us to move into concluding all other subsidiary agreements. “That is an important step for the 5 per cent owners of the Old Porgera Gold Mine, to give us the Deed of Settlement and release. “I just want to say thank you very much to all Porgera landowners and the provincial government for the new Porgera deal that was signed off.”

The signing of the PPCA by all parties, all subsidiary agreements such as the Shareholders Agreement and the Operators Agreement, which will eventually lead to the reopening of the mine. The next critical steps are to sign the Shareholders Agreement, the substance of which along with that of the company constitution have already been agreed, and complete other formalities so that the New Porgera joint venture company can be incorporated and apply for a Special Mining Lease. Finalising the Operatorship Agreement is also an essential condition to reopening. BNL president and chief executive officer Mark Bristow said: “The formal execution of the PPCA represents important

progress. Our senior executives have been in PNG once again to oversee the final execution of the PPCA and the negotiation of key implementation agreements.

“Our task now, in partnership with the State, is to accelerate the process so that the new company, which will be 51 per cent majority owned by Papua New Guinean shareholders, is incorporated and a sound tenement granted, enabling the mine to reopen at the earliest opportunity and resume delivering economic benefits to the landowners and community of Porgera and to PNG.” The shareholders’ agreement will allow for the set-up of the new project company where the State, through Kumul Mineral Holding, BNL and MRE, are equity partners. Barrick yesterday said the site was still in care and maintenance until all agreements were signed and Mineral Resources Authority gave the green light for normal operations. Last December, Marape announced that the mine would be opened in April. According to the Mineral Resources Authority, Porgera mine could be reopened after that expected date. Marape said some major announcements on the US\$5.4 billion (K18.5 billion) Wafi Golpu Project in Morobe and US\$9.2 billion (K31.5 bil) P’nyang project in Western would be made on Feb 22.

St Barbara delivers projects on time at Simberi

Post-Courier, January 26, 2022

St Barbara has recently delivered two major projects at its Simberi Operations without a lost time injury. The construction team, inclusive of St Barbara employees and contractors, achieved over 109,000 safe work hours in the projects. The multi-million-dollar project included the Deep-Sea Tailings’ Placement (DSTP) pipeline and the monitoring system facility, which were constructed over three months without an incident. General manager Randy McMahon described the excellent safety performance by the work crew as a safety milestone while comparing it to a person’s work life. He said, like one person working for 52.4 years without an injury, it’s outstanding.

Construction work started on 20 September 2021 and ended on 6th, January 2022. Almost 100 pipeline specialists, engineers, technicians, tradespeople, and divers from Papua New Guinea and abroad had teamed up with St Barbara Simberi Operations teams to deliver the projects. The works included upgrades to the process of monitoring pH levels and the building and safe installation of a 540-metre DSTP line deep on the ocean floor. In an elaborate traditional Simberi ceremony, Mr McMahon was presented the traditional New Ireland Province’s traditional currency- symbolising his acceptance into the community.

Mr McMahon and community leaders, including women and church representatives, agreed to continue working in close partnership with the mutual goal of securing royalties and other benefits for Simberians and the Tabar islanders. The communities of Simberi, Tatau and Big Tabar have recently given their full consent for St Barbara to extend mine life through the mining of sulphides. Sulphides’ mining will extend Simberi’s life for at least another 10 years. Application for the environmental permit for sulphides mining is currently being assessed by the Conservation and Protection Authority. St Barbara has delivered over K350 million worth of community and government benefits including royalties, income taxes and others.

Board welcomes passing of MRDC Authorisation Bill

January 25, 2022, The National Business

THE Mineral Resources Development Company (MRDC) board has welcomed the passing of the MRDC Authorisation (Amendment) Bill 2021 by Parliament last Wednesday. The legislation will:

- ALLOW the MRDC to begin the election of project landowner representative directors on their company boards, as mandated by their company constitution and;
- PROVIDE clear arrangements on the appointments of directors on the MRDC board.

“This is an important change relating to election of directors of our trust companies,” MRDC managing director Augustine Mano said. The Bill rectified the provisions in the MRDC Authorisation Act passed in June 2020. “When (that) act came into effect, it automatically extended the term of office for all current landowner representative directors for five years,” Mano said. “It also prevented landowners from electing their representatives when a director’s term expired in 2020 and 2021. “Because of that, we couldn’t run the directors’ elections for some of our companies due last year.” He said they would have breached the MRDC Authorisation Act had the elections gone ahead. The MRDC will now revisit the election of directors of the Gas Resources PNG NG Plant Ltd and the two Ok Tedi Landowner companies – Mineral Resources Star Mountain and Mineral Resources CMCA Holdings. Once the amended legislation comes into effect later this year, elections will go ahead in:

- VILLAGES of Lealea, Papa, Boera and Porebada in Central;
- THE 12 villages of the Ok Tedi SML area and
- THE eight CMCA regions along the Fly River in Western.

Mano said the election of directors to subsidiary boards was important for community support for the MRDC group.

Rio Tinto and Panguna stakeholders start assessment on mine damage

Radio New Zealand, 25 January 2022

The mining giant Rio Tinto has told a Bougainvillean group it should have made an earlier assessment of the damage their mine at Panguna had caused. The first meeting of the Panguna Mine Legacy Impact Assessment Oversight Committee was held in the autonomous Papua New Guinea region this month.



Panguna tailings wasteland Photo: supplied HRLC

Last July Panguna communities, led by local MP Theonila Rota Matbob, and assisted by Australia's Human Rights Law Centre, filed a human rights complaint over the mine damage. They said it had caused severe environmental damage and put lives and livelihoods at risk. Ms Matbob said the first meeting with Rio Tinto went well. The next meeting is scheduled for next month.



A Bougainville family fends among the ruins of Panguna Photo: supplied HRLC

"There were apologies [from Rio Tinto] saying they should have come back to assessing Panguna a little sooner than now but they clearly made the commitment that they are committed to ensuring that the assessment is undertaken as soon as possible," she said. The committee, through its independent chairman, Martin Brash of the Tanorama Consulting Group, released a statement following the meeting, saying, "all parties at the meeting have committed to collaborating in a fair and effective process that helps address the concerns of affected communities."

MRDC board welcomes passing of the Authorisation Bill

Post-Courier, January 24, 2022

The Mineral Resources Development Company Board has welcomed the passing of Mineral Resources Development Company Authorisation (Amendment) Bill 2021 by Parliament on Wednesday. MRDC managing director Augustine Mano said this piece of legislation now allows MRDC to start the elections of project landowner representative directors on their respective company boards, as mandated by their various company constitutions and provides clear arrangements on the appointments of directors on the MRDC Board. He said this is an important change relating to election of directors of their Trust companies and this Bill rectifies the unintended consequences of provisions in the MRDC Authorization Act (the Principal Act) which was passed in June 2020. "When the Principal Act came into effect, it automatically extended the term of office for all current

landowner representative directors for a further five years and it also prevented landowners from electing their representatives when a director's term in office expired in 2020 and 2021."

Mr Mano said because of that, MRDC could not run directors elections for some of their companies that were due for elections last year. "If we had run those elections then we would have breached the MRDC Authorisation Act and the election process conducted would have been open to legal challenge." He said the process of election of directors to subsidiary boards is critical for validity and community support for the MRDC Group. "It also allows the board members, who are project area landowner representatives to be accountable to their people, which are also an important aspect of good governance and transparency," he added. The passing of this Amendment Bill does not affect the Principal Act (MRDC Authorisation Act) relating to ownership of MRDC and its roles and responsibilities, as a corporate manager. Nor do the changes affect the trust arrangements, which are specified in the Oil and Gas Act.

Nickel price rise boosts New Caledonia economic outlook

Radio New Zealand, 24 January 2022

Nickel producers in New Caledonia are buoyed by a sharp rise in the price of the metal amid rising demand and low inventories. On the London market, nickel futures have risen by 21 percent in the past month to more than 24,000 US dollars a tonne, the highest since 2011. Nickel accounts for almost 90 percent of New Caledonia's exports. The share price of Eramet, the French parent company of New Caledonia's SLN nickel company, has jumped by 37 percent since the start of the month.

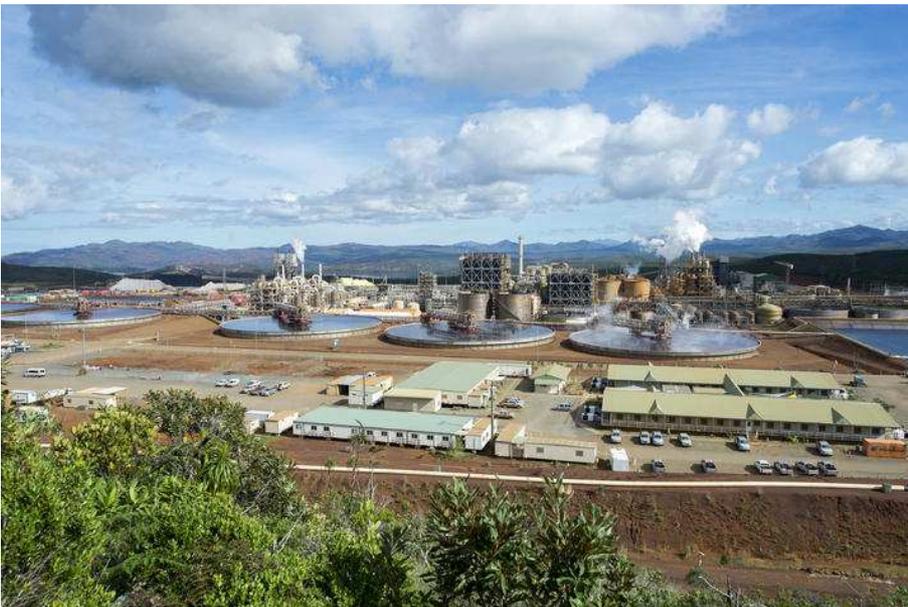


Photo: AFP

SLN, which is the territory's largest private sector employer, had been struggling with losses. The price boost also helps the Koniambo plant in the Northern Province, which - like the other producers - had suffered from sagging prices. In October, Prony Resources in the Southern Province struck a deal with the car manufacturer Tesla to supply 42,000 tons of the metal for use in batteries. The price rise is also being linked to the recent rhetoric surrounding Ukraine as there is concern supply from Russia's nickel producers could be impacted by a military conflict. Nickel is used in the production of stainless steel and can also be found in mobile phones and batteries.

Juha's landowner identification not complete

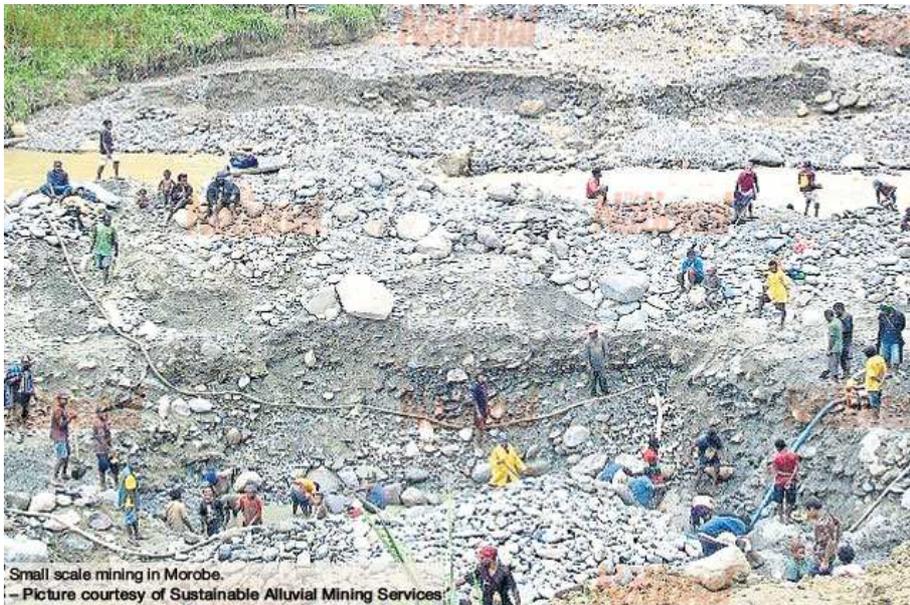
January 21, 2022, The National Business

LANDOWNERS from Juha Petroleum Development Licence nine (PDL 9) in Western have not received their royalty and equity payments for the PNG LNG project because landowner identification has not been done, Petroleum Minister Kerenga Kua says. Kua said this in Parliament yesterday. He said identification should have been done in 2020 but due to the onset of the Coronavirus (Covid-19), developer ExxonMobil PNG Ltd restricted its travels which resulted in the delay. He said the operator as of this month had lifted its travel restrictions and that the process would now begin. "Juha is part of the integrated PNG LNG project and they have the right to receive royalty and equity benefits," Kua said.

"Their entitlements have accumulated over the years because the landowner identification process is not yet complete. "We could have started that process in 2020 when the Marape Government came in but Covid came. "For two years, ExxonMobil has restricted its travels in and around the PDL areas so we have not completed that process." Kua said this month Exxon had lifted those restrictions and would go to Juha and complete outstanding landowner identification after which a ministerial determination would be gazetted and the landowners would then be able to receive their benefits. Kua said the entitlements would be kept in a trust account until statutory processes were concluded and payments will be sorted out and paid.

Minister to table alluvial mining bill when Parlt sits

By DALE LUMA, January 21, 2022, The National Business



MINING Minister Johnson Tuke says he will table an alluvial mining Bill at the next parliament sitting. Tuke said this in response to questions from Northern Governor Gary Juffa. He said one of the main benefits that would come from the bill was that all alluvial gold extracted would be refined and exported through an established process. He said the bill was currently with the state solicitor's office. "Alluvial mining activity in this country is not stand alone policy," Tuke said. "Because it is a mining activity, it is integrated with the main mining act." Tuke said the Government wanted to bring in a standalone alluvial mining act and it was now going through the process to achieve that outcome. He told Parliament that alluvial mining activity was a business reserved for Papua New Guineans.

“One of the new policies in the upcoming alluvial mining bill is to involve more (Papua New Guineans) in that activity. “We want to give more benefits to Papua New Guineans so all the alluvial gold produced must go through a refining process and be exported. “That’s one of the benefits that the government wants given to those involved in alluvial mining activities in this country,” the Kainantu MP said. “Hard rock mining is for international partners who have money, who come in and work in partnership with the government. “But for alluvial mining, it’s a reserved business which more Papua New Guineans must be involved in.” Juffa said he was concerned the gold business was being controlled by foreigners who were not buying gold at the fair market prices.

Santos notes strong production

January 21, 2022, The National Business

SANTOS delivered a strong record annual production of 92.1 million barrels of oil equivalent (mboe), inclusive of 1.7 mboe from the Oil Search assets acquired last month. According to the operator’s fourth quarter report ending Dec 31, stronger commodity prices and higher sales volumes by the company delivered record quarterly sales revenue of US\$1.5 billion (about K5 billion), up 34 per cent, and record annual sales revenue of US\$4.7 billion (about K16 billion), up 39 per cent from the previous year. Santos managing director and chief executive officer Kevin Gallagher said: “Our disciplined, low-cost operating model continues to drive strong performance across the business and has positioned us to take full advantage of the increase in commodity prices. “The completion of the Oil Search merger delivers us the size and scale to deliver even stronger outcomes in 2022 and beyond.

“I was particularly pleased that we were able to complete the merger before the end of 2021 and in just 130 days from the announcement of our intent to merge with Oil Search, and this sets us up for what is going to be a very busy 2022,” he said. “Consistent with our strategy, our next stage of growth will be disciplined and phased.” Gallagher said the Barossa project was 20 per cent complete and making “excellent progress” while he was delighted to announce the final investment decision on the Moomba carbon capture and storage project in November. “The Dorado Phase 1 and Pikka Phase 1 projects are progressing towards final investment decision this year. “Our merger with Oil Search delivers increased scale and capacity to drive a disciplined, low-cost operating model and unrivalled growth opportunities over the next decade – with a vision of becoming a global leader in the energy transition.”

‘Mine royalty is for landowners’

Post-Courier, January 21, 2022

Mine royalty payments must be paid to the landowners and not to the district development authority. President of Nakui Landowners Association and managing director of Black Cat Limited Rex Mauri said according to the Mining Act, royalties belong to the provincial government and subject to the landowners. Mr Mauri made these statements when presenting the reports of Hidden Valley Mine royalty payments from 2009-2021 witnessed by more than 2000 people at Wandumi in Wau, last week. He said the payment within this period of time given as royalty payments is more K25 million from the 18 per cent benefit that was paid by the company. “More than K25m from the 18 per cent landowner benefits was paid to Bulolo DDA. The royalty is only for the National, provincial and local government and not the DDA. “District is just an administrative body,” Mr Mauri said. “The 18 per cent was not supposed to be given to the DDA but the provincial government, during the terms of the former governor Luther Wenge, the DDA was lucky to have that portion.” Attempts to get comments from the chairman of Bulolo DDA and local MP Sam Basil by this newspaper were unsuccessful.

Kua: Juha gas field yet to start production

January 20, 2022, The National Business

PRODUCTION of liquefied natural gas out of the Juha petroleum development licence nine (PDL 9) area in Western has not commenced, Petroleum Minister Kerenga Kua says. Kua said this when responding to questions by Western Governor Toboi Awi Yoto about the PNG LNG project being integrated with different PDL areas and that the pipeline had not yet been constructed into Juha. Yoto also asked why landowners from Juha had not received any royalty payments since the project started. Kua in response said he was not sure if the reason behind the non-payment royalties but promised to find out and provide a response to Yoto. "Juha is part of the integrated PNG LNG project," Kua said. "There are several areas which have been combined and integrated under the development of the PNG LNG project and Juha is one of them. "But when it comes to the development (such as royalty payments) of the various PDLs, they stagger it and are doing it one at a time.

"Up until recently, they didn't complete Angore and Juha for various reasons including court proceedings and injunctions but finally for Angore, we have resolved the issues and now the developer (ExxonMobil Ltd) has started work to build a pipeline to bring it into production. "For Juha, this has not happened yet. "There is no pipeline into the PDL 9, Juha area. And no production has taken place out of that licensed area. "However all the royalty entitlements for the pipeline routes have been up to date, only a few PDL areas are still outstanding. "Whether Juha is outstanding or whether production has not started or if landowner identification process has not been completed, I'm am not sure." Yoto also urged Kua and his department to treat the Juha issue separately from other PNG LNG areas such as in the Highlands.

Council will transfer assets upon receiving proper documentation: Garry

January 13, 2022, The National Business

LOLE Mining Ltd, a local mining operator with the mining lease for the Tolukuma gold mine in Goilala, Central, must submit proper documentation to the Mining Advisory Council (MAC) on their proposed technical activities, an official says. Mineral Resources Authority (MRA) managing director Jerry Garry said that MAC has to receive proper documentation to allow the transfer of assets to the miner and also grant an extension of the mining lease which expires soon. Garry told The National that a previous application given by Lole Mining for the transfer of assets and extension of mining lease fell short of what was expected. "The mining advisory council in its last deliberation last year looked at the application," Garry said. "The liquidator is now the legal custodian of the property.

"Upon commercial arrangements that satisfy the liquidator in terms of paying the creditors, the liquidator will then advise us that he has certified that all the liquidation processes have been met and he will then request MRA for the transfer of the properties to the new owner," he said. Garry said while the liquidator was looking to certify Lole Mining, a local company with good partnerships with well-established financiers and technical people overseas, the documentation that reached the council was not to the council's expectation. "We have advised the new owner to resubmit proper documentation to the council so we can engage in the transfer," he said. "At the same time, the mining lease will expire next year, so we are saying if they can get the proper documentation for an extension application, the council will deliberate on it.

"We really want to see the proposed technical activities that they came to undertake, that must be properly documented to satisfy the council that what they are going to do is reasonable so the council can allow Lole mining to apply for the extension." Garry said the liquidator would apply for the transfer of the assets to Lole mining but with the mining lease expiring in a year they need to apply

for an extension of term. “If they don’t apply for extension of term with one year left, it will create uncertainty and those financiers who want to put money on the ground to reopen the mine will be uncomfortable and may not release the money,” he said. “So in the interest of securing the finance necessary to reopen the mine, the extension of the mining lease is critical.”

Authority says regulatory framework to reopen Porgera ready

January 13, 2022, The National Business

THE regulatory framework for the reopening of the Porgera gold mine is set, says Mineral Resources Authority (MRA) managing director Jerry Garry. Garry told *The National* that the state negotiation team (SNT), Barrick Niugini Ltd (BNL) and Kumul Mineral Holdings Ltd (KMHL) needed to agree on various documentations to conclude the commercial arrangement. He said there was also a new party to the agreement which was Mineral Resources Enga. “Among many challenges, we have commenced the clan agent validation exercise and that has been successfully completed with the appointment of 24 agents,” Garry said. “The 24 agents have been formally endorsed by the courts and late last year we conducted the elections of the Porgera landowner executives.

“That was also successful and on Dec 31, the courts has endorsed the appointment of the executives of the Porgera landowners associations. “So in as far as landowners are concerned, they are now formally and legally established and recognised for the SML (Special Mining Lease).” Garry added that other parties, particularly the lease for mining purposes landowners, had not been formalise including those along the riverine and those along the power pylons in Hides. “It’s going to be a mammoth task trying to get them under a single umbrella,” he said. Garry said due to time constraints they faced the authority was dealing with the SML landowners and had the records of those who had been receiving compensation from Barrick previously and those beneficiaries would be called upon in the development forum to come forward and represent their people as interim representatives.

“We are looking at calling the development forums but again there are a few other developments,” he said. From a regulatory point of few, it’s pretty straight forward, we are ready to go but concurrent with the MRA regulatory process we also have the state negotiation team talking to Barrick and Kumul (Petroleum Holdings Limited) trying to come up with commercial arrangements and under the framework that they signed earlier on. “Basically there are various steps that need to be concluded by all parties before Barrick can comfortably come back in as an operator to operate the mine.”

MRA to conduct study for potential copper, gold bodies

January 13, 2022, The National Business

The Mineral Resources Authority is looking at conducting studies for potential deep copper and gold bodies in the country as well as establishing a mineral repository to monitor all the copper and gold production, says managing director JERRY GARRY. Business reporter DALE LUMA spoke with Garry on MRA’s outlook for the year.

THE Mineral Resources Authority’s (MRA) plans to conduct studies on potential deep copper and gold bodies in the country. Managing director Jerry Garry said it would also establish a mineral repository to monitor all the copper and gold production. Detailing the MRA’s outlook for the year, Garry said the survey gold and copper would indicate the country’s reserves, and the monitoring system on production would provide real-time visibility. “The MRA has several major projects,” he said. “Firstly, we want to (issue) permit (for) Wafi-Golpu and get Porgera to reopen as quickly as

possible. “Our activities for quarter one, up to April and May, will be concentrated on these two major projects. “We also have to two other national projects that we want to roll out. “One is finding out or testing areas of interest for potential deep copper and gold bodies.” Garry said the survey was supposed to be carried out last year but because of the Coronavirus (Covid-19), the geophysical equipment could not be brought from Australia.

“We couldn’t get them up here. We will be focusing again this year to see if we can get one of the teams up here to undertake this survey,” he said. “If we get them up here, we will roll out. “What it will do at the end of the day is if the trial is successful, we will be able to deploy this technique all over the country to find copper and gold bodies sitting below 500km from the surface.” Garry said it would be an exciting project. “(If) the system works, it will open up a lot of hidden resources we have in the country,” he said. “And that is simply because many of the gold and copper will be exploited and there is nothing remaining in the inventory as reserves for the nation to give us confidence that the mining industry will continue. “So we need to look outside the box and trial this new concept where it will give us the flexibility and the capability to search for new bodies and that will sustain the mining industry in the country.

“We are keen to get it up and running. “It’s expensive, very expensive survey. “But it’s worth the investment because it will unlock billions worth of ore bodies in the country.” Garry said the other project was starting feasibility studies for what was called repository at the MRA. “We are trying to build a data base to monitor all the copper and gold production from all the mines in the country from a central location here at MRA,” he said. “We started feasibility and there seems to be some uncertainty with the industry with questions of security and etc. “The law does allow us to get that information from all the operating mines and this is just another way of getting the information from the mines. “It will give us real-time visibility to how much copper and gold they are producing on a minute or seconds basis.

“Once we have that information, one of the things that will happen is that if they are producing below the capacity of the plant, we will basically pick up the phone and say look, you have been producing well below. Can you improve your recovery? “This is so that we are not losing metals into the tailings which is really the waste product.” Garry said Ok Tedi Mining Ltd and Ramu were willing to allow engineers to look at their processing plants and undertake feasibility studies. “There are some resistance from other mines,” he said. “We will be meeting with the chamber of mines and petroleum to iron out those concerns and try to get this project rolling. “There is really nothing to worry about if the companies are operating in a transparent manner.

“If there is nothing to hide, there’s no concern. “But if they have something to hide, then they will be putting up resistance. “Hopefully, we can have consultation with the chamber of mines and get some general understanding established with these other operators.” Garry said the plan was to rollout the programme this year. “We will have the capability to see how much gold and copper is produced,” he said. “We (will check) all operating mines so that we can track down how much metals are produced, how much they declared that they have sold so that there is some reconciliation. “We can have comfort that these amount of metals have actually gone when they pay their royalties and levies. “We can be sure that the numbers fall within the expected rate. “Right now we don’t have that visibility.”

Govt eyes waste disposal fee

By DALE LUMA, January 13, 2022 The National Business

THE State is looking to collect a US\$2 (about K7) per tonne waste disposal fee and a two per cent social licence fee for the K18.4 billion Wafi-Golpu gold and copper mine in Morobe, according to

the Mineral Resources Authority (MRA). Managing director Jerry Garry told *The National* that this was part of additional fiscal instruments that the state negotiation team had imposed on the term sheet for negotiations of a mining development contract. Garry said negotiations between the state and developers were expected to reconvene next week with the completion of a mining development contract expected in the next two months followed by a decision to grant or refuse the Special Mining Lease (SML) application. “In as far as Wafi-Golpu is concerned, we have been waiting for an independent financial modelling to be done by our external experts in government forum.



“The technical team has come back to us in late December with an updated financial model for the Wafi-Golpu project. “We were specifically asking for additional fiscal instruments that the state negotiation team has imposed in the term sheet for negotiations of a mining development contract.” Garry said there were some fiscal instruments outside of the existing laws that the State wanted to see outside of the mining development contract. “Two of the instruments are what we termed as a US\$2 per tonne fee for the waste disposal fee to cover essentially what is termed as financial assurance,” he said. “Financial assurance is demanded in every mining project because in the event of a sudden mine closure, the money will be used by the government for demobilising and cleaning up the mining operation. “We recognise that mines do not close as and when according to the planned schedule.

“As part of the mine closure obligations and best global practice adopted around the world, in light of the fact that there can be sudden closures and many governments around the world ask operators to set aside funds. So for that they have imposed US\$2 per tonne on the waste disposal that will be paid by the operators. “That’s a new fiscal instrument outside of the existing law that has been introduced into the term sheet for the mining development contract. “The other is called the two per cent social licence fee. “The state negotiation is looking at imposing a two per cent social licence fee based on annual gross revenue of the total value of mineral export for social licence.” Garry said the two per cent social licence fee that would generate revenue to meet the social obligation for mining communities and relieve the State from this obligation.

K92 makes record production in Q4, says CEO

January 13, 2022, The National Business

THE Kainantu Gold Mine (K92) has delivered records in production, mill throughput, mine throughput, budget processing recoveries and an excellent start to stopping activities at Judd, its

new mining front in its fourth quarter last year, an official says. K92 chief executive officer and director John Lewins said the fourth quarter represented a major inflection point for Kainantu both operationally and with exploration. “Operationally, we met our beginning of year goal of achieving stage two expansion mine and mill throughput by year-end and exceeded our updated production guidance,” he said. Lewins said in 2022, the company looked to take another step forward with the stage 2A expansion, increasing nameplate throughput by more than 25 per cent to 500,000 tonnes per annum, targeting commissioning in the third quarter of 2022.

“On exploration, activities have recently shifted from an extended period of infill drilling at Kora to now almost entirely focused on resource growth. Step-out drilling is underway at Judd, Judd South, Kora, Kora South and also the Blue Lake porphyry. “We certainly are excited about our 2022 exploration programme.” Lewins noted that the Coronavirus (Covid-19) pandemic had been a factor in fourth quarter, with a record surge of cases during the first two months driven by the Delta variant in PNG. He said the mine had a strong attachment to its local community and Papua New Guineans and it was especially painful to see the impact that Covid-19 had had. He added that the mine had given K1 million in Covid-19 assistance to the Eastern Highlands provincial government in the final quarter of last year. “I would like to once again thank the K92 workforce for their extraordinary commitment, dedication and resourcefulness.”

State owes communities K480mil

By DALE LUMA, January 12, 2022, The National Business

THE State has around K480 million in outstanding commitments to the mining-impacted communities in the country, says Mineral Resources Authority managing director Jerry Garry. He told *The National* that this was for all the mining operations in the past five to 10 years. “We don’t have the money to fund it and this is a big liability on the part of the State,” he said. Garry said the social licence aspect of the mining business must be carried by the mining operators. “It is in their own interest that they maintain a cordial relation with the people who give them the social licence. They are the landowners.” He said the companies must be building schools, hospitals, roads and community relations projects.

“Why we are saying these is that the State has not been getting any corporate income tax from any of the mines at all,” he said. “So why are we wasting money on business that is not sustaining the income of the Government? “For example, Lihir has not been paying any income tax in the past five years or so. “The State has several obligations under the public investment programme fund and we are still struggling. “Governor Sir Julius Chan is saying I’m still waiting for my infrastructure development fund and all we can tell him is that there is no money. “Because of these, all projects must now bear the burden of social licence because it is in their own interest to keep the communities and the landowners happy and keep the mine operating.”

Western divides shares with provincial govt, locals

January 12, 2022, The National Business

WESTERN’s 33 per cent share in the Ok Tedi Mining Ltd is divided among the provincial government, landowners where the mine is situated and people along the Fly River, says Governor Toboi Awi Yoto. Yoto told *The National* that 9 per cent went to the landowners in the mountains, 12 per cent to the impacted river community and the remaining 12 per cent to the provincial government. The provincial governments share was allotted to the provincial administration and the three districts. “The 33 per cent is owned by the people of Western,” Yoto told *The National*. “When the provincial share comes, we (give) 60 per cent to the provincial government and 40 per cent to

Mineral Resources Development Company under the Fly River government company that they manage called Mineral Resources Ok Tedi Number Two. “The 60 per cent that comes to Western (is) split among the three districts – with 20 per cent each.” “If the profit is K12 million, they get roughly about K3 million each and the provincial government gets K1 million or K2 million.”

Province ‘milking ground’ for contractors: Yoto

January 12, 2022, The National Business

WESTERN Governor Toboi Awi Yoto says the province is a “milking ground” for contractors who left behind a lot of incomplete projects. Yoto said most of the contractors were locals. “They have taken our money and now are living a luxury life on stolen money – people’s blood money,” he said. Yoto yesterday attended the signing of the agreement between the Ok Tedi Mining Ltd (OTML) and the China Railway Construction Engineering Group Co Ltd for the upgrading and sealing of the Tabubil-Kiunga road. “I believe the contractor will deliver this project for us,” he said “They have gone through a rigorous process and have qualified as the successful bidder.”

Yoto said there was so much talk on giving opportunities to local contractors. “(But) if they want to take on contracts such as this, they need to prove that they can do it,” he said. “We have some contractors that are doing good work. But for us in Western, it’s like a milking place for contractors. “They go in, they dig holes, cut down a few trees and say or we have finished all our money on mobilisation. We don’t have any more money and we have to go back and ask for more. “And there is variations (which) keeps on increasing the contract value. “And nothing gets done in Western. “Most of the people who have done this to us are locals – Papua New Guinean contractors. “It’s really not fair on the people of Western.”

Tabubil-Kiunga road upgrade starting next month

January 12, 2022, The National Business

THE first phase of the upgrading and sealing of the road from Tabubil to Kiunga is expected to begin next month with a K50 million Infrastructure Tax Credit Scheme (ITCS) funding. This follows the signing of an agreement yesterday between the Ok Tedi Mining Ltd (OTML) and China Railway Construction Engineering Group Co Ltd. OTML’s deputy chief executive officer and general manager for community and operations support Kedi Iimbit said the 135km road was vital for people in the project-impact area. Phases two and three would follow once further funding becomes available. Western Governor Toboi Awi Yoto thanked the Government for increasing the tax credit scheme limit from 0.75 per cent up to 2 per cent, allowing the OTML room to initiate projects in the province. North Fly MP James Donald said the road project was long overdue for the province and North Fly. Since 1997, OTML had spent more than K300million on ITCS projects in Western and Telefomin, in West Sepik. They included projects on health, education, law and justice, transport infrastructure and utilities. Other major projects being considered include the upgrading and sealing of the Daru town roads and airport extension, a new district court house in Kiunga, refurbishment of Aiambak Secondary High School, road to Vanimo and Hela, road from Atemkit to Kavorabip and one from Alice Pit to the border.

Union expresses concerns over impact of mining activities

By JIMMY KALEBE, January 11, 2022, The National Business

THE Union of Watut River Communities and the people residing along the Watut River in Bulolo, Morobe, have expressed concerns regarding the damage caused by mining activities upstream, a

local government official says. Mumeng local level government (LLG) deputy president George Paul said the Union of Watut River Communities (UWRC) recently presented a submission to respective government offices in the province and the national Government calling for their many grievances to be addressed. Last Dec 3, UWR made their final submission to the office of Mining Minister Johnson Tuke which was received by his first secretary. The submission called for the concerns raised by villages along Watut River from wards 16, 17, 18 and 19 and further downstream in Mumeng LLG to be addressed by the appropriate authorities immediately.

Paul said people raised their concerns regarding the general environmental damages to Watut River affecting the livelihoods of the people, the alleged illegal declaration on mining benefits among other issues. The submission was also made to Morobe Governor Ginson Saonu and the Bulolo development authority (DDA) this year. Paul said since 2011, people living along the river were affected by the Hidden Valley mining project as well as other outstanding issues to be addressed. “Three weeks ago, we presented the Mining Minister’s first secretary in Port Moresby regarding the people’s grievances on the issues they faced,” he said.

Morobe Consolidated Goldfields Ltd (MCGL) social performance and communities manager, Geoffrey Fahey, said the claims by UWRC related to complaints made in 2009. “This is regarding sediment run-off and flooding of Watut River allegedly caused by the construction of Hidden Valley mine,” he said. Fahey said the then Hidden Valley mine owner, the Hidden Valley Joint Venture met with the landowners and made a one-off payment on all claims. “A total of K4.53 million was paid for 4,093 claims in 2010 with each recipient who signed the statutory declaration form to confirm receiving the payment and the ownership of the affected gardens.” MCGL is the current owner of Hidden Valley mine and is committed to operating the mine in an environmentally and socially friendly manner.

Enga provincial govt supports new Porgera mine deal

Post-Courier, January 7, 2022

The Enga Provincial Executive Council (PEC) has endorsed the new project framework proposed by the National Government for the re-opening of Porgera mine in April this year. Enga Governor Sir Peter Ipatas, while announcing the PEC endorsement over the weekend, commended the National Government for its vision to re-open the world class Porgera Gold Mine under a new project framework. “The Marape Government has been bold and decisive in negotiating a new deal for the country and I am proud to say that Enga Province under my administration firmly supports the effort,” Sir Peter said. The governor said the endorsement by the Enga PEC was an important step forward toward reopening the mine this year, and was looking forward to achieve greater results.

Sir Peter also called on all Porgera landowners to unite and support the Marape Government’s new vision for Enga Province and the country as a whole. Sir Peter said the provincial government was now looking forward to negotiating a new memorandum of agreement (MoA) with the project partners and will work closely with the Marape Government to ensure its vision for the mine is achieved. He said the vision would also secure further prosperity for current and future generations of Enga Province. Barrick Niugini Limited (BNL) is also working towards re-opening the mine in April following the dates set by Prime Minister James Marape last year. It is also understood that BNL will provide a media statement later in the month on the progress of the mine re-opening.

Miner thanks Govt for increasing tax credit ceiling

January 7, 2022, The National Business



OK Tedi Mining Ltd (OTML) has commended the Government for the increase in the tax credit scheme ceiling from 0.75 per cent to 2 per cent as announced in the 2022 National Budget. A statement from OTML said the change, along with strengthening production from the mine, would see “a significant increase in annual tax credits from current levels approximating K25million per annum to more than K100million per annum over the life of the mine”. The funds will be used to develop priority projects in health, education, law and justice and transport infrastructure and utilities in Western and West Sepik. OTML managing director and chief executive officer Musje Werror said the Government had recognised the need for more funds to develop remote areas. He said OTML had spent more than K300million on tax credit scheme projects in the two provinces since its inception in 1997.

“We want to connect these two provinces by a road from the north to the south and open up the region for the people to have better access to services and develop their local economies,” Werror said. “This is the legacy that OTML wants to leave behind.” Other major projects being considered include the upgrading and sealing of the Daru town roads and airport extension, construction of a new District court house in Kiunga, upgrading of the Kiunga District Hospital, refurbishment of the Aiambak Secondary High School, sealing of the Kiunga/Tabubil Highway, road to Vanimo and Hela, construction of the Atemkit/Kavorabip road and construction of the road from Alice Pit to the border. Werror said the new projects would be aligned with the national and provincial governments’ priorities and managed through OTML’s projects and contracts management processes.

Pruitch lauds Sir Michael for LNG negotiations

Post-Courier, January 6, 2022

National Alliance Party leader Patrick Pruaitch has acknowledged the late Grand Chief Sir Michael Somare for his PNG LNG ‘gift’ that was now benefitting the nation. Mr Pruaitch said this when welcoming the distribution of the 4.27 per cent PNG LNG equity distribution to the oil and gas resource to provincial governments and landowners by Kumul Petroleum. He said aspects of the settlement may not be fully in line with the spirit and letter of original government plan but it was heartening that decade-old issues was finally being put to rest, so policy makers could concentrate

on future growth and prosperity of the nation. “When late Sir Michael laid the ground rules for the negotiation of the PNG LNG project, foremost among these were his determination not to sell down the PNG government’s project equity, he had the national interest at heart,” he said. Mr Pruaitch who chaired the Ministerial Economic Committee during negotiations for the PNG LNG project said under the Oil and Gas Act, 2.7 per cent of equity was accorded to landowners and associated stakeholders and paid for by the National Government.

“The additional 4.27 per cent equity was the outcome of direct negotiations conducted by the late Anderson Agiru, in his capacity then as Southern Highlands Governor,” he said. “It was mutually agreed this equity would be purchased from the overall shares held by the National Government.” “There was no expectation that this equity would be a “gift” as that could potentially breach the PNG Oil and Gas Act requirement that a maximum 20 per cent of net benefits should flow to the landowners and local stakeholders in any oil and gas project.” “In that way 80 per cent of net benefits could flow to the nation for the benefit of all. This was seen to be extremely fair to landowners.” “Late Sir Michael totally appreciated that the PNG LNG project only becomes a reality because people who own most of the natural gas resources, particularly in Hela and Southern Highlands, were happy to share their benefits with stakeholders in Gulf and Central, Who are important part of the PNG LNG project.”

The reality today is that almost 50 per cent of all direct employees at the PNG LNG Project come from local communities in the five impacted project areas – Hela, Southern Highlands, Western, Gulf and Central Provinces – and this is where most landowner businesses have benefited from contracted work. “Hopefully remaining issues regarding distribution of royalties to landowner groups can be expeditiously resolved.” “These records such as the distribution of a single project to the doubling of the nations GDP, is not likely to be repeated in the future and remains the many gifts of the late Grand Chief has made to this nation, “ Mr Pruaitch said

Ipatas commends Govt’s vision to re-open mine under new framework

January 6, 2022, The National Business

ENGA Governor Sir Peter Ipatas has commended the Government for its vision to re-open the Porgera gold mine this year under a new project framework. “The Marape Government has been bold and decisive in negotiating a new deal for the country and I am proud to say that Enga province under my administration has firmly supported those efforts.” Sir Peter said this after the Enga Provincial Executive Council (PEC) met over the weekend to formally endorse the new project framework proposed for the mine. “The endorsement by the PEC is an important step forward toward reopening the mine this year,” he said. Sir Peter urged all Porgera landowners to unite and support the Government’s new vision for Enga province and the country as a whole. He said that the provincial government was now looking forward to negotiating a new memorandum of agreement with the project partners and would work closely with the Government to ensure that its vision for the mine was achieved in order to secure further prosperity for Enga’s current and future generations.

KPHL paying equities next week

By SHIRLEY MAULUDU, January 6, 2022, The National Business

THE Kumul Petroleum Holdings Ltd (KPHL) will start paying landowners under the Kroton Equity of the PNG LNG project next week, says managing director Wapu Sonk. He told *The National* that they would start payments on Tuesday. “Landowners especially the brown fields like PDL (petroleum development license) 2, 3, 4, 5, 6, LNG Plant site, pipeline segments and PDL 7 in Hides are

ready and KPHL will coordinate with them on payments to them starting Jan 11,” Sonk said yesterday. More than K250 million was paid last month by KPHL to five provincial governments. It was also announced that payments to landowners would follow. More than 60,000 landowners and five provincial governments of the PNG LNG project impact areas come under the Kroton equity. Following the company’s annual general meeting, K251 million preferential dividends held by Kumul Petroleum for Kroton equity beneficiaries was paid to the provincial governments and project landowners.

Of the K251million paid, K189million was dividends for PNG LNG project Kroton Equity option beneficiaries (landowners), and K62million was paid to the five provincial governments – Hela, Southern Highlands, Western, Gulf and Central. Each provincial government was to receive dividend payments in proportion to their shareholding as determined in the 2009 Kokopo Umbrella Benefit Sharing Agreement (UBSA). This is the first dividend payment after Kroton equity beneficiary groups exercised the Kroton equity option in 2016. Under the 2009 Kokopo UBSA agreement, the Government granted Kroton equity beneficiary group an option to acquire an indirect 4.27 per cent interest in the PNG LNG project by buying 25.75 of the shares in Kumul Petroleum Kroton Ltd, which then was known as Kroton No.2 Ltd. It is the special purpose subsidiary of Kumul Petroleum that holds the State’s 16.57 per cent interest in the PNG LNG project.

Miner completes DSTP pipeline

January 5, 2022, The National Business

St Barbara Ltd has completed on schedule the laying of the deep sea tailings placement (DSTP) pipeline, according to a company statement. It said the commissioning of the process plant at its Simberi operations in New Ireland was in preparation for the start of processing over the coming week. “Simberi remains on track to meet its financial year 2022 guidance with production of between 60,000 and 70,000 ounces, with the first gold pour expected this month,” it said. “While the mill has been shut down, Simberi has established a 130kt oxide ore stockpile on run of mine pads and implemented multiple processing plant upgrades. “These upgrades include the replacement of cyanide mixing and storage tanks, refurbishment of the rope conveyor, installation of downcomers in the carbon in leach (CIL) circuit to promote slurry mixing, a new lime circuit and several process control enhancements to CIL and thickener circuits.

“A new mine plan has been developed to deliver oxide material to the mill, with substantial pre stripping work conducted over the last six months.” According to St Barbara last year, an inspection of Simberi’s DSTP pipeline by a remotely operated vehicle observed a failure of the pipeline at a water depth of around 54 metres. The cause of the failure is not known. Simberi operations had since ceased placement of tailings through the DSTP pipeline. The Conservation and Environmental Protection Authority (Cepa) was notified of the pipeline failure and an investigation began. No environment harm has been reported, nor has pluming of tailings been observed. Sampling and monitoring activities are ongoing. An investigation team will ascertain the cause of the failure and expedite options for repair and/or replacement.

MP welcomes decision to increase equity

January 4, 2022, The National Business

AITAPE-Lumi MP Patrick Pruaitch has welcomed resolution of the additional 4.27 per cent equity granted to the PNG LNG project’s five provincial governments and landowners through distribution of dividend payments by Kumul Petroleum. “Aspects of the settlement may not be in line with the Government plans, but it is heartening that decade-old issues can finally be put to rest so

policymakers can concentrate on future growth and prosperity,” Pruaitch said. He said when the late Grand Chief Sir Michael Somare laid ground rules for negotiation of the PNG LNG project, foremost among these was his determination not to sell down the Government’s project equity.

Pruaitch, who chaired the Ministerial Economic Committee during negotiations for the PNG LNG project, said under the Oil and Gas Act 2.7 per cent of equity was accorded to landowners and associated stakeholders and paid for by the Government. “The additional 4.27 per cent equity was the outcome of direct negotiations conducted by the late Anderson Agiru, in his capacity as Southern Highlands governor,” he said. “It was mutually agreed this equity would be purchased from the overall shares held by the Government.” Pruaitch said there was no expectation that this equity would be a ‘gift’ as that could breach the Oil and Gas Act requirement for a maximum 20 per cent of net benefits for landowners and local stakeholders.

Ramu NiCo inks new deal with union

January 4, 2022, The National Business



DEVELOPER of Madang’s nickel and cobalt mining project, Ramu NiCo Management (MCC) Ltd recently concluded and signed a new industrial agreement with its workers’ union. According to the company, this was done after lengthy consultations and discussions which took more than a year. Ramu NiCo vice-president and human resource department general manager Meng Deyong said the new agreement signed on Dec 19 would cover 2022 to 2024 and was a win-win situation for both the company and workers union, which represents more than a thousand employees working at its operation sites at the Kurumbukari mine and Basamuk refinery in Madang.

The signing was witnessed by representatives from the Department of Labour and Industrial Relations. The workers union was represented by president Sorom Noah Garima, treasurer Thomas Baiya and Basamuk workers representative Moses Abby. Deyong said the company would strictly implement clauses captured in the new agreement and all relevant laws and regulations of Papua New Guinea. “This new agreement will and must pave the way to build a stable, constructive, amicable and cooperative relationship between Ramu Nico and the union in next three years,” he said.

Economy expected to rebound

Executive director of Institute of National Affairs and economist Paul Barker gives an overview of how the country's economy performed last year. Here is his reflection of last year and prospects for this year.

January 4, 2022. The National Business

THE start of 2022 is mirroring many aspects of how last year began worldwide, with new variants of the Coronavirus (Covid-19) disrupting lives and markets, and particularly travel and tourism, and global rivalries and hostilities still a major global feature. Yet, there are many grounds for greater optimism at the start of 2022 than a year back. Last year began with new variants of the virus erupting and spreading worldwide in devastating new waves, including Papua New Guinea, which had been let off lightly in 2020. Last year, however, also started with optimism over vaccines, which had been developed over short periods in 2020, thanks to the use of genome sequencing and various other new technologies, together with a level of international cooperation. Last year also started with various commodity prices having recovered since their lows of 2020, and the arrival of a new US administration.

Covid-19 impacts

Globally, economies and markets picked up around the world last year, partly on the back of successful vaccine rollouts, despite the new variants, with even tourism, airline and hospitality industries picking up during the year in those countries with high vaccine access and adoption and new safeguards, like vaccine passports. Economies and trade picked up, albeit creating some major bottlenecks, notably in shipping, with spikes in oil and transport prices and shortages of various products stuck in queues at ports around the world. PNG was hit worse by Covid-19 last year than 2020, when it had been protected by early border closures and relative isolation from main travel routes. Last year's second wave, following major super-spreader events in the year, caused a surge of cases and deaths, but it was the third wave (seemingly of the more contagious and riskier Delta variant) from late September that really caused case numbers, hospitalisations and deaths to spike across PNG. Sadly, while many of PNG's neighbours, including Fiji, had rapidly adopted vaccines, enabling them to restore their tourism industries, for various reasons, including a barrage of misinformation mostly sourced from overseas, vaccine hesitancy was high.

Porgera gold project

Last year was forecast to have provided strong growth after the shrinkage of 2020, on the back of wider economic recovery, but also with the Porgera gold mine's expected restoration and other delayed major projects being rolled out. Some progress has been made towards addressing the situation at Porgera, but reopening a major mine, with multiple players and agreements, apart from restoration work, is a big task requiring considerable determination and cooperation. It's now forecast by Government to be reopened in April, but most observers consider that highly optimistic. With its direct and indirect impact on thousands of livelihoods, revenue, foreign exchange and indirect impact on investor confidence, Porgera's 2020 closure provides a stark reminder of the consequences of hasty or ill-advised decisions.

Covid-19 restrictions

At the start of this year, once again, we have a new and highly virulent Covid-19 variant spreading rapidly across the globe, and inevitably reaching and impacting PNG. It adds uncertainty, and disappointment to all eager to emerge from the two years of the pandemic, travel restrictions and lockdowns. The good news may be that it may prove milder, although this remains uncertain, but the World Health Organisation chief Dr Tedros Adhanom Ghebreyesus has given optimistic indications that the world should emerge from the grips of Covid-19 this year. At the end of 2021 prices for many commodities had strengthened, beyond just the short-term impact of shortages. This extended from oil, gas and vegetable oils, like palm oil and coconut oil, to metals like copper; gold remains

strong, and some other agricultural crops, such as coffee, have rebounded, with forecasts of stronger cocoa prices as well, in the face of likely production shortages from the two main west African producing nations.

Economy

Clearly, achieving revenue equity over resource projects is critical for PNG between investors, the State and customary landowners and affected communities. Attractive and stable revenue conditions are critical to attracting investment, but clearly since 2015 revenue to the State has been disappointing, by comparison with earlier years, when mining and oil corporate tax and dividends played a markedly more substantial contribution to revenue than subsequently. Sector revenue started recovering in 2018 and 2019 prior to the pandemic, but were then hit by both the Porgera closure, low oil, gas and copper prices, but most prices are now relatively strong. Inflation is a growing issue worldwide, including in PNG.

One cannot pump so much capital or purchasing power from the State into the economy, as has occurred across the developed and developing world through the pandemic, whilst seeking to restore economies from the pandemic, or when restoring decrepit public infrastructure, as in the US, without finally triggering some inflation, especially in countries with those limited spare productive capacity. In PNG, it's been largely transmitted from higher external prices, including the higher fuel costs and weaker kina, but presumably also from high domestic borrowing. PNG's economy grew last year, but not at the pace forecast by the Treasury, so by the end of the year, it will still have shrunk by around two per cent from the beginning of 2020. For this year, the forecast, as in 2021, is for a stronger rebound (Treasury estimates 5.4 per cent).

The actual outcome will depend partly upon the virus and how we (authorities and the public) respond to it this year, and partly upon global market conditions, and whether they continue to improve steadily, or whether health, global tensions and other factors disrupt global outcomes.

It also depends heavily upon how the PNG authorities navigate the economy through this sensitive period with an election mid-year; whether, the current and incoming government provide positive and stable conditions for current and would be investors, large and small, who are the ones who decide whether to commit their money, time and effort, into new business activities, new investments and job creating activities, whether mega-projects or small household ventures.

Acquisitions and mergers

Major business mergers have been rolled out last year, including between one of PNG's largest and longest established companies, Oil Search with Santos, as well as between Digicel and Telstra. Although there's nostalgia for the outgoing companies, the mergers should provide better access to capital and new opportunities to take PNG operations to their next level, fully participating in major forthcoming resource developments and upgrading links between fibre-optic cables and national networks and further rolling out 4G across the country. The regulators should play an important part in ensuring competition prevails, including after the Telikom-bmobile merger, and with the arrival of Vodafone as a new player. With the planned Kina-Westpac takeover in 2021, the regulator, ICCC (Independent Consumer and Competition Commission) barred it on the grounds of potentially limiting competition. Nevertheless, the issue of existing weak competition in the banking and finance sector has not gone away. BSP continues to play a dominant, albeit valued role in the economy.

Debt level

There is much concern over PNG's growing level of public debt to GDP (gross domestic product). The Government has been financing a large slice of its annual budget since 2011 from public borrowing, from domestic and international sources. Substantial public borrowing is widely considered sound to stimulate and sustain the economy through troughs in the economic cycle, as well as for

needed restoration or upgrade of essential public infrastructure, such as transport facilities and power and upgrading health and education capacity, so long as borrowing is within a sustainable level in a growing economy, and so long as the funds are used cost effectively and accountably. Wasting public funds, whether provided from loans or from PNG's small tax base, in unnecessary status projects or over-priced public goods is generally unwise, although during times of crises, such as the pandemic, major public expenditure on enhanced welfare and business support has been considered critical across the world, even if restrained in PNG by limited capacity to target such funds effectively or implement. A positive aspect over the past few years has been the access to relative low interest international loans, replacing costlier international commercial borrowing, although the high level of domestic debt and interest rates, must be restrained, as debt servicing costs have been increasingly displacing other critical expenditure in the annual budget and ultimately needs to be repaid.

National election

We enter this election year with considerable uncertainty. Health, economic, educational and employment, political and geo-political, governance and environmental uncertainty looking forward. 2017 was the worst conducted election on record, with very extensive abuse, few controls and ensuing violence and deaths in various centres. There was an opportunity following the election to address many of the underlying issues, including the inequitable constituencies, but this was largely foregone. Clearly, electoral and political reform and accountability is challenging, having seen the system increasingly controlled by money, access to weaponry and capacity to influence the final election roll, and where swathes of voters were increasingly denied the opportunity to cast a vote legitimately; there was also the subsequent malpractice in various counting rooms, and gross luring of parties and winning candidates.

This year preparation and capacity for managing the election is not well advanced, and many sitting candidates have accumulated war chests of services improvement programme funds over recent years. Sound and accountable political processes, stronger governance and accountability, the economy and livelihood opportunities and developing PNG as a safe and healthy place for women, children and men to live with sound prospects for the future, are all deeply inter-connected. Hopefully, the authorities, candidates and country as whole will recognise the need for a much more transparent and credible electoral process in 2022, than in 2017, with enhanced outcomes for the whole of PNG.