

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

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**Abbreviations in common use:**

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PIR: Pacific Islands Report

PNG: Papua New Guinea

**Websites:**

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

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

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

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**Nautilus Minerals looks across the Pacific after securing Papua New Guinea undersea mining deal**

30 Apr 2014 by Business Advantage

*Canadian mining company Nautilus Minerals will accelerate its range of seabed mining projects across the Pacific, after finally signing a US\$120 million (K336 million) agreement with the Papua New Guinea government to develop its Solwara 1 mining project in the Bismarck Sea.*

The PNG Government has paid Nautilus a non-refundable deposit of US\$7 million (K19.6 million) for an initial 15% (US\$120 million) interest in the project, and can increase its share to 30% in the next 12 months. The shareholding is held through state entity Petromin PNG Holdings Limited, with the remaining US\$113 million (K316 million) due to be paid by 31 July 2014. Mining Minister Byron Chan says the government would have bought a bigger shareholding if it already had some of the income from the PNG LNG project.

### Pioneering financial transaction

The Bank of South Pacific is providing the government's investment, believed to be the first time the PNG-domiciled bank has fully-funded a PNG Government venture of this magnitude. Colm Lynch, Senior Manager Corporate Banking, says BSP is looking to back further investments in infrastructure, mining and other ventures in PNG and Fiji by the government and other offshore investors.



BSP CEO Robin Fleming (right) sealing the transaction to fund the State's equity in Solwara 1. Looking on are (from left) Petromin CEO Arun Basu, and Petromin Non-Executive Director Jerry Wemin. 'We see BSP as a viable local alternative to our competitors which, given our in-country infrastructure, would mean we are a natural partner to work with offshore banks and institutions,' he told Business Advantage PNG. 'We did a comprehensive due diligence on the environmental impact and we are comfortable with the work that Nautilus has done,' he added. 'It was one of the most important parts of the transaction—ensuring that the environmental approach was correct.'

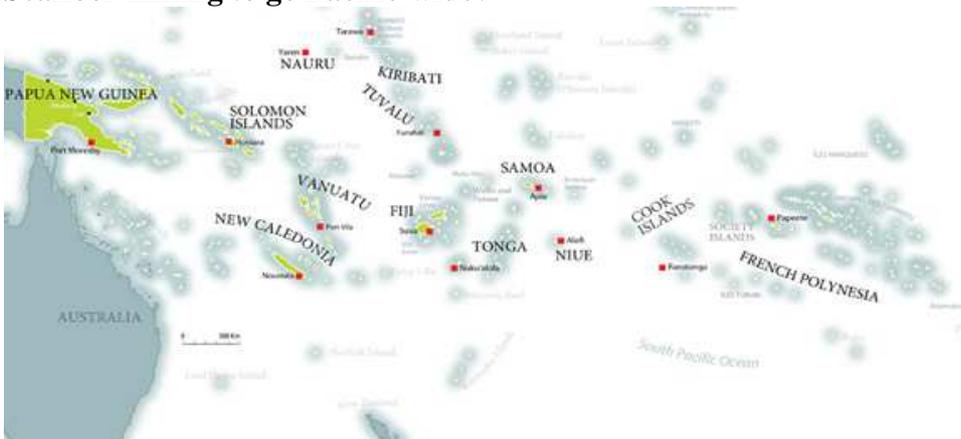
### Everyone 'happy'

The agreement follows talks after an independent arbitrator ruled in favour of Nautilus, which accused the government of renegeing on its share of financing for the project, while the government had accused Nautilus of not fulfilling some of its obligations. The final agreed amount to be paid by the PNG State is US\$2 million more than the arbitrator ordered be paid last year. Nautilus' CEO, Mike Johnston, has told a briefing in Toronto that everyone is happy with the agreement, which 'represents a major vote of confidence in Nautilus Minerals and the Solwara 1 Project'. He said the company has 'strong support' from the PNG national and provincial governments. Johnston said the agreement covers only the Solwara 1 project, and any other exploration projects in PNG would require separate mining licences and agreements.

### Copper and gold

The controversial project aims to extract ores of copper, gold and other valuable metals from a depth of 1,500m, in the Bismark Sea, which lies in southwestern Pacific Ocean to the north of Papua New Guinea. Nautilus says it intends to produce 80,000 to 100,000 tonnes of copper and 100,000 to 200,000 ounces of gold. Minerals will be excavated by a fleet of robotic machines steered from a ship at the surface. Johnston says he hopes to have a suitable vessel ready by the end of 2014, with production to begin within two-to-three years.

### Seafloor mining to go Pacific-wide?



The progress of the Solwara 1 seafloor mining project, which will deploy technology previously only used in the oil and gas extraction industry, is being eagerly watched across the Pacific. While land is in short supply and normally under customary ownership, which makes land mining problematic, the Pacific's island nations are surrounded by massive Exclusive Economic Zones of ocean. If a method of extracting minerals from the seabed in those zones can be proven, and those nations can develop appropriate regulatory environments for such mining, it will establish a potentially lucrative new source of income. Nautilus Minerals CEO Mike Johnston says since the PNG deal there has been increased interest by Pacific governments in its proposals, and the company is in discussions with possible joint venture partners from the metals and mining industries. Nautilus holds a total of more than 500,000 square kilometres of exploration territory, or tenement applications, in Papua New Guinea, Tonga, Fiji, Vanuatu, the Solomon Islands, New Zealand and the Central Pacific. Nautilus Minerals 100%-owned subsidiary, Tonga Offshore Mining Limited, reported in 2012 it had found 'significant grades of manganese, nickel, copper and cobalt' in the Central Pacific.

### **Ramu: Authority, miner asked to clarify contributions**

The National, April 30th, 2014

THE government, through the Mineral Resource Authority and Ramu NiCo mine, need to clarify the services they will provide in the impacted areas. A source from the Ramu Nico management said some of the benefits accommodated in the mining review were still unclear on specific responsibilities they had. Mindre village is about 1km from the refinery facility at Basamuk and is next to the mine-constructed powerlines but is still without electricity. The source said it was stated in the agreement that the company was responsible to put power supply into the village but the government, through MRA, should be involved to assist with the service lines and its installation by its partner PNG Power Ltd. He said PNG Power Ltd had regulations to install power in certain buildings.

"Most of the village houses are bush material houses, we need to comply with PNG Power regulations," the source said. He said MRA and the developer were still working on the issue. Villagers claimed they were not effectively benefiting from the health services provided in their areas. The Ganglau Aid post, near Basamuk, serves villagers around the refinery but not on an up-to-date basis. Wass Sakor, from the Jangag village, said last Sunday that one community health worker who was supposed to be serving them at the aid post, was employed by the mine and went to work at the refinery. "If he's not there, we wait, one of his assistants at the aid post is old and we are concerned that he might not read the medicine labels well and give us the wrong treatments," Sakor said.

### **Ok Tedi Development Foundation takes over Daru hatchery**

Post-Courier, April 30, 2014

THE Western Province Sustainable Aquaculture (WPSA) project, previously owned and managed by the PNG Sustainable Development Program (PNGSDP) is now being managed by Ok Tedi Development Foundation. OTDF began looking after this project in December 2013 and since then over 30,000 fingerlings have already been produced. These fingerlings have been raised in the hatchery for grow out trials and restocking into designated sites along the Fly River. OTDF Chief Executive Officer Ian Middleton said OTDF will continue to manage the project until a decision is made on its new ownership. He said the project in Daru was important to Western Province to sustain the wild barramundi population which is in gradual decline due to over fishing. "We successfully produced a significant crop of over 30,000 healthy fingerlings in January which coincided with the natural breeding season for the wild barramundi. With that first harvest secured, we intend to pro-

duce another batch of fingerlings before winter, this is expected to be in May," he said. Prior to becoming CEO of OTDF, Mr Middleton initially established and managed the WPSA project.

Efran Adie and Jason Tigar, who had worked alongside Mr Middleton on his private barramundi project (Bismark Barramundi) in Madang some years ago and now supervising the Daru hatchery, said they were both overwhelmed with the involvement of OTDF and the first production of healthy fish after four unsuccessful years since Mr Middleton left. "We spawned approximately a million eggs, those fertilised were then transferred to the larval rearing ponds. From that, we harvested over 30,000 fingerlings six weeks later with very high survival rates in the hatchery tanks," Mr Adie said. Daru Islander, Maria Orugu who has worked at the Hatchery since it was established in 2009, was grateful the project continued operating and supporting the local communities. "I'm also grateful for the opportunity of employment this project has provided me and with OTDF now managing the project, I look forward to learning more," she said. The project includes a barramundi hatchery, storage, administration building and staff accommodation. It also has a modern bio-filtration and aeration facility, with a customised water supply system and is capable of producing up to 200,000 fingerlings every year.

### **PNGSDP board cuts ties with government**

Post-Courier, April 30, 2014

The PNG Sustainable Development Program under Sir Mekere Morauta has secretly removed any representation by the PNG government and the people of Western Province from its board. The national Government recently learnt about the latest developments with the Chief Secretary issuing a statement claiming the actions by Sir Mekere and the board is illegal. The Mekere board met in Australia recently and amended the Articles of Association to achieve this outcome. It removed article 24(B) which provides for the appointment of directors by the PNG Government, and replaced it with a new article that suited Sir Mekere and his appointees. The amendment to the article however is illegal as no consent from the PNG government was obtained. The move by the Mekere Board will be referred to the Singapore court, and also the police to deal with to ascertain if any criminality was involved. "I am very disappointed to learn that the board has taken it upon themselves to illegally change the articles of association so that there will no longer be any real Papua New Guinean representation on it. It will now be controlled entirely by BHP appointed directors. It is rogue behaviour by the Mekere board that not even BHP would find acceptable," Chief Secretary to Government Sir Manasupe Zurenuoc said yesterday.

The Sustainable Development Program has independent directors appointed with the consent of BHP and the PNG government. While Sir Mekere and others are appointed by BHP, the PNG government appointed Wilson Kamit, a director appointed by the Bank of Papua New Guinea; Donald Manoa, a director appointed by the Chamber of Commerce; and Rex Paki, a director appointed by the Minister responsible for Treasury. These directors represented the people of Papua New Guinea and in particular the people of Western Province. The government recently replaced Rex Paki with Arthur Somare. "With the amendment, the board under Sir Mekere has decided that there will be no new appointments to these positions. This means that those individuals who currently hold those positions will do so until they resign and then no new appointments will be made. "This decision is in direct contravention of the company's articles of association.

According to the articles of association any changes must be approved in writing by both BHP and the State. The State has not consented to any changes to the articles. This is a flagrant violation of the company rules," Sir Manasupe said. "Given these events I am very concerned about the governance of the Sustainable Development Program. The board has shown a complete disregard for the company rules and has taken steps to eliminate proper oversight by Papua New Guineans. "Legal

action has already been commenced in Singapore due to other illegal actions being taking by them. The state is taking all available steps to protect the assets of the Sustainable Development Program and the interests of the people of Western Province. "This move to take PNGSDP and its assets away from the people of PNG and the Western Province will be strenuously defended in court," Sir Manasupe said.

### **LNG Company thankful**

The National, April 30th, 2014

EXXONMobil PNG Ltd, operator of the PNG LNG Project, has commended the National Government for putting in place a sovereign wealth fund (SWF) for "stewardship" of the billions of kina that will flow into the country once gas exports starts this year. The company yesterday announced that liquefied natural gas production has started early at the US\$19 billion PNG LNG, with the first cargo to be shipped before the expected start in the middle of the year. Managing director Peter Graham said a lot of good had already come out of development of the project and the SWF would be one of these. "The sovereign wealth fund is a very good initiative from the government to develop, plan, and manage the funds from the project," he said. "The government has set in place its plan to steward the revenue that comes to the state from the project for the long term. "Improved management of these monies will see a lot of change in Papua New Guinea for the good."

Graham said the LNG project had already set the PNG economy in motion. "The government themselves describe this as a 'transformational project'," he said. "You can already see the positive benefits for the economy. "I've lived here for five years and been coming to Papua New Guinea for nine years, and just look at Port Moresby, and how it has changed over the last 3-4 years. "Extraordinary. "There are signs of a real middle class developing in the city. "Homes, offices, shops, lot of economic development." Graham said the government had always been supportive of the project. "That's one of the really-pleasing aspects of working in PNG," he said. "Everyone sees that it's a transformational project for the country. "When there's been a challenge, we've tended to work together to try and find solutions. "The government has been a great partner for us in PNG."

### **ExxonMobile Begins Gas Production In PNG**

*LNG project opens ahead of schedule*

By Jemima Garrett

MELBOURNE, Australia (Radio Australia, April 29, 2014) – Exxon Mobil has announced its \$19 billion liquid natural gas project in Papua New Guinea has begun production ahead of schedule. The company's PNG LNG project has been six years in the making and is expected to boost the Pacific nation's economic growth to over 20 per cent in 2015. Gas is being piped more than 700 kilometres from the PNG highlands to a processing plant near the capital, Port Moresby. The early start means the first cargo will be shipped to customers in Asia before mid-year. Production will ramp up progressively with the plant's second processing train expected to start in the next several weeks. Peter Botten, managing director of Oil Search, the project's junior partner, says the start of LNG production ahead of schedule is "excellent news". It "represents a transformational milestone for both Oil Search and Papua New Guinea", he said in an announcement to the Australian Stock Exchange. Oil Search expects its 2014 production to be up by 1.5 million barrels to between 14.5 and 17.5 million barrels of oil equivalent (mmbœ).

### **PNG serving Asia markets**

The start of shipments to customers in Japan, South Korea and Taiwan marks PNG's emergence as a gas producer for Asia. The Exxon Mobil gas project is PNG's biggest ever development and its first

LNG project. "The project is optimally located to serve growing Asia markets where LNG demand is expected to rise by approximately 165 per cent between 2010 and 2025, to 370 million tonnes per year," said Neil W. Duffin, president of ExxonMobil Development Company. A second major gas project is being developed in PNG by Canada's Inter-Oil and Total of France. Australia's Horizon Energy and Japan's Osaka Gas are developing the third project known as the Stanley gas project. Exxon Mobil's PNG facility has the capability to produce 6.9 million tonnes of LNG a year. "Project revenue and profitability are underpinned by long-term LNG sales contracts covering more than 95 per cent of the plant's capacity," Mr Duffin said. Exxon Mobil has previously said it is considering expanding the project with a third, fourth or even fifth processing plant.

### **PNG NGO Critical Of Government's Seabed Mining Deal**

*Delayed Nautilus project seems back on track*

WELLINGTON, New Zealand (Radio New Zealand International, April 29, 2014) – Non-governmental groups in Papua New Guinea have condemned the PNG government's decision to renew a commitment to the Nautilus company's ocean floor mine. The Canadian company is set to become the world's first undersea miner through its Solwara One project in the Bismarck Sea. A two-year delay in the project has now been resolved, with the PNG government taking a 15 percent stake in the development. The spokesperson for the NGO Act Now, Effrey Dademo, says they are stunned because the government had said a petition from coastal landowners had made them think again about being involved. "We have no idea and no information as to why there has been a change of position and we are asking the Government to come out clean and say why it has gone ahead with and what of the petition that was presented by the people to the Government, saying they should not consider it because it is a serious risk to the environment," says Dademo.

### **PNG Government Declares State Of Emergency At Porgera Mine**

*3-month operation launched to deal with illegal miners*

By Johnny Poiya

PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 29, 2014) – The Government has declared a state of emergency in Porgera, Enga Province. Over a hundred policemen and soldiers from Port Moresby and Mt Hagen are already on the ground in the mining township, Highlands Divisional Commander Teddy Tei said yesterday. The rapid increase in uncontrollable illegal mining activities within the mine lease area and other law and order issues in the valley has prompted the state of emergency. A similar response, codenamed Operation Ipili, was executed in April 2009 for the same reasons that saw more than 300 houses within the mining lease area being razed to the ground by members of the security forces. Those houses were allegedly used by illegal miners.

Deputy Commissioner of Police Operations Simon Kauba will launch the three month operation today in a grand ceremony at the Ipili sports complex in Paiam. The reckless behaviour of illegal miners who have descended into the valley and are extracting gold from the mine site has continuously disrupted production and risked shutting down the Barrick-operated world class open cut gold mine. Killings on the streets of Porgera town have become common, resulting in tribal fights and the closure of the Highlands Highway leading into the valley. Business houses and government departments also had to shut down as a result. It is not clear whether security personnel will remove settlements around the mine proper as in 2009 but police have moved in with more determination than before to solve the problems.

Security commanders briefed community leaders, government and business representatives on Friday. They said their focus was to stop the illegal mining activities in the mining area, which were

getting out of hand, as well as addressing other law and order issues in the valley. The security contingent will live outside of the mining premises and conduct operations. But as during the 2009 operation, sources on the ground say all illegal miners have already fled Porgera and will wait out the three-month period and return after the operation has finished. In 2009, all illegal miners fled to their home provinces across the highlands region while the operation took place. But as things cooled down the miners gradually returned and the number has increased since.

### **Ramu: Madang villagers claim smoke affecting them**

The National, April 28th, 2014

By DOROTHY MARK

PEOPLE living in villages near the Basamuk mine refinery in Madang claim they are getting sick from smoke coming from its chimneys. Villagers reported that they have been experiencing severe cough and chest pains from the smoke. They have noticed the effect on food crops. Community health worker at Diging village Guroko Gero said strong winds carried smoke to the mountains where he lived causing him to have difficulty breathing. Basamuk employees said they had to put up with the smoke in the work area. "There is strong smell but what can we do?" an employee said. A community leader at Mindre village, Terry Kunning, said food crops such as taro and banana trees were dying. "It wasn't like before. It's time to harvest taro but the crop is already rotten when we harvest." Vice-president of Ramu Nickel Wang Baowen said the refinery system was shut down once a year to minimise gas emissions and ensure everything was running smoothly. He said villagers affected were most welcome to come to the refinery clinic to get medical treatment. RamuNico last week released a statement saying the "taro blight", a common fungal disease found among plants, including taro, was the cause withering taro leaves and affecting other garden food crops, including yam and banana, at Basamuk villages. It had nothing to do with the smoke coming from the refinery, it said.

### **Nautilus, government deal paves way for project**

Post-Courier, April 28, 2014

THE State and Nautilus Minerals Incorporated have signed an agreement which now will enable the Solwara 1 project to move forward towards production. Under the agreement, the State shall take an initial 15 percent interest in the project. In a statement released last Friday the company stated that the State has the option to take up to a further 15 percent interest within 12 months of the agreement becoming unconditional. The company announced that the State has paid a non-refundable deposit for its initial 15 per cent interest of US\$7,000,000. The agreement is conditional upon the State, through a subsidiary of Petromin PNG Holdings Limited (Petromin) by 31 July 2014, the funding for the State's 15 percent share of the capital required to complete the development phase of the project up to first production, being US\$113,000,000 (excluding the deposit.) These funds will be placed in escrow until Nautilus satisfies the conditions for their release.

The funds will be released to Nautilus, and an unincorporated joint venture between the parties for the ongoing operation of the project shall be formed, if within 6 months of the funds being placed in escrow, Nautilus secures the charter of a production support vessel and secures for the State certain intellectual property rights. After its first production, Petromin's subsidiary- Eda Kopa will contribute funds in proportion to its interest. If the conditions of the agreement are satisfied and the State completes the purchase of its 15 percent interest in the project, then the arbitration concerning Nautilus' claim for damages related to the termination of the State equity option agreement dated 29 March 2011, shall be dismissed. If the State does not complete the purchase, then the position the

parties were in prior to signing the Agreement is reinstated. Nautilus CEO Mike Johnston said the company was pleased to have achieved an amicable resolution of its issues with the State.

"This step represents a major vote of confidence in Nautilus Minerals and the Solwara 1 project, Mr Johnston said. "Through this joint venture, the State will provide a significant capital investment and will retain a direct interest in the long term success of the project. "We look forward to working closely with the State and Petromin on Solwara 1, which will generate significant economic activity within the State and the Province of New Ireland." Mr Johnston said the company is now focusing its attention on securing a suitable vessel arrangement and is continuing its discussions with potential vessel partners while also undertaking a tender process with shipyards experienced in building offshore construction vessels. He said the company intends to have a vessel solution in place before the end of the year. Meanwhile Nautilus also announced that Mr Johnston continues to have the support of the board of directors of the company and his role as president and CEO has been made permanent.

### **Focus on agriculture, state told**

The National, April 28th, 2014

THE government has been giving relatively scant support to agriculture despite the fundamental dependence on it by the vast majority of the population, according to Institute of National Affairs director Paul Barker. He said that last Friday when asked about the Productive Partnership in Agriculture Programme (PPAP) which is funded by the World Bank and International Fund for Agriculture Development (IFAD). "The lack of tangible sector prioritisation, policies and plans by the government, in turn, left most development partners focusing on other sectors, with only a few, such as New Zealand and the PNG Sustainable Development Program, giving substantial sector support," Barker said. "Even the government's expected sector initiatives, notably the National Agriculture Development Programme, proved a major disappointment, ending up as little more than costly slush funds without much tangible connection to agriculture. "There will, hopefully, now be a positive shift in policy and attention to the needs of agriculture and other renewable industries, with the welcome recent launch of the National Strategy for Responsible Sustainable Development for PNG."

### **World Bank having to fund projects for Mining Women**

Mining Women Associations receive funding assistance

EMTV, 28 April 2014

Up to K135, 000 has now been made available to each woman association in all mining affected areas in the country. The Mineral Resources Authority, under the second World Bank's Mining Sector Institutional Strengthening Technical Assistance Project, has made this possible. This program is run only for the 8 producing mines of Ok Tedi, Porgera, Ramu, Hidden Valley, Tolokuma, Simberi, Lihir and Sinivit. The mining sector in Papua New Guinea has contributed over 9% to GDP since 2005. Mineral deposits, including oil, copper, and gold, account for about 72% of export earnings each year. Women leaders for the various mine affected areas today, revealed that they and their children do not benefit much from the various mining initiatives and activities in respective provinces. Participants included associations from Sinivit mine in East New Britain, Ok Tedi mine in Western Province, Tolokuma in Central, Simberi and Lihir in the New Ireland Provinces.

They shared their experiences with other women leaders and representatives of MRA and facilitators of the workshop, GRM International. For many it was a first time experience. Under the women in mining small grants programme, the range of grants to be disbursed will range between K13,

500 to K135, 000 per project. Each women will be assisted by their respective environment officers, to write project proposals to receive this fund. The women have been urged to utilize these grants wisely so that in the near future, or when the mines are closed, they can support other women and youths programs. They expressed interest in establishing agricultural projects, poultry, pot plants, and child care just to name a few. The women were told to demonstrate leadership roles, build capacity, and always be accountability. This funding assistance is available to women associations or groups in the 8 producing mining areas; Ok Tedi, Porgera, Ramu, Hidden Valley, Tolokuma, Simberi, Lihir and Mount Sinivit.

## **Solomon Islands Bans Gold Ridge Mine Employees From Returning**

*Government: Investigations into abandonment must be completed first*

MELBOURNE, Australia (Radio Australia, April 26, 2014) – Australian mining company St Barbara says it doesn't know why the Solomon Islands Government has banned its employees from re-entering the country. St Barbara shut down its Gold Ridge mine three weeks ago during the flash floods that killed 21 people and left 50-thousand others homeless. The Government's Communication Unit says the restriction has been enforced to allow a joint agencies investigation by the Labour Division, Immigration, Police, Ministry of Mines and Energy and the Ministry of Environment into safety and security at the mine site. The special secretary to the Prime Minister, Dr Phil Tagini, has confirmed to Pacific Beat that the Immigration Department has prevented employees of St Barbara from re-entering the country. He says there is significant concern in the general community and especially downstream and along the neighbouring Matepona River about the way in which St Barbara evacuated the mine after the flash floods of early May.

"In terms of how St Barbara left the mine without informing the relevant departments, the police, the land-owning communities, the Environment Department and all that and so they felt that that was not totally appropriate and to a certain extent was not responsible," Dr Tagini said. "But we have now got approval by Cabinet for an interim working group to be set up comprising of all those who have an interest in the mine and that will provide the framework for discussing all the issues that all the different parties have including the mining company." It's understood the ban relates to 44 expatriate workers who are mostly managers and executive officers.

*[PIR editor's note: Solomon Times reported that "The Gold Ridge Landowners and Guadalcanal Provincial government have warned both the government and St. Barbara that they will not accept decisions of mining on their land without being involved in the consultation process. A joint statement from the Gold Ridge landowners and Guadalcanal Province says while they share Prime Minister Gordon Darcy Lilo's disappointment over St Barbara's absence from its legal and technical obligations on Gold Ridge in the aftermath of the April floods, the Government must not sideline landowners in any dealing regarding Gold Ridge mine."]*

### **St Barbara asks for Government clarification about staff ban**

In a statement, St Barbara said it hadn't been told why its employees had been barred from re-entering the country. It said it had sent the government a site stabilisation plan and its experts were ready to implement it. And in a statement to the Solomon Islands Broadcasting Corporation, St Barbara said it had not abandoned Gold Ridge and, subject to the provision of necessary Solomon Islands Government support, it was planning to return and operate the mine. St Barbara said it did not understand why the Immigration Division had banned the senior managers and the company had sought clarification from the Government. In previous statements, St Barbara has explained that it received 1000mm of rain in four days resulting in floods that cut the mine's access road in many places and caused substantial damage to the approaches to the Tinahulu Bridge.

This meant Gold Ridge could not receive diesel fuel or other essential supplies and a decision was made to evacuate the mine on April 7. Gold Ridge director, Tim Lehany, said all reasonable steps were taken to secure equipment and hazardous material on site before the employees left. A team of United Nations specialists has arrived at the mine after the Solomon Islands Government asked for help to assess the stability of Gold Ridge's tailings dam amid fears it could fail and endanger the lives of 8000 people living nearby. It will look such issues as chemical wastes, cyanide, explosive hazards and other threats to the environment and human security.

### **Agreement reached on deep sea mining**

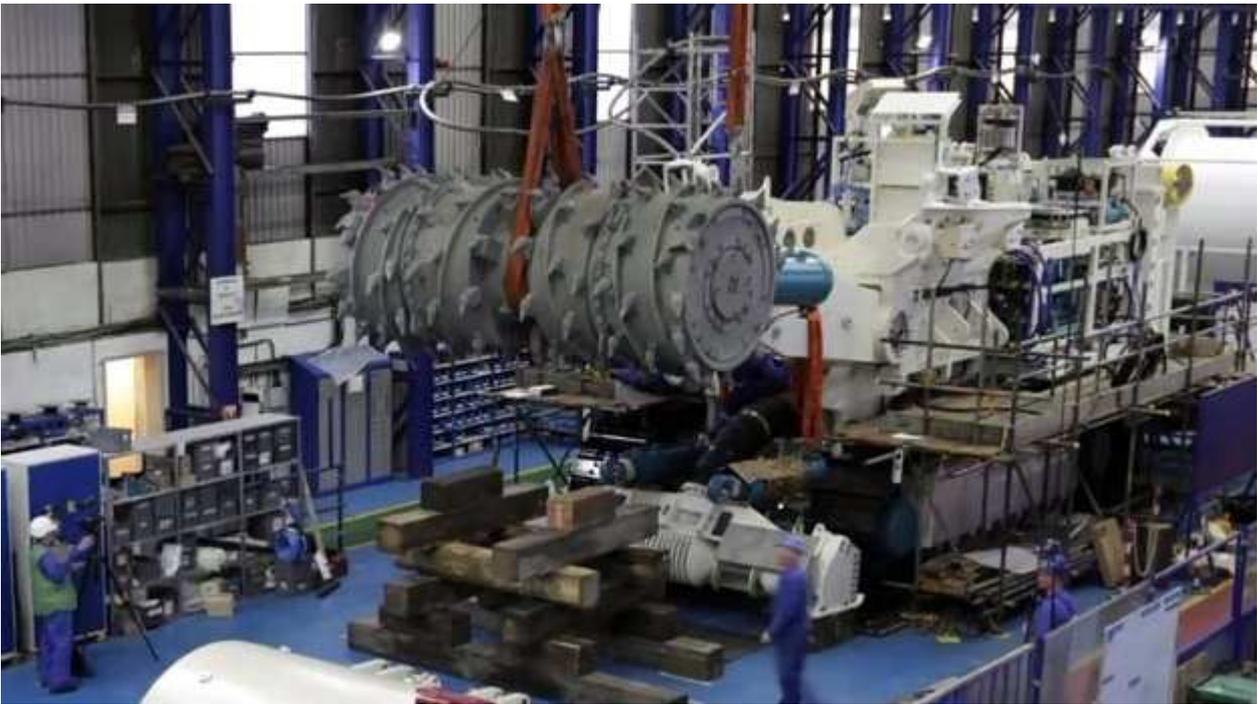
David Shukman, BBC, 25 April 2014



The project will extract ores of copper, gold and other valuable metals from a depth of 1,500m

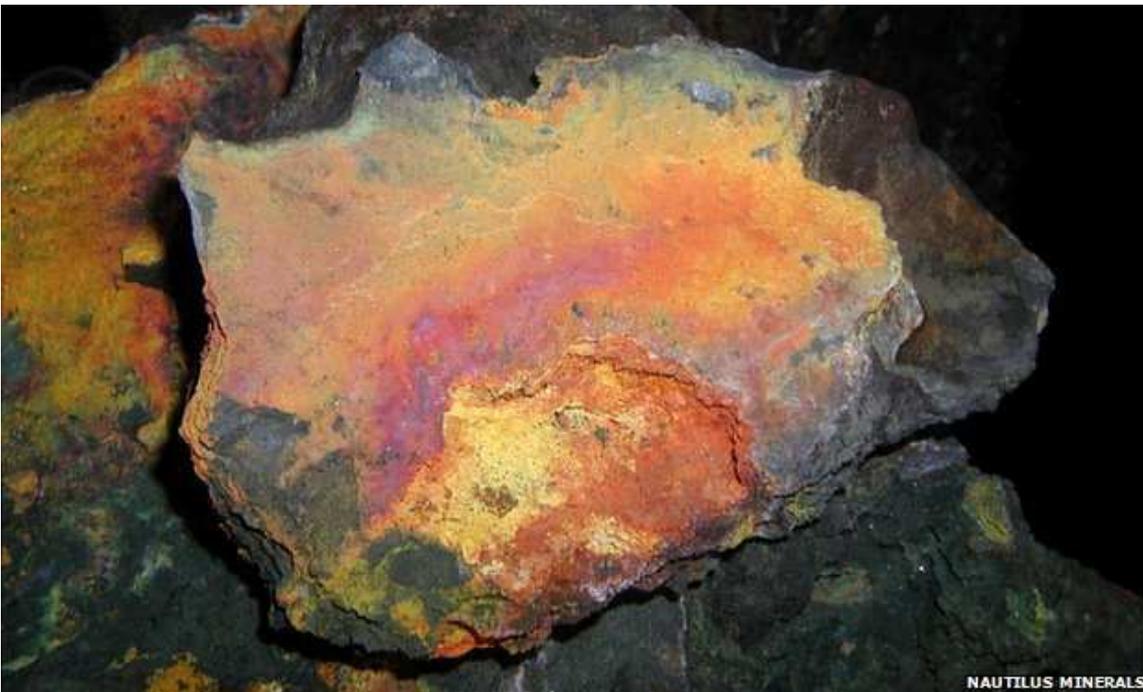
Plans to open the world's first mine in the deep ocean have moved significantly closer to becoming reality. A Canadian mining company has finalised an agreement with Papua New Guinea to start digging up an area of seabed. The controversial project aims to extract ores of copper, gold and other valuable metals from a depth of 1,500m. However, environmental campaigners say mining the ocean floor will prove devastating, causing lasting damage to marine life. The company, Nautilus Minerals, has been eyeing the seabed minerals off Papua New Guinea (PNG) since the 1990s but then became locked in a lengthy dispute with the PNG government over the terms of the operation. Under the agreement just reached, PNG will take a 15% stake in the mine by contributing \$120m towards the costs of the operation.

Mike Johnston, chief executive of Nautilus Minerals, told BBC News: "It's taken a long time but everybody is very happy." "There's always been a lot of support for this project and it's very appealing that it will generate a significant amount of revenue in a region that wouldn't ordinarily expect that to happen." The mine will target an area of hydrothermal vents where superheated, highly acidic water emerges from the seabed, where it encounters far colder and more alkaline seawater, forcing it to deposit high concentrations of minerals. The result is that the seabed is formed of ores that are far richer in gold and copper than ores found on land. Mr Johnston said that a temperature probe left in place for 18 months was found to have "high grade copper all over it".



Construction of the largest machine - the 310-tonne Bulk Cutter - was completed in the UK

For decades, the idea of mining these deposits - and mineral-rich nodules on the seabed - was dismissed as unfeasible because of the engineering challenge and high cost. But the boom in offshore oil and gas operations in recent years has seen the development of a host of advanced deep sea technologies at a time when intense demand for valuable metals has pushed up global prices. The mine, known as Solwara-1, will be excavated by a fleet of robotic machines steered from a ship at the surface. The construction of the largest machine, a Bulk Cutter weighing 310 tonnes, has just been completed by an underwater specialist manufacturer, Soil Machine Dynamics (SMD), based in Newcastle, UK.



For decades, the idea of mining these deposits was dismissed as unfeasible

The plan is to break up the top layer of the seabed so that the ore can be pumped up as a slurry. The agreement with PNG now clears the way for Nautilus to order a specialist vessel to manage the ope-

ration. Mining itself could start within five years. Environmental campaigners have long argued that seabed mining will be hugely destructive and that the precise effects remain unknown. Richard Page, oceans campaigner for Greenpeace, said: "The emerging threat of seabed mining is an urgent wake-up call for the need to protect the oceans.

"The deep ocean is not yet mapped or explored and so the potential loss of fauna and biospheres from mining is not yet understood. "Only 3% of the oceans and only 1% of international waters are protected, which makes them some of the most vulnerable places on earth - what we desperately need is a global network of ocean sanctuaries." According to Nautilus, the mine will have a minimal environmental footprint, covering the equivalent of about 10 football fields and focusing on an area which is likely to be rapidly re-colonised by marine life. Mr Johnston said: "It's a resilient system and studies show that life will recover in 5-10 years. An active venting site 1km to the southeast has the same bugs and snails and the current will carry the bugs and snails to the mine site. We expect it to recover quite quickly."

But this will be the first attempt to extract ore from the ocean floor, so the operation - and the company's assurances about the impacts - will be watched closely. So far, 19 licences to search for seabed minerals have been awarded by the International Seabed Authority, the UN body policing this emerging industry. The International Seabed Authority (ISA), which has welcomed the Nautilus Minerals agreement with Papua New Guinea, is currently drawing up guidelines for the environmental management of future seabed mining. Michael Lodge of the ISA told the BBC: "This is a very exciting opportunity and we are looking forward to learning from the tests of the new machine, which is a world first and should give us some valuable insights into technical feasibility and environmental impact."

### **UN sends team to Solomon Islands to investigate stability of Australia-owned gold mine** Radio Australia, 25 April 2014



Photo: The Australian company St Barbara shut down its Gold Ridge mine near the capital Honiara three weeks ago (File photo)

The United Nations has sent a team of specialists to assess the stability of a tailings dam at an Australian-owned gold mine in Solomon Islands. The Australian company St Barbara shut down its Gold Ridge mine near the capital Honiara three weeks ago after the flash floods that killed 21 people and left 50,000 others homeless. The Solomon Islands Government is worried the tailings dam may fail and endanger the lives of 8,000 people living nearby. Emilia Wahlstrom from UN's Disaster Assessment and Coordination team, says the tailings dam could contain toxic materials like cyanide. "The United Nations is here at the request of the government of the Solomon Islands to conduct an independent assessment of the current situation at the tailings dam," Ms Wahlstrom told Pacific Beat. "(The government) is worried about the consequences of a potential dam breach or

just a release of the water of the tailing storage facility into the downstream river and the effect that could have on the communities living downstream," she said.

"Both in terms of the immediate effects and of course then the long term effects of their livelihood and agriculture." Ms Wahlstrom says there are concerns regarding the integrity of the dam after the floods and the magnitude 8.3 earthquake which hit the country earlier this month. She says the government wants assistance with assessing the integrity of the dam and also wants to conduct some sampling and analysis. "Part of our assessment is to see what are the amounts stored there and what's the current composition of the water and what would be the potential effects if something happened," she said. Earlier the Solomon Islands Government requested the Australian Federal Police to be deployed at the mining site to maintain security. The move came after mine owners, St Barbara, suspended operations following the floods in early April. The Gold Ridge mine recorded 500 millimetres of rainfall in just 24 hours during the floods. The ABC has contacted St Barbara but no one has been available for comment.

### **PNGSDP: Sale of timber business under probe**

Post-Courier, April 25, 2014

THE sale of a timber business owned by the PNG Sustainable Development Program is being investigated by the National Government. The Office of the Chief Secretary to Government confirmed yesterday that they were looking into this transaction that occurred despite the government ordering a freeze on the sale of assets owned by PNGSDP. The business in question is Cloudy Bay Timber, which is owned by PNGSDP. "The government has received information that Cloudy Bay Timbers was sold recently to an Australian interest for about K40 million," a spokesman for the Chief Secretary said. "This is despite the freeze on the assets of PNGSDP ordered by the government while legal issues surrounding PNGSDP are pending in court," the spokesman said. It is understood a director of PNGSDP was behind this sale.

The National Government is investigating this transaction, to confirm the sale, and where the proceeds of this sale ended up. The sale of Cloudy Bay Timbers comes at a time when Rubber Growers of Lake Murray in Western province have written to the government seeking funds to support a number of projects in their area discontinued by the PNGSDP due to lack of funds. In a petition to the Prime Minister dated March 25, 2014, the villagers complained that due to discontinuance of support by PNGSDP, their rubber project has stalled, and a rural electrification, rural banking, school and aid post projects have been abandoned. This petition was signed by 1569 villagers. On April 8, 2004 the Prime Minister Peter O'Neill replied to the villagers, telling them he has directed the Chief Secretary to liaise with the relevant government authorities to assist them.

### **Bank South Pacific to fund Solwara 1**

Post-Courier, April 25, 2014

By ROSALYN ALBANI-EL-EVARA

THE State has reduced its equity in Nautilus Minerals Incorporated's Solwara 1 project from the initial 30 per cent to 15 per cent. This investment of \$US120million (K364.74 million) is set to be financed by Bank South Pacific following a signing ceremony in Port Moresby with PNG Holdings Limited (Petromin) yesterday afternoon. A government official from the Treasury Department had revealed the share had been reduced following a decision by the National Executive Council. He also confirmed that three separate signings had taken place during the day, all relating to the Solwara 1 project. Two had been closed door while the last of them being the one with BSP and Petromin. BSP's group chief executive officer Robin Fleming said the project represents a landmark transac-

tion for the bank which had undertaken the structuring, documentation and funding on a bilateral basis for the State and Petromin. Mr Fleming said the transaction has been in the making for some time, adding the bank's intention was to show and illustrate that it can undertake financing for significant transactions, particularly with partners in the government sector.

He said this deal is a practical example of the much talked about "public private partnership", adding the bank was pleased it could participate with other partners in the country in a project that is set to be very historical and significant. He acknowledged and thanked everyone involved – including the government – who had worked tirelessly around the clock to ensure the agreements could be executed. He said this represents the closure of all transactions which could now allow for the deep sea mining project to progress to the next stage of development. The bank's senior manager corporate banking Colm Lynch said it was all about matching a solution based approach that meets the complex needs of all stakeholders. "We make sure that our proposals have a benefit to the wider community," he said. Petromin and Eda Kopa (its subsidiary) director Jerry Wemin said the signing is a milestone. He said the event is to bring to closure all the negotiations and all the hard work that had gone on behind the scenes. He thanked all those involved, including those from the Treasury Department and from government and his management.

### **Nautilus Mineral Announces Complete Assembly Of Bulk Cutter**

*Seafloor mining in PNG is now one step closer*

PORT MORESBY, Papua New Guinea (The National, April 25, 2014) – Nautilus Minerals Inc recently announced that the assembling of its Bulk Cutter (BC), which is the first of the Seafloor Production Tools (SPTs), has been completed. Chief executive Mike Johnston said: "This is a major milestone for the company, having the first of the three SPTs assembled. This achievement brings the company all the closer to making seafloor mining a reality." Subsea vehicle designer and manufacturer, Soil Machine Dynamics Ltd (SMD) of Newcastle, United Kingdom, is the company responsible for building the SPTs for Nautilus. SMD are experts in the "marinisation" of mechanical, hydraulic, electric and electronic equipment for use in a subsea environment (water and pressure immersion). SMD uses this skill set as the basis of much of its existing product line in remotely operated vehicles and subsea trenchers.

"Nautilus is proud to be able to utilise their vast experience in the design, manufacture and testing of our SPTs," Johnston said. The Bulk Cutter is the heaviest of the three SPTs, weighing 310 tonnes when fully assembled. It is designed to be the high productivity machine responsible for the bulk of production. Companies and institutions involved in the simulations and test work of the BC include CSIRO, Cellula Robotics, Deltares, Istanbul Technical University, ContiTech Oil & Marine Corp and Paterson & Cooke Consulting. Johnston said: "We are proud to have such world class companies and institutions involved in the design and testing of these tools. "The next step is to carry out commissioning and acceptance testing of the BC in parallel with assembling the other two production tools, the auxiliary cutter and the collecting machine.

### **United Nations team assessing mine tailings dam in the Solomon Islands**

UN Office for the Coordination of Humanitarian Affairs via PNG Mine Watch April 24,2014

A three-person United Nations Disaster Assessment and Coordination (UNDAC) team has arrived in the Solomon Islands to assess a gold mine tailings storage facility following flash floods and heavy rains in the region. There are concerns rising water levels in the dam, located about 30 kilometres from the capital Honiara, may have weakened, potentially placing around 8,000 people in nearby villages at risk. In addition, the site contains chemicals common to gold mining facilities.

“We are here to support the Government by conducting an independent assessment of the stability of the dam and by taking samples for chemical analysis,” said Ms. Emilia Wahlstrom, UNDAC team leader. “There are a number of concerns at the site and for the thousands of people who live in neighbouring communities.” On 14 April, Dr. Melchoir Mataki, Chair of the National Disaster Council and Permanent Secretary of the Ministry of Environment, Climate Change, Disaster Management and Meteorology (MECDM), sent an official request to the UN Resident Coordinator in Fiji to provide technical expertise and support to the Government.

Following the request, the Joint UNEP/OCHA Environment Unit and the European Union Humanitarian Aid Office (ECHO) assembled a team of independent experts to assess the potential dangers of the tailings dam weakening, potentially resulting in a toxic spill of hazardous chemicals from the gold extraction processes, such as cyanide and arsenic. Two technical experts from the UN and the Netherlands arrived in Honiara on Monday 21 April and a dam integrity expert from Sweden joined the team today. The first joint field trip to the tailings dam is on Thursday 24 April and will include experts from the Environment and Conservation Division of MECDM, an independent Environmental Adviser of the downstream communities, as well as representatives from OCHA’s Regional Office for the Pacific. The team is supported by the European Commission Community Mechanism for Civil Protection and will remain in the Solomon Islands for two weeks to conduct assessments and prepare a report for the Government.

### **Nautilus Minerals and State of PNG Resolve Issues and Sign Agreement**

TORONTO, ONTARIO--(Marketwired - April 24, 2014

(the "Company" or "Nautilus") announces that the Company and the Independent State of Papua New Guinea (the "State") have today signed an agreement (the "Agreement"), enabling the Solwara 1 Project (the "Project") to move forward toward production with the full support of the State. Under the Agreement, the State shall take an initial 15% interest in the Project. The State has the option to take up to a further 15% interest within 12 months of the Agreement becoming unconditional. The State has paid Nautilus a non-refundable deposit for its initial 15% interest of US\$7,000,000. The Agreement is conditional upon the State, (through a subsidiary of Petromin PNG Holdings Limited ("Petromin")), securing by 31 July 2014, the funding for the State's 15% share of the capital required to complete the development phase of the Project up to first production, being US\$ 113,000,000 (excluding the deposit). These funds will be placed in escrow until Nautilus satisfies the conditions for their release.

The funds will be released to Nautilus, and an unincorporated joint venture between the parties for the ongoing operation of the Project shall be formed, if within 6 months of the funds being placed in escrow Nautilus secures the charter of a Production Support Vessel and secures for the State certain intellectual property rights. After first production, Petromin's subsidiary will contribute funds in proportion to its interest. If the conditions of the Agreement are satisfied and the State completes the purchase of its 15% interest in the Project, then the Arbitration concerning Nautilus' claim for damages related to the termination of the State Equity Option Agreement dated 29 March 2011, shall be dismissed. If the State does not complete the purchase, then the position the parties were in prior to signing the Agreement is reinstated. Nautilus' CEO, Mike Johnston, said the Company was pleased to have achieved an amicable resolution of its issues with the State.

"This step represents a major vote of confidence in Nautilus Minerals and the Solwara 1 Project. Through this joint venture, the State will provide a significant capital investment and will retain a direct interest in the long term success of the Project. We look forward to working closely with the State and Petromin on Solwara 1, which will generate significant economic activity within the State and the Province of New Ireland," he said. "The Company is now focusing its attention on securing

a suitable vessel arrangement and is continuing its discussions with potential vessel partners while also undertaking a tender process with shipyards experienced in building offshore construction vessels. The Company intends to have a vessel solution in place before the end of the year," he added. Mr Johnston continues to have the support of the Board of Directors of Nautilus with his interim role as President and Chief Executive Officer having now been made permanent.

### **Review complete for gold mine in Woodlark Islands**

Post-Courier, April 23, 2014

The prospects of Woodlark Island gold mine project opening is nearing as review of environmental impact was recently completed. BMT WBM (BMT), a subsidiary of BMT Group Ltd, a Leading edge consultancy with more than 40 years of experience, has completed an independent expert review of the Environmental Impact Statement (EIS) and Environmental Management and Monitoring Plan (EMMP) for the proposed Woodlark Island Gold Project. The island is situated in the maritime province of Milne Bay in Papua New Guinea. Lyn Leger, Senior Environmental Consultant at BMT WBM says: "In the review we undertook independent modelling based on Computational Fluid Dynamics (CFD) and with Discrete Element Modelling (DEM) software to predict the behaviour of DSTP plumes and provide a basis for cross-checking the impact predictions generated by the modelling outlined in the EIS." Dr Darren Richardson, Project Director at BMT WBM says: "We are extremely proud to have been given the opportunity to support DEC with this project. Since presenting our findings to DEC enabling them to put forward a recommendation, the Environment Council has recently provided approval for this project – a true indicator of the confidence our team of experts instilled as part of our thorough, independent review."

BMT was commissioned by the Papua New Guinea Department of Environment and Conservation (DEC) to provide technical review, advice and recommendations which were then incorporated into the final EIS Assessment Report for the Director of Environment to present to the Environment Council. BMT's assessment was undertaken through a staged process which included a detailed technical review of the EIS and EMMP documentation and development of a numerical model to analyse the predictions made in the EIS regarding the behaviour of tailings from the Deep Sea Tailings Placement (DSTP) in the receiving environment. Another key aspect of BMT WBM's work included a thorough review of the sedimentation impacts in downstream waterways from the mining activities such as construction and operation of the mining voids. BMT WBM's sister company, BMT Cordah also provided support in assessing potential social impacts related to food, water and cultural resources and helping to determine whether or not the local people's livelihoods would be affected by the associated environmental impacts.

### **Papua New Guinea Mining: Risk and Reward in the Land of the Unexpected**

Mining opportunities abound despite harsh environment and political unpredictability.

Nathan Allen, Global Business Reports via PNG Mine Watch 23.4.2014

Papua New Guinea is one of the mining industry's last truly unexplored frontiers. Covered by steep, densely forested mountains, one of the country's most remote communities remained completely unconnected to the outside world until the early 1990s when a chance encounter with a team of anthropologists catapulted them into the international media. Whilst it is increasingly unlikely that any further tribal groups continue to live on in total isolation, there is little doubt that the country's rugged terrain still holds vast undiscovered mineral deposits. The country's position on the collision zone between the continental crust of the Australian Plate to the south and the oceanic crust of the Pacific Plate to the north has led to the development of spectacular mineralization in almost every province. However, this same characteristic geology makes navigating certain parts of Papua New

Guinea almost impossible, and so the country remains one of the most prospective countries in the world, and one of the most unknown.

Today PNG plays host to eight producing gold and copper mines and, since 2011, the Ramu NiCo nickel and cobalt mine, operated by the Chinese MCC. Australian gold miners Newcrest are the country's most prolific operators, having operated the Lihir gold mine since 2010 and developed the Hidden Valley mine in joint venture with South African producers, Harmony. PNG has not been immune to the spiraling costs that have afflicted mines all over the world, but over the past 12 months most of the major operations have been successful in reining in operational costs to more reasonable levels. As for the next wave of producers, the release of a major geological survey at the 2010 PDAC conference served to stimulate interest amongst junior explorers from around the world. However, this flurry of activity was short-lived as the predominantly optimistic climate of the global mining boom gave way to the current downturn. This trend has recently been reflected by the exit of several major players: over the past year, Barrick, BHP Billiton and Vale have all abandoned their exploration programs in the country, leaving some concern about the short-term potential for smaller companies to find development partners.

Nevertheless, Papua New Guinea still boasts a very healthy pipeline of advanced exploration projects now at the feasibility stage, which should enter construction within the next two to three years. It is estimated that by 2020, major mining projects could contribute to the economy in excess of \$15 billion in capital expenditure alone. Whilst the vast majority of these investments will focus on the type of copper/gold porphyry deposits that have so far typified PNG's mining industry, there is also great potential for diversification. Brisbane-based junior Mayur Resources has eschewed traditional exploration paths in favor of proving up their high-grade iron sands precinct, which surrounds the Gulf of Papua. The company is also involved in early stage exploration for coal in the same region, and preliminary results suggest that the quality and scale of these deposits could rival those of neighboring Indonesia.

In spite of this encouraging news, working in PNG still presents numerous difficulties to both explorers and operators, including security risks and poor quality infrastructure. In the 2013 Fraser Institute Mining Survey, Papua New Guinea takes third place in the ranking of mining areas purely by mineral potential. However, when other factors are taken into account, the country plunges to 77th place out of a total of 96 nations surveyed. Perhaps the most serious concern for new investors in PNG is the perceived high level of sovereign risk. After the 2012 general election that brought Prime Minister Peter O'Neill to power, it was hoped that a new climate of stability would descend over PNG politics, and to a certain extent this has proved to be the case. However, two key developments over the past year have brought consternation to the international community. The first is the state's assumption of the Singapore-based PNG Sustainable Development Program's (PNGSDP) equity in the Ok Tedi mine, effectively bringing the operation entirely under state control. Depending upon which side of the fence you sit, this either constitutes the expropriation of a foreign-owned asset or simply the redistribution of funds, which already belong to Papua New Guineans, amongst the mine-affected communities.

The case is currently under international arbitration, and whilst it is difficult to predict what exactly the outcome will be, mine operators have asserted that there will be no impact on day-to-day activities at the mine. The second issue is the state's failure to comply with a payment program by which they were contractually obliged to pay \$118 million for 30% equity participation in Nautilus Minerals' Solwara 1 deep-sea mining project. After arbitration ruled in favor of Nautilus, payment has still not been forthcoming and the original partnership agreement with the state has been terminated. Whilst these developments are worrying, it is also important to point out that these two events have done little to stop on-going investments. Australian miner PanAust chose to proceed with the acquisition of Xstrata's Frieda River assets, even after the takeover of PNG SDP, whilst in the oil and gas

sphere ExxonMobil's mammoth \$19 billion LNG investment is forecast to come online ahead of schedule, proving that it is possible to deliver world class projects in PNG. New arrivals must be prepared to take risks and battle with a range of problems, however, for those that stay the course, the rewards can be immense.

### **Review complete for gold mine in Woodlark Islands**

Post-Courier, April 23, 2014

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### **Stanley gas project: Company set to roll**

The National, April 22nd, 2014

DEVELOPERS of the Stanley gas project in Western have been given the 'go ahead' by the government after a deal was signed in Madang last week. Petroleum and Energy Minister Nixon Duban signed the agreement with executives from Horizon Oil, Talisman Energy and Diamond Gas Niugini last Thursday. The agreement with Horizon Oil covers the project's fiscal terms and commitments to local content. The granting of the development license is the final step in completing Horizon Oil's sale of 40% of its PNG asset to Osaka Gas. Horizon Oil Ltd PNG chief company representative Kelvin Bramley said this would trigger the transfer of the balance of the sale proceeds plus adjustments of about US\$77 million (K207 million) in total to the company (Horizon Oil). Meanwhile, Duban said the project was expected to produce 140 cubic gas per day, adding 15% of this will be used domestically. However, he said Stanley Gas would not be same size as the LNG

project. "I take this opportunity to thank the developers and congratulate the Western provincial government and its people," he said. Duban urged the developers to ensure that landowners of the project site were fully satisfied in terms of royalty payments and spinoff businesses. Western Governor Ati Wobiro said the signing was a huge step towards the development of the province. The project site is located between Kiunga and Tabubil.

### **Ramu: Pollution denied**

Post-Courier, 22.4.2014

Phytophthora blight, commonly known as taro blight, a fungal disease found among plants including taro, is the main cause of withering taro leaves and other food crops including yam and bananas at Basamuk villages close to the Basamuk refinery and not the alleged smoke from the Ramu NiCo facility. This was the preliminary findings from a combined team including plant experts Yak Namaliu, plant pathologist, Waike Yasinge, plant agronomist from the Cocoa Coconut Institute of PNG (CCRIPNG) and Moses Moruba from the food crops and agriculture division of the Department of Agriculture and Livestock in Madang Province. CCRIPNG is the state entity mandated to carry out research on coconut and cocoa in PNG. During their presentation to Basamuk refinery community affairs officials last Thursday after a week's assessment to villages and food crops, the officials concluded that the crops were 100 percent affected by taro blight and not the alleged sulfuric gas from the Basamuk refinery. "Taro blight is common during rainy or wet season. If it was sulfuric acid then banana and sugar canes, including other crops would be severely affected," Mr Namaliu said.

The team also denied a report by John Bivi, Madang Provincial Government's director of mines that villagers in the Raicoast District were affected by the alleged gas emission. Mr Bivi's report alleged that thick fumes and acid were reported in the Raicoast villages, affecting human lives and garden crops. "John does not have the scientific data and lab analysis to prove that. He must be very careful," the team warned. Ramu NiCo also denied any pollution caused by Basamuk refinery. Mr Namaliu said during their assessment, they discovered that most garden crops were healthy but those that showed signs of withering were due to either taro blight or black-cross, which are common fungal diseases during the wet season. "It is impossible that any damage been done by the sulfuric gas. It would even be deflated with no impact on plants as sulfur gas is common in the air and diluted fast," Mr Namaliu said.

He said even if there is any possible damage trace left, the evidence has disappeared over the weeks as the team arrived on Sunday April 13 and the alleged gas emission occurred on Monday Feb 17. "We can not collect any samples to do lab testing and confirm the cause. There is no funding from the government. But our professional opinion is that plants were affected by taro blight and black star fungus," Mr Namaliu said. Mr Moses Mobura said the locals who were interviewed gave inconsistent evidence. The experts assured the locals that sulfur breaks down fast when released into the air and can not cause any harm to humans and the environment. They urged the locals not to panic.

### **RPT-The robot is ready - so when will deep sea mining start?**

Reuters, Apr 18, 2014

- \* Most potential subsea minerals in international waters
- \* U.N. body expects mining code in 2-3 years
- \* Canadian company ready to mine off Papua New Guinea



Employees of Soil Machine Dynamics (SMD) work on a subsea mining machine being built for Nautilus Minerals at Wallsend, northern England April 14, 2014. *Credit: Reuters/Nigel Roddis*

By Stephen Eisenhammer and Silvia Antonioli

NEWCASTLE, England/LONDON, April 18 (Reuters) - The world's first deep sea mining robot sits idle on a British factory floor, waiting to claw up high grade copper and gold from the seabed off Papua New Guinea (PNG) - when a wrangle over terms is solved. Beyond PNG, in international waters, regulation and royalty terms for mining the planet's subsea wealth have also yet to be finalised. The world waits for the judgement of a United Nations agency based in Jamaica. "If we can take care of the environment we have a brand new day ahead of us. The marine area beyond national jurisdiction is 50 percent of the Ocean," said Nii Odunton, secretary general of the U.N.'s International Seabed Authority (ISA). "I believe the grades look good, the abundance looks good, I believe that money will be made," Odunton said from the ISA offices in Kingston. High-tech advances, depleted easy-to-reach minerals onshore and historically high prices have boosted the idea of mining offshore, where metals can be fifteen times the quality of land deposits.

In Newcastle, the "beasty", as engineer Keith Franklin calls his machine, lies in wait, resembling a submersible tank with four metre wide cutting blades. Built by Soil Machine Dynamics (SMD), it will put Canadian listed Nautilus Minerals on course to become the first company to commercially mine in deep water. Nautilus' primary resource, Solwara 1, about 1,500 metres underwater, is a Seafloor Massive Sulphide (SMS) deposit, which forms along hydrothermal vents where mineral-rich fluids spurt from cracks in the ocean crust. Equipped with cameras and 3D sonar sensors the robot is driven by two pilots from a control room on the vessel above, attached via a giant power cable. "The cameras aren't enough by themselves because the machine will be working by vents where black soot spurts from the ocean crust and it will sometimes be near impossible to see anything," said Stef Kapusniak, business development manager for mining at SMD. "The 3D sonar will allow it to make images and send it back to the control room." The machine then cuts up the sea floor and sucks the rocks through a pipe to deposit it in mounds behind - "like icing a cake," Kapusniak said. Another machine, yet to be built, will then help suck the ore to the surface.

Nautilus aims to produce 80,000-100,000 tonnes of copper and 100,000-200,000 ounces of gold - equivalent to a modest onshore mine. It was supposed to be producing by now, but disagreements

with the PNG government over financial terms have set it back. Chief Executive Mike Johnston told Reuters he was confident a resolution would be sorted out and the company would be mining within two to three years. Most of the world's best deposits lie even deeper than Nautilus' Solwara 1, at around 6,000 metres in an area known as the Clarion Clipperton Zone. Large numbers of manganese nodules - potato sized rocks rich in copper, cobalt and nickel - lie across this 4.5 million square kilometre abyssal plain between Hawaii and Mexico.

### **LICENSES ALREADY AWARDED**

The U.N.'s ISA is drawing up a code to deal with some environmental concerns and the commercial terms for deep-sea mining. It predicts it will be finished in around two or three years, with mining still 5-10 years away. "It's only after the code is in place and people are happy with it that the huge investments needed to start deep-sea mining will occur," ISA's Odunton, a Ghanaian, said. ISA is, however, already doling out exploration licenses - 19 have been approved. Odunton said interest in them had "catapulted" in the past five years. In order to get a licence through ISA an applicant must be sponsored or partnered with a country. For nations like Japan which lack their own resource wealth, deep-sea mining is a potential way to secure mineral supply for the future. China, the world's largest metals consumers, is also one of the most active in exploring the area. Britain has an exploration licence in partnership with UK Seabed Resources, a subsidiary of defence firm Lockheed Martin. "These are the days you have to take a position, especially as a government," said Martijn Schouten, managing director at IHC's mining division - an equipment maker which targets seabed mining as its next growth driver.

IHC is the leading partner in an European Union funded project called Blue Mining, begun in February, and will look at the business case and technology for deep-sea mining over the next four years. This new frontier is an exciting prospect for developing island nations like Tonga and Nauru, which both have exploration licences. For Tonga, where Nautilus says it has been collecting encouraging exploration results, it could be a game changer. "The revenue stream and taxes from a medium sized mine would have an enormous benefit to the country," Nautilus' Johnston said. The main companies looking to mine the seabed, like Nautilus and UK Seabed Resources, are not, however, traditional mining firms, although Anglo American does have a 5 percent stake in the former. IHC said most of its contracts were with technology-based companies that were not in the mining industry, although it would not specify further due to confidentiality clauses.

IHC said it has had discussions with oil majors who are beginning to show an interest in deep sea mining. But, with little of the deep ocean mapped or explored, environmentalists worry about the potential loss of fauna and biospheres whose existence is not yet understood. "Only 3 percent of the oceans are protected and less than 1 percent of the high seas, making them some of the least protected places on earth. The emerging threat of seabed mining is an urgent wake-up call," Greenpeace said in a report last year. "I think we really have to be careful about what happens to the environment," said ISA's Odunton. "We don't know enough to take some of the risks we've taken on land."

### **Western Province: District better off before State takeover: Leader**

The National, April 17th, 2014

By ADAM MERA

Middle Fly district, in Western, is experiencing a rapid depletion in essential services since the takeover of the Ok Tedi mine by the government from the Papua New Guinea Sustainable Development Program (PNGSDP), a community leader says. Ralph Saulep, chairman of the committee from the district that recently petitioned the Prime Minister on the issue, said the district was better off before the government took over. He said previously the district had better health, education, communication and banking services and a thriving rubber industry under PNGSDP funding. Saulep

said because of the government decision, PNGSDP no longer had the funds to fill the gaps where the state had abandoned its development responsibilities. “All services that were once available to us, funded by PNGSDP, have now become dormant,” he said. The documents said PNGSDP was committing K2.9 million for economic and social infrastructure. Saulep said projects had remained incomplete and existing services had deteriorated. Governor Ati Wobiro could not comment on the issue until he visited the area, his office said.

## **Challenging sector**

The National, April 17th, 2014

Papua New Guinea and the United States both have huge natural resource endowments and face difficult challenges in managing those resources wisely, particularly in areas where communities manage land resources. Both nations have recently applied to join the Extractive Industries Transparency Initiative, an international effort to “follow the money” that is being spent and used in the extractive sectors. The US Embassy hosted a two-day workshop earlier in the week for over 30 officials from both nations to exchange experiences and best practices. Participants shared their backgrounds in working to maximise revenues from the resources for all stakeholders, balancing extraction risks against environmental objectives and planning to ensure transparency in revenue flows. The workshop titled: “Environmental Information Analysis and Compliance in Oil and Gas Exploration and Development” included officials from the Departments of Petroleum and Energy, Environment and Conservation, Land and Physical Planning, and National Planning attended the training.

During the workshop, the experts and participants discussed how to promote higher social and environmental standards, greater transparency, and more accountability in oil and gas exploration and production. Participants learned best practices on setting environmental protection policy at the national level, and learned how to evaluate scenarios, make decisions on environmental information, and manage surface protection measures in onshore oil and gas development. Experts highlighted the importance of actively consulting with indigenous communities. During his opening remarks, US Ambassador Walter North said when the government engages with communities on oil and gas developments “in a two-way and transparent dialogue, (it) ultimately results in a social license to operate that brings real and enduring benefits to communities.” “The two-day workshop was an eye-opener for my department and sister agencies and regulation departments to coordinate between all agencies involved in gas and oil exploration to align together and work in harmony,” Jimmy Haumu, a participant from the Department of Petroleum and Energy, said.

Programme manager at the US Department of State Joe Figueiredo said: “Workshops such as this provide PNG officials with an opportunity to get one-on-one training on highly technical subjects, interact directly with US experts, and create connections with these experts so that they are able to get advice after the course is over,” said. This workshop is the latest in a series of exchanges led by the US Department of Interior’s Bureau of Land Management since 2012 as part of the Energy Governance and Capacity Initiative (EGCI). EGCI’s objective is to help Papua New Guinea manage its oil and gas sector revenues wisely and in a manner that maximizes and sustains natural resource development for the country and its people. The EGCI, an interagency effort led by the US Department of State, provides a wide range of technical and capacity building assistance to the selected countries that are on the verge of becoming the world’s next generation of oil and gas producers.

## **Oil Search nets K568m profit**

Post-Courier, April 17, 2014

OIL Search Limited has declared a US\$205.7 million (K568m) net profit after tax in the 2013 financial year, an increase of 17 per cent from 2012. According to their annual report released on Tuesday, managing director Peter Botten said: "Oil Search's strong financial performance in 2013 was driven by solid production together with prudent cost control, which saw the net profit grow by 17 per cent, an excellent result given the slightly weaker oil price environment. "At the end of 2013, the company remained in a healthy financial position, with total liquidity of over US\$500 million (K1381m)." Mr Botten said the backbone of Oil Search remains their producing oil and gas fields in PNG, which Oil Search has operated for over a decade. He said under their operatorship, more than 50 million barrels of oil (gross) have been added to the expected ultimate recoveries of these mature oil fields. "Oil Search is undergoing a major corporate transformation. When the PNG LNG Project comes on-stream this year, the company's profile, from a production and financial perspective, will change dramatically. In 2015, the first full year of PNG LNG Project operations, our production is expected to be approximately 27 million barrels of oil equivalent (mmboe), resulting in a substantial rise in operating cash flows."

Oil Search chief financial officer Stephen Gardiner said excluding the impact of significant items in 2012, core profit rose 34 per cent year on year. "Revenue from operations for 2013 rose 6 per cent to US\$766.3 million (K2116m), driven by strong oil and gas production of 6.74 million barrels of mmboe, which was slightly above guidance and higher oil sales volumes, partly offset by a lower realized oil price of US\$110.73 (K296)/bbl compared to US\$113 (K310)/bbl in 2012. "US\$107.4 million (K296m) was expensed on exploration and evaluation activities in 2013, substantially lower than 2012, reflecting the success of exploration activities of Oil Search in PNG and the Middle East, which yielded two gas and two oil discoveries during the year." Mr Gardiner said Oil Search continued to invest heavily in 2013, with total capital expenditure of US\$1.67 billion (K4bn), compared to US\$1.86 billion (K5bn) in 2012. The decline in PNG LNG Project spend, as construction activities wound down for their peak in 2012, was partially offset by increased and appraisal activities in PNG and internationally, creating the platform for future growth.

## **Madang hosts Gas meeting**

Post-Courier, April 17, 2014

Madang province will play host to another LNG gas signing project today at the Madang resort hotel. Minister for Petroleum and Energy, Honourable Nixon Philip Duban will be signing the Gas Agreement with Horizon Oil's subsidiary company, Horizon Oil (Papua) Limited and its fellow licensees, on behalf of the State. The Gas Agreement prescribes key rights and obligations of the State and licensees in respect of the Stanley Project, including the project fiscal terms and commitments to local content. The grant of PDL 10 is the final step to completion of Horizon Oil's sale of 40% of its PNG asset to Osaka Gas and will trigger transfer to Horizon Oil of the balance of the sale proceeds plus adjustments of approximately US\$77 million in total. Investors are expected to fly in to Madang from all over the world including the landowners from the Western Province to witness the signing ceremony.

Minister Duban said Madang is well prepared and looking forward to receiving the guests for the signing. Mr Duban said that the project would deliver substantial benefits to the local people and businesses in the Western Province and Papua New Guinea. He said for the first time in the country, he has locked down 15 per cent of the gas to remain within PNG for domestic marketing obligation. The Stanley project entails the production of 140 million cubic feet of gas per day, the recovery of condensate from such gas, sales of dry gas for regional power production and the reinjection of gas

(which is not then required for sale) into the reservoir for enhanced condensate recovery and future sale. It is envisaged that the reinjected gas ultimately will be commercialised by way of a combination of sales to regional users and as part of the gas project. The construction phase of the project would take over 20 months.

### **Ramu: Villagers face effects of smoke**

The National, April 16th, 2014

COASTAL villages near Ramu Nickel plant site in Basamuk, Rai Coast, in Madang, are experiencing the effects of harmful smoke from the mine. A report by Madang provincial government Director of Mines John Bivi revealed that villagers in Malalmal and Bongu had noticed thick fumes and smelt acid. The report stated that according to assessments done, plants and food crops, especially banana, taro and yam leaves, had withered because of the effects of the acid. Villagers along the Rai Coast have complained of skin diseases. But Bivi said they would have to be medically tested to confirm the cause. "Rain water is not safe for human consumption even from creeks and rivers," Bivi said. He suggested that a medical team visit Basamuk to check and treat people affected by the smoke and smell. He urged Government bodies to continuously monitor mining activities at Ramu Nickel project sites at Kurumbukari and Basamuk. No comment could be obtained from the mine project owners. He said the court order on the deep sea tailings placement (DSTP) required a quarterly monitoring and awareness programme every year and that was not done in last quarter of 2013 and the first quarter of 2014. He said the Government must set up an Office in Basamuk to monitor and assess the harmful smoke.

### **Highlands Pacific: Glencore PNG option terminated**

Mining Business, 15 April 2014

Highlands terminated Glencore Xstrata's option over a prospective copper-gold exploration tenement in PNG's Star Mountains, a day after it missed the deadline to exercise the 10-year-old option. With 100% ownership of the Nong River project, Highlands plans to advance talks with new partners to advance a package of leases near the Ok Tedi mine.

### ***Letter to the editor***

#### **Genuine landowners in Kutubu missing out**

Source: The National, April 15th, 2014

AS a concerned citizen of this resource-rich country, it saddens me to see the people in the Kutubu oil and gas project areas not benefitting from Oil Search and now ExxonMobil. Those benefitting are so-called leaders, chairmen and directors of landowner companies who either live or operate outside of Kutubu, especially in Port Moresby or overseas. They get contracts from Oil Search or ExxonMobil for spin-off activities and benefit from the millions of kina. They have totally forgotten the poor, disadvantaged and illiterate people who fed them sago seven times a week. More than 20 years after Oil Search began extracting oil from the Kutubu area, there is still no electricity, sealed roads, water supply, technical or vocational schools, education sponsorship and so on. So, the real losers are the Faso and Foe people of Lake Kutubu area, which are the real landowners. Instead, the beneficiaries are those so-called leaders, chairmen and directors as well as their families along with their cronies who grow fatter and fatter every day. Moro Spy, Kutubu

## **Ambassador: Inclusion a challenge for PNG, US**

The National, April 15th, 2014

Adopting the extractive industries transparency initiative (EITI), is a challenge that Papua New Guinea and United States share, US Ambassador to PNG Walter North said. North said requirements for countries to be added to EITI were quite tough and the two countries have shared similar difficulty in having to be accepted into EITI. "We know first-hand, it is not easy. It was only last month that United States and PNG were accepted as candidate countries to EITI. We had to work very hard through complex issues in order to get a multi-stakeholder group to a unanimous consensus," he said. The EITI is an international standard that ensures transparency around countries' oil, gas and mineral resources. It is developed and overseen by a coalition of governments, companies, civil society, investors and international organisations. When implemented, EITI ensures more transparency in how the country's natural resources are governed, and full disclosure of government revenues from its extractive sector. North was addressing a two-day workshop yesterday hosted by US Embassy titled "Environmental Information Analysis and Compliance in Oil and Gas Exploration and Development". The workshop is the latest in a series of training opportunities since 2012 offered by United States in PNG as part of Energy Governance and Capacity Initiative (EGCI). EGCI's objective is to help PNG manage its oil and gas sector revenues wisely and in a manner that maximises and sustains natural resource development for the country and its people.

## **Chamber hails EITI mines initiative**

Post-Courier, April 15, 2014

THE acceptance of Papua New Guinea as a candidate country for the extractive industries transparency initiative (EITI) has been welcomed by the PNG Chamber of Mines and Petroleum. Chamber president Gereia Aopi said this was a significant step in a process that had begun in 2006 to ensure greater transparency over payments made to the PNG Government by oil, gas and mining companies. PNG has 18 months from March 19, the date of its acceptance as an EITI candidate, to compile its first report, which will publish payments from mining and petroleum companies to the Government as well as government receipts of such payments. Other data quantifying payments by petroleum and mining licence holders, production data and contextual information about the extractive industries, including royalty payments, will be included in the report the Government will submit each year to the EITI secretariat. Mr Aopi said mining and petroleum companies represented by the PNG Chamber of Mines and Petroleum congratulated the Government on its commitment to move forward with EITI and other transparency and management initiatives such as the Independent Commission Against Corruption (ICAC) and the Sovereign Wealth Fund.

"The PNG Government's efforts to promote transparency are supported by the industry and are seen as the cornerstone of a vibrant and forward-looking extractive sector," he said. Mr Aopi said the Government needed to commence work soon on the production of PNG's first EITI report. This process will be spearheaded by the Treasury Department, civil society and the industry. Industry representatives in PNG's EITI multi-stakeholder group include the PNG Chamber of Mines and Petroleum, Barrick Niugini Ltd, ExxonMobil PNG, Morobe Mining Joint Venture, Newcrest Mining Ltd, Oil Search Ltd and Talisman Energy Niugini Ltd. Mr Aopi said: "Meeting the EITI standard will support a culture of accountability and good governance, and its implementation will prove an important step in building a sustainable future for the Papua New Guineans. "Industry looks forward to working with all stakeholders to build an EITI process that is effective, achievable and respectful of PNG's unique culture and national sovereignty."

## **Gold Ridge Mine Return To Solomons Won't Happen Quickly**

*Australia company withdrew after floods due to security concerns*

WELLINGTON, New Zealand (Radio New Zealand International, April 14, 2014) – Australian mining company, St Barbara, says it will be some time before it returns to its Gold Ridge mine in Solomon Islands, after last week withdrawing all staff in the wake of devastating floods. A director of its subsidiary, Gold Ridge Mining Ltd, Tim Lehany, says there were increasing incursions at the mine after the floods, as well as vandalism and other incidents, so the company decided to withdraw staff in case it escalated. Mr Lehany says the company will resume operations once it receives assurances from authorities that the area surrounding the mine is safe. However, he says this could be some time away because access to the mine was wiped out in the wake of the floods. "It will not be back in operation quickly because we have no road access. So, we're completely reliant on diesel fuel for power generation and during full operations we receive six to eight road tankers of diesel fuel a day at the mine. So until the public roads and bridges can be restored, there's no prospect of resuming operations," says Lehany. The site is now being guarded by a large squad of police including 33 Australian Federal Police.

## **Commission mum on mine land ownership**

The National, April 14th, 2014

THE principal landowners of Wafi Golpu mine land are yet to be determined by the Land Title Commissioner (LTC). Wafi mine is located between interior Bulolo and Huon Gulf borders, in the northwest of Morobe. Community leaders from nearby Omala, Yanta and Tuwongola, in the Bano area, said the 31 clans that had participated in the LTC hearing in 2012 were still awaiting court determination. The leaders include Nasere Steven, Amos Darius and Kikalem Levi. The neighbouring Babuaf tribe, in Wampar, had the Babuaf Landowners' Association executives sworn in last Friday. But the leaders were not impressed by the word principal landowner. "The LTC court has yet to justify the land boundaries and identify which clan or tribe owns which land parcel," Darius said. Therefore, it is inappropriate for Yanta, Hengabu or Babuaf to claim themselves as 'principal landowners' when and until the decision is handed down" Darius said. The LTC hearing was held at the Bumbu Police Barracks, in Lae, in 2012 and later referred to Port Moresby after some hiccups.

## **Mt Kare: Landowners support chairman**

Post-Courier, April 14, 2014

By ANDREW ALPHONSE in TARI.

MORE landowner clans of the Mt Kare gold mine project have thrown their support behind respected Tari businessman George Tagobe as interim chairman of Mt Kare Tagali Peoples' Association (MKTPA), the umbrella mouthpiece for Huli landowners in the project. Yesterday, other landowners met at Pi village in Tari to "put to rest any factions refuting or opposing" the new association led by Mr Tagobe. Mr Tagobe was away in Port Moresby but the meeting was orchestrated by former Tagali LLG president in Tari district Palipe Aku. Mr Aku, who is also the Kawi clan chairman, had with him Tobias Hapolo, Brian Yuwi, Thomas Kundu, Mel Kebaiya, Hangawai Hapolo and Harrison Nokope. The Toma clan was represented by chairman Jack Etape with John Hopoli, Pangu Tambo, Firman Minape, Andiria Ngibe, Alua Komengi, Handape Kawi, Chief Larry Lewale, Timon Marape and John Kaiabe.

Mr Ikiya Kamia, a lone attendant from the Heli Haya clan seized the opportunity to plead with his clansmen in Port Moresby like Kupia Eli and Andrew Andaija to come home and work with Mr Tagobe's group, adding that for 28 years, they have formed association and groups but failed to de-

liver the Mt Kare project. The Heli Haka clan was represented by Alia Perapu, Hungi Yagari and the only female in the meeting chief Jarime Tirapuli. Another major clan Pujoro was represented by Ps Gini Tiagoba while the Akana clan had Peter Ale and Minape Ale. Mr Ian Harinako and Robert Luya from the Toanda Yange Yamo in the Huli side of the project who at first opposed the new association headed by Mr Tagobe but later rescinded their decision to support the association led by Mr Tagobe. Mr Harinako also pleaded with his clansmen who are issuing opposing media statements like Thomas Tokole, Wai Pepe, Kaupa Himugu, Paul Akoma, Solomon Andupi and Thomas Andupi to come home (Tari) and work with his team and the association led by Mr Tagobe for everyone's benefit. Mr Bakau Tuyabe from Tanda Yange Yame clan in Paiela, Enga side of the project also attended to show his support, including Ps Kariki Andaya from the Yolo clan. The landowners met to call on all their clansmen based in Port Moresby to stop issuing opposing media statements on the election of Mr Tagobe as MKTPA's interim chairman as what they were doing was not helpful to the developer Indochine Summit Mining Ltd, the State and potential investors in the project.

The landowners asked all print and electronic media in the country not to entertain any so called Port Moresby based paper landowners who may want to say this and that in the media on the Mt Kare project. They said Mr Tagobe has a proven track record and is a man of high integrity and respect, adding that they have all the confidence and trust that under Mr Tagobe's leadership, landowners from Mt Kare, Tagali and Hela would have a fair and equal participation and distribution of benefits in the project. The group said until a proper annual general meeting and elections are conducted, in the interim, they are giving Mr Tagobe and MKTPA all their powers of attorney to act on and for their behalf to the developer Indochine Summit Mining Ltd, the Hela provincial government and the State. They said various associations and landowner groups were established since the days of the alluvial gold mine in Mt Kare in 1987 but for nearly 28 years now, the project has not got off the ground. They said they support Mr Tagobe's vision of leading a new team with new people and not want to repeat the mistakes of former landowner groups like Hetapula Association,

### **Duban announces approval for Western gas development**

Post-Courier, April 14, 2014

Minister for Petroleum and Energy Nixon Philip Duban has announced that the National Executive Council had approved his submission to develop the Stanley gas condensate field in Western Province. The submission included the recommendation of the Department of Petroleum and Energy in relation to technical aspects of the development, an outline of the strategic benefits that will accrue to Western Province and PNG, the gas agreement which sets out fiscal terms of the project and the arrangements for sharing of benefits that will accrue to landowners in the field and pipeline area. This approval will enable project execution to begin after the development forum, which is designed to gather and consider the views of local stakeholders in the project and will be convened shortly. The Stanley project is located about 40km north of Kiunga and will be developed by a joint venture composed of subsidiaries of Talisman Energy of Canada, Horizon Oil Limited of Australia, and Osaka Gas and Mitsubishi Corporation of Japan.

The development involves further expenditure of approximately US\$300 million, leading to commencement of production in early 2016. The Stanley project entails the production of 140 million cubic feet of gas per day, the recovery of condensate from such gas, sales of dry gas for regional power production and the reinjection of gas (which is not then required for sale) into the reservoir for enhanced condensate recovery and future sale. It is envisaged that the reinjected gas ultimately will be commercialised by way of a combination of sales to regional users and as part of an LNG project. Mr Duban said he is very pleased that the development of a new oil and gas field will now

move forward. "The Government has mandated terms in the fiscal arrangements that will promote participation in the construction and operation of Stanley field by local companies and workers and also will require the developers to make gas available for power generation for local and industrial consumers," said Mr Duban.

### **Pogera: Miner's approach to Illegal mining applauded**

Post-Courier, April 14, 2014

Illegal mining continues to remain the biggest challenge for Pogera Gold Mine in Enga Province. And the social approach the mine has taken with safety being the priority in addressing the issue has been encouraged by Minearal Resources Authority (MRA) Mine Inspector Andrew Onguglo. Mr. Onguglo says it was encouraging to see the controls Barrick had initiated to try to address the serious issue of illegal mining (IM). He had observed that Barrick undertook a social approach to the issue and this was good, adding illegal miners were human beings and the first step was to make them know that their actions, despite being driven by money, could have certain consequences. He said most of the illegal miners were illiterate and so communication must be encouraged at a level that they could understand. He said that the direction to use local people like Thomas Petale who had once been a part of the illegal miner community but now come out because of the sufferings it had caused him, is an effective approach to illegal mining. Mr. Onguglo observed the National Mine Safety wee, during which the IM awareness drive was part of the program led by the Community Relations (CR) Illegal Mining Control Unit (IMCU) which saw IMCU Superintendent Bernard Philipae delivered a presentation on illegal mining. Mr. Philipae stated that education of young children about the dangers of illegal mining was a necessary direction because many of the illegal miners were children.

### **Bougainville Copper Ltd. Plans Huge Reconciliation Ceremony**

*Panguna operator calls ceremony 'important step' to reopening mine*

By David Lornie

PORT MORESBY, Papua New Guinea (PNG Post-Courier, April 14, 2014) – Mining company Bougainville Copper Limited is planning a big bel kol reconciliation ceremony in Arawa, Central Bougainville this year. The ceremony, in local dialect called domang mita, is expected to include up to 3000 people. It will be a landmark event for both the autonomus island province and the company. The ceremony is an important step in BCL's publicly stated goal to re-open the rich Panguna copper and gold mine in Central Bougainville. The mine ignited a ten-year bloody war in 1989 which quickly evolved into a secessionist struggle against Papua New Guinea. The effects of the war are still being felt in Bougainville. It is recognised that the recent visit to Bougainville by PNG Prime Minister Peter O'Neill has helped pave the way for the upcoming 'Bel Kol'. Preparations are well underway and the Autonomous Bougainville Government under the leadership of President John Momis is taking a major role.

A meeting was held in Buka recently between the President and some ex-combatant leaders to discuss the upcoming ceremony, though some key figures on the ground in Arawa have told this newspaper they have not yet been made aware of the event. The ceremony will recognise that BCL and Bougainvilleans are willing to reconcile past differences and forge a new relationship. There will be a feast, traditional symbolic chewing of betelnut, cleansing of blood, medicinal rites by traditional healers and an exchange of gifts. There will also be a discussion about compensation for the company's past wrongs. Hardliner ex-rebel army factions have said they want K10 billion [US\$3.58 billion] in compensation from the company but in an interview with this newspaper last year, BCL boss Peter Taylor said he will need to negotiate that stance.

Whilst the PNG Government - a 19 percent shareholder of the mining company - will not be directly involved in the 'Bel Kol' and its organisation, they will send observers. Also attending the ceremony will be Mr Taylor, representatives from the Australian and New Zealand Governments and other foreign interests. At this stage the Bel Kol is expected to cost K900,000 [US\$322,000] and BCL has agreed to contribute half of this sum. The Bougainville Government will provide the balance. It is important to note that the ceremony will not automatically lead to the re-opening of the mine. It is another step in a long process that will enable the next round of discussions to take place. The event is not specifically designed as a forum for BCL to pay compensation, rather it is about discussing issues relating to the mine's future, of which compensation is one. In its recently released annual report BCL said it is pleased with progress so far in its attempts to re-establish its commercial presence in Central Bougainville. The company hopes to open an office sometime soon in Arawa.

### **Western Province: Governor, bureaucrat arrested**

Post-Courier, April 11, 2014

By TODAGIA KELOLA

WESTERN Province Governor Ati Wobiro and provincial administrator Madowa Gumoi have both been arrested and charged for misappropriating K1 million belonging to the Fly River Provincial Government. The two men were arrested on Wednesday. Yesterday, they appeared before the Committal Court and were granted bail. Police said their investigations are still ongoing and the amount alleged to have been misappropriated is expected to be higher with more people to be taken in for questioning and possible arrest. The two leaders were alleged to have misappropriated public funds when they approved money to a prominent law firm for legal services provided to them. It was alleged that the acting provincial administrator, Dr Madowa Gumoi, had without authority from the Finance Minister and Secretary, approved a payment of K1 million to the law firm. As for the Governor, it was alleged that he was the chairman of the Provincial Executive Council that approved an amount of a K10 million payment to the law firm. According to police, the engagement of the law firm was not tendered through the normal tendering process specified under the Tenders Board Act in conjunction with the Finance Management Act.

### **Solomons Gold Ridge Mine Evacuated Due To Flooding**

*Australian Police brought in to protect assets at damaged mine*

HONIARA, Solomon Islands (Solomon Times, April 10, 2014) – The long-term future of St Barbara's Gold Ridge operations is in doubt as the gold miner today suspended mining after deadly floods in the Solomon Islands. 23 people have been reported dead while tens of thousands are now left homeless after deadly floods hit the capital and outskirts of Guadalcanal last week. St Barbara said it evacuated 200 personnel, mostly Solomon Islanders, over the weekend after the open pit mines experienced flooding and "significant damage". The company says that the security risks became "unacceptable" after flooding damaged the only access road to the mine, cutting it off from critical food and medical supplies and fuel for electricity. St Barbara said it recorded more than 1000mm of rain at Gold Ridge in the four days to April 4, including 500mm in a 24-hour period. Gold Ridge produced 29,431 ounces in the six months to December 31, representing 15 per cent of St Barbara's total production. St Barbara's managing director Tim Lehany said the company is in discussions with the Solomon Islands government over the future of the mine and an update will be provided in the company's quarterly report later this month.

*[PIR editor's note: Radio New Zealand International reported that "The Solomon Islands Prime Minister, Gordon Darcy Lilo, is said to be angry the Australian mining company, St Barbara, left its Gold Ridge mining site after the devastating floods on Guadalcanal."]*

Gold Ridge was acquired by St Barbara in its \$556 million friendly takeover of Allied Gold. The market reaction has been nothing short of savage with St Barbara shares plummeting from \$2.10 when the deal was announced in June 2012. St Barbara shares remain in a trading halt after they last changed hands for 28 cents on Friday. The Melbourne-based miner also operates the Gwalia and King of the Hills mines near Leonora and the Simberi mine in Papua New Guinea. The Prime Minister made an official request to the Australian government for assistance, to protect assets at the Gold Ridge plant after the withdrawal of St. Barbara personnel. Australia responded promptly with the arrival of AFP officers' yesterday afternoon. The AFP officers are deployed here to look after the Gold Ridge Mining that has recently suspended operations due to the flooding. Please attend and be there around 4pm or 4:15pm the latest.

### **PNGSDP will fight case, Sir Mekere says**

The National, April 10th, 2014

SIR Mereke Morauta says the PNG Sustainable Development Program will fight the case recently filed by the State in the courts in Singapore. Attorney-General Kerenga Kua announced on Tuesday that the State had filed an application in the courts in Singapore to stop PNGSDP from disposing of its assets. Kua said the State had through its lawyers in Singapore asked the court to appoint independent receivers to take control of and manage the PNGSDP assets. Sir Mereke said: "The PNGSDP will be resisting the State's application vigorously." He said the PNGSDP was pushing ahead with its legal actions against the State in the Singapore High Court and before the International Centre for the Settlement of Investment Disputes in Washington DC. Kua said the State was compelled to take out this application to "preserve PNGSDP's assets in excess of US\$1.4 billion which were held in trust by PNGSDP for the people of Western and the rest of PNG".

### **PNGSDP: Rubber farmers need access to market**

The National, April 10th, 2014

Rubber farmers in Middle Fly, Western, need accessible markets to sell their produce, North Fly Rubber Ltd field manager Renagi Lohia said. The North Fly Rubber Ltd was funded by the then PNG Sustainable Development Programme Ltd (PNGSDPL) for the last ten years. Over the years, farmers were reliant on North Fly Rubber Ltd for subsidising shipping cost to Kiunga and the world market. Lohia yesterday said the 1,500 farmers of Lake Murray district were dependent on rubber as their main cash crop. He said since PNGSDP's operations ceased, rubber marketing services had stopped and rubber farmers could not sell their produce. It is understood that PNGSDPL assets in excess of US\$1.4 billion (K3.71 billion) were frozen temporarily.

Lohia said people were now suffering financial as they could not pay for their children's school fees and medical expenses as they could not make money from rubber. "We have worked our land using our own sweat to make ends meet with nil or no support from the government agencies and planted an area of 2,200 hectares with hybrid or clonal rubber on customary land. "It has been conservatively estimated that the cash value of our sweat equity, in bringing these 2,200 hectares in to production, is in excess of K40 million. "In addition we have accepted loans through PNG Microfinance Ltd of K4 million which we are bound to repay from the sales of our rubber. "Our rubber programme has set the platform.

## **LNG project nears completion**

Post-Courier, April 10, 2014

PERTH: US energy giant Exxon Mobil says its PNG liquefied natural gas (LNG) joint venture project is almost complete and will deliver first gas within months. Exxon project executive Decie Autin said the massive LNG project in the country's highlands was ahead of schedule and on budget. "Overall we're more than 95 per cent complete and we're on track for first delivery of gas to our customers by mid year," Ms Autin told the APPEA oil and gas conference in Perth on Wednesday. "Exxon Mobil is delivering this project ahead of schedule and essentially on budget in a field where many others cannot say the same." North Asian customers are expecting LNG shipments in the second half of 2014. Exxon operates the project and holds a 33 percent stake, while Australian producer Oil Search has a 29 percent share. The PNG government has a 17 percent interest and Australian producer Santos holds around 13.5 per cent. Ms Autin said the project – the largest investment ever undertaken in PNG – had overcome significant construction and engineering challenges in difficult terrain and weather conditions. Exxon built an airfield for the world's largest cargo planes and staff charter flights in the highlands region.

## **Association poses threat to Mt Kare landowners**

The National, April 10th, 2014

MT KARE landowners in Tari, Hela, are facing yet another challenge as a rival association has emerged claiming to be the genuine landowners. The traditional landowner groups from around the Mt Kare EL1093 project area in Southern Highlands have united under chief Tiki Para as their chairman to negotiate or deal with the developer and the government. Max Awaisa, speaking on behalf of the Tagali and Paiela people, said they were waiting for reports to be finalised by consultants and would only form associations and umbrella companies based on those reports. Awaisa and several local chiefs have disputed the claim by another rival group which elected George Tagobe as their chairman. "Mt Kare has been a very hard project and no man had the guts to walk in to develop this project. "However, with our own Melanesian brother and a prominent mining engineer George Niumatailwalu, we have achieved a milestone and we will stand together with Summit Development Ltd," Awaisa said. He said the chiefs in Paro Tirapuli, Para Tirapuli, Tegela Para, councillors Ngule Paro and Warabe Karibe, Tiki Para, Andira Ngibe, Harabe Homogo, Atiabe Wiya, Ian Arinago, Tagira Lenowa, O Kiru, Kaupa Himugu, Iparu Golo and Tarali Yago have disputed this because some people based in Port Moresby and Tari selected Tagobe. He said the government, through the Mineral Resources Authority, was aware of the genuine landowners and would not deal with people outside the EL1093 project area. "We are still in Tari awaiting reports to be finalised by the LIS and LIR consultants. Only then will we form associations and umbrella companies based on the reports."

### *Letter to the editor*

## **Government must step in and rescue Lihir gold mine**

The National, April 10th, 2014

WHEN will the third set of redundancy exercise come into effect for the locals and nationals employed by mining giant Newcrest Mining Ltd, operator of Lihir Gold?

This is a question that puts every employee of Lihir Gold and its contractors on their toes.

Hundreds of PNG professionals and local tradesmen and women have either been made redundant, forced to resign or terminated. With the fall of gold price, Newcrest is now either downgrading or packing up and leaving. To keep the business, Newcrest has taken some drastic steps such as:

- Closing down offices in Australia and other parts of the world;
- Carrying out global redundancy exercises (first and second parts have been done);
- Feeding mill from stockpile material;
- Implementing changes to domestic and international flights;
- Restructuring its organisation;
- Making drastic cuts in funds allocations for each operational sections; and,
- Reducing or laying off contractors;

The gold price drop and the Newcrest share price fixing (over-valuing) on the Australian Stock Market Exchange has wiped out \$19 billion of its value. Newcrest is now trading at %11 per share from as high as \$36. Many PNG employees have lost their jobs and while doing so, the government of PNG has lost the revenue collected through individual employee's tax, company tax and other benefits Newcrest has made through its signed MOUs. We are losing five times as many national employees to keep a single expatriate. There is no logic behind keeping expatriates while PNG has enough professional engineers, geologists, geotechnical engineers, mine managers and tradesmen and women who are qualified to run a mine. The government needs to look into the Lihir operation and ascertain the company's future. The people of PNG cannot be pushed back and forth or kept in the dark. Lihir is expected to run for at least another 60 years at the current value and production plus the massive potential from geothermal electricity energy that is enough to supply both at domestic and global levels. The government cannot pretend that everything is alright here on Lihir Island. Most businesses and camps have closed down at Lodolovit. Isale Wiru, Ialibu, SHP

### **Sir Mekere refutes A-G 's report**

Post-Courier, April 09, 2014

The contents of a media release issued by the Attorney –General in its bid to stop PNGSDPL asset sale is incorrect. Sir Mekere Morauta today refuted this article. In a press release he says contrary to what the title of the Attorney-General's media release suggests, the Singapore High Court has yet to decide on an application to the court by the State. PNGSDP will be resisting the State's application vigorously. "Pending determination of the case, it is highly inappropriate for the Attorney-General to comment on matters that are before the Singapore High Court. "Such comments will also unfairly prejudice the pending proceedings before the Singapore High Court," he says. He says if the State was truly interested in maintaining the status quo, it would not have issued a media release that can only serve to aggravate its dispute with PNGSDP. Meanwhile, PNGSDP is pushing ahead with its legal actions against the State in the Singapore High Court and before the International Centre for the Settlement of Investment Disputes, in Washington, DC.

### **Government moves to stop PNGSDP asset sales**

Post-Courier, April 09, 2014

By ISAAC NICHOLAS

The national Government has moved to stop the sale and or the disposal of PNG Sustainable Program assets. Attorney-General Kerenga Kua has announced that the Government has, through its Singapore lawyers, filed an application in the Singapore courts on Monday to stop PNG Sustainable Development Program Ltd (PNGSDPL) from disposing of its assets, and to appoint independent receivers to take control of and manage these assets. The State was compelled to take out this application in order to preserve PNGSDPL's assets, which are in excess of US\$1.4 billion, which are held in trust by PNGSDPL for the people of the Western Province and the rest of Papua New Guinea. Mr Kua said in a statement that those presently in control of PNGSDPL have failed to use these assets

for the benefit of the people of the Western Province and the rest of PNG, and have by their actions placed these assets in jeopardy.

“They have also refused to recognize the rights of the State as the democratically elected representative of the people, and commenced proceedings against the State before the Singapore courts and the International Centre for Settlement of Investment Disputes,” Mr Kua said. “The State believes these proceedings are without merit and will strongly contest them.” He said more recently, PNGSDPL has terminated all its development programs and projects in Papua New Guinea, causing serious harm and damage, and moved all its operations to Australia. “There have also been recent worrying reports that PNGSDPL has been disposing of many of its assets,” Mr Kua said. He said the State was therefore compelled to act to ensure that PNGSDPL is held accountable for its actions to the people of the Western Province and Papua New Guinea. He said the State will inform the people of the outcome of the application as soon as possible. “The State hopes that, in the meantime, those controlling PNGSDPL will not take steps to further jeopardise the assets as this will only cause further harm and damage to the people of the Western Province and the rest of PNG.

### **Morobe Province rich in mineral resources**

Post-Courier, April 08, 2014

By SIMON KESLEP

Morobe Province is rich in mineral resources, a mining conference on exploration project updates within the province was told. Organised by the Mineral Resource Authority, the conference itself highlighted important key factors on how mineral exploration activities have been proven successful by various investors and local small scale mining companies. Governor Kelly Naru said the province has had a long history in mining of gold, silver and copper and much of these minerals have supported both local economy and also within the international stock exchange markets. He said with the first gold rush at Wau and Bulolo in the 1920s which made world news headlines, there proves to be airlift records and dredging operations along the Bulolo River apart from the purity of gold.

“We must consider and ask ourselves whether our social, community and environmental responsibilities are being prioritised as well in terms of having this mineral explorations,” said Mr Naru. He said mining is a very tough business having huge costs of money on royalties, taxes, machines and even takes long hours of exploration and extractions. Mr Naru believes that with this toughness comes a common interest and responsibility to the people, environment and ecosystems that face effects of these mining activities. According to Mr Naru the Morobe Provincial Government will support miners and mining companies through their responsibilities as mineral extractors and their waste disposal management strategies. “Open sea tailing disposals will not be allowed and so every mining companies and various stakeholders must be mindful of how they manage their waste,” said Mr Naru.

Waste disposals issues being faced within the Markham River and even by the upper and lower Watut communities were strongly urged by governor Naru not to be repeated but sustainably managed, he said. Companies who attended the conference include Pacific Niugini Minerals, Katana Iron and Morobe Mining Joint Venture in which they all a fully established at Wafi Golpu and Hidden valley joint venture and even Niuminco. “Be responsible towards the environment and the people in the discharge of your duty and care,” said Mr Naru. Mining activities has two sided aspects and so it includes the prospect benefits and even the down side effects on the people and the environment, he said. Mr Naru said such conference is meaningful and strengthens the progress and partnership between all stakeholders including the government and the people to know exactly how mineral explorations have been carried out within the province. With Lae being an industrial hub with

booming economic activities, a lot has been said about getting the political, social and environmental conditions right so that the city and province can take advantage of the growth.

### **Western Province: Hospital in dire need of supplies**

Post-Courier, April 08, 2014

By DOREEN PHILIP

The Telefomin District hospital is in dire need of drug supplies and health workers. “We get medical supplies from Wewak and Vanimo but they do not arrive here on time. They sit there for months and sometimes when there are no Mission Aviation Fellowship flights to Telefomin the drugs expire,” the director of nursing services for Min Baptist Services, Francis Tumu. He said since the only mode of transport is by air, sometimes the supplies do not reach the hospital in time, eventhough Mission Aviation Fellowship operates in the district. Problems of pilot shortage and cancellation of flights also affect the delivery of the drugs and other supplies. Mr Tumu said they have had some experiences where patients die because of a lack of transport to move them from the hospital to Tabubil or other referral centres.

There is also a lack of medical equipment to treat them. Currently there is only one health extension officer, four nursing officers and the rest are community health workers. “We don’t have a lab technician. “Some of the staff left because they cannot cope with life here, the prices of goods are too high but some of us are here because we are serving God so we stay and help the people,” he said. The common cases they attend to include malaria, pneumonia and minor cases of TB. One of the nursing officers said there are times when patients die due to delays in transporting them or there being not enough drugs to treat them. According to a woman patient who is being treated for severe pain to her chest, workers are struggling to cope.

### **Leaders fighting causing political instability in Gulf**

Post-Courier, April 08, 2014

LEADERS of the two landowner groups in Kikori have said that the on-going court battle between Kikori MP, Mark Maipakai and Gulf Governor, Havila Kavov was not healthy for the people of Gulf. Daniel Dobora, chairman of Kikori LNG pipeline landowners association and George Hoiuru, president of Ihu landowners umbrella association said this in a joint interview at the Waigani national court yesterday after the court session between Maipakai and Kavov. The court battle is over an alleged misappropriation case filed against Governor Kavov by Maipakai in 2011 when he (Maipakai) was the then Minister for Police. Maipakai had alleged that Kavov used due influence as chairman of the provincial executive council (PEC) to divert K10 million MOA funds meant for Kikori pipeline landowners. Kavov is alleged to have used over K100,000 to pay himself outstanding allowances owed to him by the Gulf Provincial Government. The case resumed at the Waigani National Court on Monday with 21 state witnesses, (including Gulf provincial finance staff) lined up to give evidence against Governor Kavov.

Dobora and Hoiuru said that Maipakai should withdraw the case forthwith in the name of political stability for the province and allow the established government institutions such as auditor general, national fraud squad and task force sweep to deal with the matter. “How could a national leader of a district bring himself so low to the point of despair and order the arrest of a provincial governor using police ministerial powers and subsequently take up the matter against him in court as an aggrieved party without exhausting the established administrative mechanisms,” said Dobora and Hoiuru. Dobora and Hoiuru added that Maipakai should also honour the consensus of oneness reached between him and Governor Kavov during the peace and reconciliation ceremony at Baimuru

in January this year. “The two leaders broke bows and arrows and buried them in the ground to mark the end of war and hatred they carried within themselves. “In addition, the two leaders openly announced to the people of Gulf during Prime Minister Peter O’Neill’s visit to Kerema and Kikori in March last year that they have put aside their political affiliations and personal differences to stand and work together on a common platform in the name of political unity and for the sake of people of Gulf.

“We strongly urge our MP Maipakai to withdraw the case forthwith and team up with Governor Kavo to advance Gulf Province with tangible development projects. “Gulf will become the focal point of development with oil and gas drillings taking place across the province and the development of Gulf LNG project set to roll into its construction phase later this year. “The on-going court battle and political differences between the two political leaders will not help us achieve our dreams and aspirations. “We want to work with the leaders who are genuine and for the people of Gulf so that we gain maximum benefits from the resources we own on our land. “At the moment we do not know to whom we should turn for government support. In our view, Governor Kavo is doing a fine job, standing against all odds to push for the development of oil and gas resources and other impact projects in Gulf province. “We see Governor Kavo’s moves and stance as genuine for the people of Gulf and we urge all other Gulf citizens to get behind our Governor and prop him up the support he needs,” said Dobora and Hoioru.

### **Gulf Governor in court over misuse**

Post-Courier, April 08, 2014

By TODAGIA KELOLA

Gulf Governor Havila Kavo is on trial in the National Court on allegations of misappropriating K131,338 from the Gulf Provincial Government. He was initially acquitted by the Committal Court for lack of evidence but the Public Prosecutor, using his powers, has referred him to stand trial in the National Court by way of an ex officio indictment. This is an indictment signed and presented in the National Court by the public prosecutor in special cases where the committal court magistrate refuses to commit a person to trial. Yesterday the Waigani Court room one was packed to capacity by supporters of the Governor and curious members of the public. The State, through senior Public Prosecutor Camillus Sambua, read out the charges and allegations before Deputy Chief Justice Gibbs Salika. Mr Kavo pleaded not guilty to the charges. The first witness for the State was the complainant in the matter and sacked Minister for Labour and Industrial Relations and Kikori MP Mark Maipakai. Mr Maipakai told the court that he had filed the complaint with police because the funds that the Governor was alleged to have misappropriated was from a K10 million paid by the Government to the Gulf administration and meant for his people, who are landowners of the LNG pipeline. Mr Kavo was alleged to have been paid K131,338 from this amount as part of his entitlements as a Governor and MP. The Trial continues today.

### **Hidden Valley Mine receives certificate in Cyanide Code**

Post-Courier, April 08, 2014

Morobe Mining Joint Ventures announced today that the Hidden Valley Gold Mine has been certified in compliance with the International Cyanide Management Code (Cyanide Code). The International Cyanide Management Institute (ICMI) announced the certification in a Press Release yesterday. The Hidden Valley Gold Mine is a joint venture of Newcrest Mining Limited of Australia and Harmony Gold Mining Company Limited of South Africa. The mine is located in the Bulolo District of Morobe Province in Papua New Guinea. Morobe Mining Chief Executive Officer, Greg Jackson, said it was huge achievement for Hidden Valley mine and congratulated the employees for

the great teamwork across Morobe Mining's sites to get work completed over the last couple of years.

"The challenge now is to maintain the level and keep improving on it," said Mr Jackson. The process to certification started with the submission of a detailed Audit Findings Report to ICMI. This Audit Findings Report was prepared by an independent professional third-party auditor who evaluated the Hidden Valley Gold Mine against the ICMI's Verification Protocol and found it in substantial compliance with the Cyanide Code's Principles and Standards. The Summary Audit Report, Corrective Action Plan and Auditor Credentials Form are available on the Newcrest and Harmony Signatory Companies Pages of the ICMI web site: [www.cyanidecode.org/signatory-company/newcrest-mining](http://www.cyanidecode.org/signatory-company/newcrest-mining) and [www.cyanidecode.org/signatory-company/harmony-gold-mining-company](http://www.cyanidecode.org/signatory-company/harmony-gold-mining-company) ICMI said the operation must be re-audited every three years hereafter to evaluate continuing compliance with the Cyanide Code.

The Cyanide Code is a voluntary industry program for companies involved in the production of gold using cyanide and companies producing and transporting this cyanide. It was developed under the guidance of the United Nations Environment Programme by a multi-stakeholder Steering Committee. The Cyanide Code is intended to complement an operation's existing obligation to comply with the applicable laws and regulations of the political jurisdictions in which the operation is located. ICMI has been established to administer the Cyanide Code, promote its adoption, evaluate its implementation, and manage the certification process. A detailed list of the operations covered by signatory companies' applications, along with the full text of the Cyanide Code and its implementing and administrative documents, are available at [www.cyanidecode.org](http://www.cyanidecode.org)

### **UNDP's Clark: PNG Should Use Resource 'Boom' To Address MDGs**

*Revenue is 'huge opportunity to take major steps in human development'*

PORT MORESBY, Papua New Guinea (The National, April 7, 2014) – United Nations (UN) programme administrator and chairperson of the UN Development Group Helen Clark is encouraging the Government to maximise progress to achieve Millennium Development Goals in health and education by using revenue from the petroleum sector. "When I came four years ago, I could see that PNG was in the early stages of a resource boom with a lot of construction going on and a lot of potential," she said at a media conference in Port Moresby, last Friday. "Coming back now, I see a Government with the confidence to make very big investments in health and education and in basic services and infrastructure knowing that there will be a revenue flow coming in through the LNG extraction." She said the Government was faced with challenges in capacity. Clark said as revenues from extractive industries flowed into the country, there was a huge opportunity to take major steps in human development. She said it was clear that the Government had recognised this, which was reflected in the budget investments that it made in health and education, including its commitment to build integrity institutions and mechanisms. "UNDP seeks to build capacity of Papua New Guineans to achieve their development goals. We look forward to continuing to support leadership at all levels to follow through on the good plans which are being put in place."

### **Abel: Millions spent, little development**

The National, April 7th, 2014

THE Government is concerned at the lack of tangible developments in the LNG project areas despite the large amounts of money it has committed under the Oil Memorandum of Agreements (MoA), National Planning and Monitoring Minister Charles Abel says. Abel said the lack of development in these impacted areas portrayed the lack of effort into the management of funds. He said in 2006 the

government entered into a project development agreement with ExxonMobil to develop the PNG LNG project. He said the Government with the five provinces the local level governments and landowners of the impacted areas signed gas agreements – Umbrella Benefit Sharing Agreement (UBSA) and Licence Based Benefit-Sharing Agreement (LBBSA). “The Government took into consideration the lack of development in the impacted areas and made commitments to ensure the smooth transition from the oil to gas era,” he said. “These commitments include the infrastructure development grant (IDG) and high impact infrastructure project (HIIP) funding, specifically for infrastructure projects and business development grants to assist landowner companies in business development activities.” Abel said the management and implementation of the IDG and HIIP from 2010-12 were as decided by the National Executive Council. He said funds were issued to landowner companies and this contributed to the lack of coordination between the government agencies to monitor it against the projects.

### **Call to reveal LNG shares**

The National, April 7th, 2014

THE people of four provinces where the LNG projects are located have been kept in the dark over their shares of the benefits when the gas is finally sold. Thomas Potabe, Hela’s Deputy Governor and principal landowners of PDL 1,2,7, and 10, said Prime Minister Peter O’Neill should clarify the percentage shares for Western, Gulf, Central and Hela. He said the people of Hela wanted to know the value of their royalties and when gas taps would be opened. “The people of Hela want the prime minister to clarify what percentage of the profits from the LNG project each province is going to get in terms of royalties and impact projects,” he said. “He should tell the people of Hela how much they will be receiving and when the LNG gas project will start. “If the project is going to kick off in June, the PM must be on ground and answer questions from the Hela people about the project. “Impact projects like the international airport and road link from Komo to Hides have yet to be completed.” He said a lot of tribal fights and differences among clans had contributed to the deteriorating infrastructure and services in the province. “In order for the LNG project to be a success and Hela to advance, more security personnel and police presence need to be felt in the province to curb the increasing lawlessness,” Potabe said.

### **Watchdog to probe Western Province K7m**

Post-Courier, April 07, 2014

The Ombudsman Commission is investigating allegations of a misappropriation of more than K7 million by leaders of Western Province. Ombudsman Commission senior officials told the Post-Courier last Friday that they are in possession of documents on the use of Provincial Government Grants of K1.3 million, another amount of K4.06 million and K1.6 million of which were apparently paid to Fly Care Foundation from November 10, 2013, and onwards. The funds, according to the documents, were allegedly spent on building a church and a further payment of K4.6 million on December 15 last year, also to Fly Care Foundation, was supposedly for various purposes, including:

- Church education support grants;
- Anti-fraud and corruption assistance;
- Health support grants;
- Infrastructure support grants;
- Small business development grants; and,
- Road construction from Masingara, Irupi, Tati (the village of a former provincial administrator).

On December 10, 2013, K1.6 million was paid to Fly Care Association, of which K200,000 was for Daru United Church. Serious allegations of public funds used for personal purposes has raised the eyebrows of landowners of Western Province. Speaking on behalf of a group of landowners, Pastor Steven Bagari said in a statement that this was a very serious matter where Government grants were allegedly paid to a non-operating charity entity owned by a known associate of those in power. The people of Western Province are suffering from lack of proper health care, no proper safe drinking water and no proper education services in the province, no teachers in the rural areas and yet the Government finds it fit to transfer all these public funds into the custody of Fly Care Foundation to be distributed by one individual associate,” pastor Bagari said. “On behalf of the silent majority of the people of Western, I am calling on all relevant authorities; police, Ombudsman Commission, public service, provincial affairs and Treasury Department, to immediately look into these matters and take action because the people of Western have had enough of these corruption. “Frustrations are at a boiling point so please take action now to stop the stealing and plundering of the public funds of the people.”

### **Solomon Islands: Fears of cyanide spill at Gold Ridge mine**

PNG Mine Watch, 6.4.2014

With the humanitarian disaster unfolding in the Solomon Islands and the tragic loss of life, scientists are expressing fears over the cyanide retention dam at the Gold Ridge mine above Honiara. The dam was reportedly already at full capacity before the recent devastating rains and flooding. The mine owners had been trying to schedule a “de-watering” exercise, which involves releasing filtered water into the Matepono River, but the recent rains prevented that. Scientists say there is real danger that heavy rains combined with a full dam, could result in unfiltered water containing toxic cyanide spilling over the dam into the river system.

### **Rohstoff-Gewinnung: Deutsche Industrie will Metallerze in der Tiefsee abbauen**

*Bis zu 30 deutsche Firmen wollen nach SPIEGEL-Informationen einen Bergbauverein für die Tiefsee gründen. Dort sollen Metallerze abgebaut werden - es geht um Investitionen in dreistelliger Millionenhöhe.*

SpiegelOnline, 6.4.2014



DPA, Manganknollen: Metallschatz in der Tiefsee

Die deutsche Industrie bereitet sich auf den Abbau von Metallerzen in der Tiefsee vor. Nach SPIEGEL-Informationen wollen 20 bis 30 deutsche Unternehmen am Mittwoch einen Tiefseebergbauverein gründen. Das Ziel ist die Förderung "mariner mineralischer Rohstoffe", berichtet Michael Jarowinsky. Er ist Koordinator des vom Bundesministerium für Wirtschaft und Energie (BMWi) initiierten Nationalen Masterplans Maritime Technologien. An der Initiative wirken Technologiefirmen wie etwa Aker Solutions und Bauer Maschinenbau mit. Weitere Firmen mit maritimer Expertise wie ThyssenKrupp Marine Systems und die Gutachter von DNV GL und Lloyd's Register hätten auch Interesse, sagt Jarowinsky. Die Deutschen wollen außerdem bei einem EU-Projekt mitmischen. Voraussichtlich Ende April wird in Brüssel über verschiedene Pilotprojekte einer europäischen Rohstoffinitiative entschieden.

Eines der Vorhaben soll in portugiesischen Gewässern rund um die Azoren eingerichtet werden. 45 Unternehmen und Forschungsinstitute - ein Drittel davon aus Deutschland - hoffen, dort marine Metalle zu finden und abzubauen. Jarowinsky rechnet mit Investitionen "in dreistelliger Millionenhöhe", wenn das Projekt zustande kommt. "Das wäre das erste Mal, dass wir in Europa ein Pilotprojekt im Tiefseebergbau auf die Schiene setzen würden", sagt er. Marine Massivsulfide, Manganknollen und Kobaltkrusten enthalten eine Vielzahl von Metallen wie Kupfer, Eisen, Zink, Blei, Gold, Silber oder Kobalt; in geringen Mengen finden sich darin auch Molybdän, Wismut, Antimon, Tellur oder Indium. Diese Stoffe werden gebraucht für den Bau von Computern, Handys, Fernsehern oder Windkraftanlagen.

### **Solwara 1 production tools 90% complete**

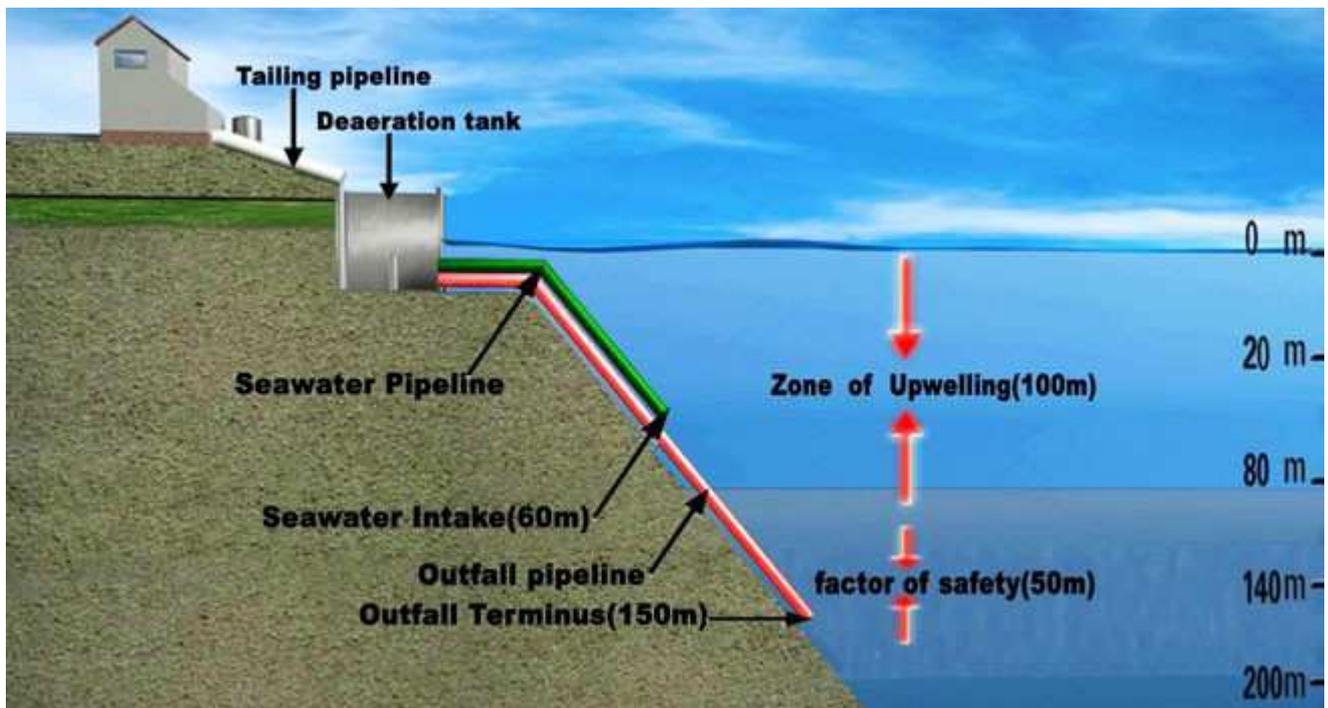
The National, April 4th, 2014

NAUTILUS Minerals has announced that its production tools for the Solwara 1 project has been 90% complete as of Dec 31 last year. Chief executive Mike Johnston said: "While 2013 was a challenging year for Nautilus, we are excited by the progress that was made, in particular with the seafloor production tools, which have been 90% complete. "Although the company recently terminated the state equity option agreement, Nautilus is continuing discussions with the state to reach an amicable resolution." The company has remained committed to maximising shareholder value by achieving its objective of developing the world's first commercial high grade seafloor copper-gold project and launching the deep water seafloor resource production industry, Johnston said.

### **RamuNico: Our tailings are safe**

Post-Courier, April 04, 2014

This is according to Ramu NiCo Management (MCC) Limited's health, safety and environment officer Philip Atio in his report to the first quarter stakeholders meeting held last month. Mr Atio said from studies that have been conducted to date, no negative influence from tailings were found in deep sea fish and coral reef. "Compared to baseline report, there were no obvious changes in fish diversity, abundance and tissue metal levels," Mr Atio said. The interim report was presented based on the three phases of marine monitoring at Basamuk last year. The first phase was in March 2013 on fish and coral reef survey, phase two was in November covering marine water characterization, deep ocean sediment and biota (macro and meiofauna) and subsurface plume survey. The final phase was conducted in December on seabed classification. The survey was conducted by consultants from Australia, including Hargreaves and Associates. Mr Atio said the tailing footprint is well placed inside the predicted canyon in the Basamuk Bay and no major changes had been found outside from the DSTP's predicted model.



He said with the proper design model, the DSTP pipeline and weights are in good condition with no evidence of upwelling above 100-150 meters below sea level where the discharge pipe is placed. He said DSTP pipeline and weights were in good condition. "The most significant finding is that there are reasonably high densities of small bottom living animals (macrofauna and meiofauna) that live in or on the sea bed at two sites which were 100 per cent covered by thin layers of tailings. "This indicates that the tailing solids are nontoxic to the fauna and that the animals can live in close proximity to it." Mr Atio also said the different depths of water column of quality and metals were within the Marine Water Quality standards, even in the mixing zone. "Compared with the baseline study, the metals (TSS) in the water column generally have no change or impact by the tailing operation from the outfall," he said.

He said the Remote Operating Vehicle (ROV) used in monitoring the marine environment along and close to the DSTP pipeline also showed that the DSTP pipeline integrity is intact and marine lives are naturally in abundance with no signs of pollution or impacted from the neutralised tailings. The survey is now under drafting by consultants and will be made available to the Government through the Environment and Conservation Department. The DSTP system is the work of Brass-Resan, an American-Canadian Joint Venture contractor with vast experience in engineering, procurement and construction of DSTP facilities for international resources projects. Based on extensive studies conducted, and the high quality engineering and construction work, Ramu NiCo is confident the DSTP provides the project with the best option for mitigating the environmental impacts of tailing discharge.

## **Companies Explore Nickel Deposits In Southern New Caledonia**

*Province enters into joint venture with Eramet, Vale*

WELLINGTON, New Zealand (Radio New Zealand International, April 3, 2014) – New Caledonia's southern province has approved a deal with two major nickel companies to explore a huge ore deposit. The province's memorandum of understanding with Eramet of France and Vale of Brazil provides for a four-year study of the Prony and Pernod deposits in the south of the main island. A joint venture company, in which the provincial government is the biggest shareholder, is to examine estimates that the deposits contain three million tonnes of nickel which could be mined over 50

years. Should a processing plant be built, the province will have a 10 percent stake plus a small share of the value of the nickel sold. The opposition is critical of the deal, saying it is rushed as only six weeks remain before the provincial election. The deal is to be formally signed off by the head of Eramet and Vale at the end of the week. The two companies each have a large nickel plant in the southern province.

### **PNG to experience record economic growth, concerns over who will benefit**

Jemima Garrett, ABC, 3 Apr 2014

An Asian Development Bank economist has warned that despite unprecedented economic growth forecast for Papua New Guinea, the gap between rich and poor will widen. The latest Asian Development Outlook report has predicted growth of six per cent this year, leaping to 21 per cent in 2015. The Asian Development Bank's PNG economist, Aaron Batten, says the boom will come mostly from the onset of liquid natural gas exports. But Mr Batten cautions that outside of the mining and petroleum industries the PNG economy is slowing dramatically. "What we do expect to happen is that over the next couple of years as growth becomes more concentrated in the mining and petroleum sectors is a slowing of that job creation and new income earning opportunities in PNG," he said.



**Photo:** Liquid natural gas leading growth in Papua New Guinea. (AAP: Alan Porritt)

Mr Batten says the benefits of the massive economic growth expected in PNG may only be felt by a lucky few involved in the resources sector. However, the ExxonMobil PNG LNG project, which will come on line later this year, may produce tangible benefits for all Papua New Guineans. Aaron Batten says a fund set from the PNG LNG project's royalties should lead to more spending on public services. "The Sovereign Wealth Fund can play a very important role in helping PNG to mitigate some of the adverse effects of its dependency on mining and petroleum projects, particularly in smoothing out some of the volatility that is typical of these types of economies," he said.

### **Ramu NiCo troubled by low metal prices**

The National, April 3rd, 2014

THE world market price is unfavourable to the Ramu NiCo project, which is plagued by technical and financial problems, board chairman and president Zhao Shimin said. Despite that, he said the company was determined to push production to 70% of its plant capacity this year with help from stakeholders. Shimin presented a summary of project update during Ramu NiCo's 19th joint venture meeting in Madang recently, attended by management team from Kurumbukari (KBK) mine, Basamuk refinery and Madang base. There were no Beijing executives present. While acknow-

ledging outside factors were affecting nickel metal price, Shimin said the project expected that the world nickel prices would be favourable during the second half. He said the company expected to make some positive progress. Shimin gave an update on general production management, including personnel adjustment and production targets for the next quarter, which was expected to be favourable if all technical bottlenecks were improved. Shimin presented summary of the project layout for this and assured that suggestions and advice provided by the joint ventures would be taken on board to overcome some of the pending issues.

### **InterOil: Record sales**

The National, April 3rd, 2014

INTEROIL sold a record 9.4 million barrels of oil last year. This translated to a record revenue of US\$1.4 billion (K3.4 billion) last year as against the US\$1.32 billion (K3.1 billion) in the previous year. Its financial reports ending December 31, 2013 said this was the result of the 9.4 million barrels of oil (mmbbls) sold during the year, up 11% from the previous year's 8.5mmbbls. InterOil said it was the largest volume it sold. This also included a record 27,999 barrels per day from the refinery and 738 million litres of downstream sales. In December of last year, the company continued to operate the only refinery in the country and was the largest downstream and retail distributor with 52 service stations, 18 depots and 12 aviation sites. During the year, investments in development of upstream and midstream liquefaction resulted in a net loss of US\$75.1 million (K181.8 million). In 2012, the company posted a net loss of US\$59.6 million (K144 million). This was offset by corporate, refining and downstream collectively recording a net profit for the year of US\$34.7 million (K84 million) versus US\$1.2 million (K2.9 million) in 2012.

The consolidated US\$40.4 million (K97.82 million) net loss against a US\$1.6 million (K3.87) profit in 2012 was mainly driven by the Papua New Guinea kina, depreciating 13% against the US dollar, leading to a consolidated US\$41.2 million (K99.75 million) in exchange rate losses. On Dec 31, 2013, InterOil had cash, cash equivalents and cash restricted totalling US\$115.2 million (K278.93 million) versus US\$98.7 million (K238.98 million) recorded at the end of 2012, of which US\$53.2 million (K128.81 million) was restricted. The company had aggregate undrawn facilities of US\$308 million (K745.76 million), including US\$1.5 million (K3.6 million) in relation to a Credit Suisse facility to fund the company's current exploration programme, and a US\$150 million (K363 million) of working capital facilities to fund the operating business.

### **ADB Development Outlook See 5% Growth In Pacific This Year**

*Increases coming from resource extraction, infrastructure investment*

By Jemima Garrett

MELBOURNE, Australia (Radio Australia, April 2, 2014) – A new report says Pacific economies will grow by up to five per cent this year, driven by an increase in infrastructure expenditure. The Asian Development Bank (ADB) released its annual Asian Development Outlook report on Tuesday which predicts economic growth across the region will reach 5.4 per cent, up from 4.8 per cent in 2013. However, the report warns more effort is needed to reduce the divide between rich and poor. ADB Principal Pacific economist, Emma Veve, says while much of the increase will come from resource-rich Papua New Guinea and Timor Leste, there is good news for the smaller South Pacific countries as well. "A lot of [growth] is infrastructure expenditure, both government funds and also donor funds, but some of the countries have also received windfall revenue gains from their fisheries resources, and the special case of Nauru with the funds they are earning from the refugee processing centre. "We are expecting a slight increase in growth across the rest of the smaller Pacific countries up to about 4.8 per cent, growing to 4.9 per cent next year in 2015."

### **Boost expected for Fiji**

With Fiji setting its election date for September, Ms Veve said the country's economic buoyancy is likely to continue. "We are seeing very positive signs in Fiji's growth currently," Ms Veve said. "Last year they reported 3.6 per cent growth and we saw a vast increase in private sector investment in Fiji last year. "While it might not keep continuing growing at that very high rate, looking forward, we expect good solid private sector investment into the country and as donor expenditures pick up in the post election period, we think that will hold up growth to quite reasonable levels." Ms Veve said growth in Solomon Islands is expected to pick up slightly this year but their economy is suffering from declines in gold mining, forestry and agriculture. She said island nations in the north Pacific are not doing so well because their infrastructure expenditure is continuing at a slower rate. "We are seeing some recovery of tourism in Palau, but really I think the north Pacific, the FSM (Federated States of Micronesia), performance remains fairly low and the performance across the whole of the north Pacific, we are expecting just under 2 per cent growth this year. Ms Veve said governments in the Pacific need to target their expenditure to ensure that people most at need have access to basic services, including education, water and health services.

### **ADB report: LNG to support PNG GDP growth**

Post-Courier, April 02, 2014

The commencement of Liquefied Natural Gas (LNG) exports will support Papua New Guinea's (PNG) GDP growth of 6% in 2014, picking up to a record 21% in 2015, the Asian Development Bank (ADB) says in a major new report. ADB's flagship economic report, the *Asian Development Outlook (ADO)*, says the rich-poor gap in PNG is being driven by the same forces of globalization, technological progress, and market-oriented reform that accelerated the region's rapid growth. "While GDP growth is very optimistic for this year and especially next year, the gap between rich and poor is increasing," said Aaron Batten, ADB's Country Economist for PNG. "A focus must be placed on narrowing inequality to ensure future growth is sustainable." The ADO report says that countries across the Asia-Pacific region are looking to fiscal policy to stem rising inequality and to act as a tool for stimulating job growth and creation. While significant progress has been made by in improving the poverty focus of government expenditure, poor implementation capacity is diminishing the impact of public spending on reducing inequality and lifting social welfare.

The ADO report says spending on the government's four priority "development enablers"—infrastructure, education, health, and law and order—continue to grow rapidly, increasing by 38% in 2013 over 2012 levels. Government has also made significant progress in reducing sub-national fiscal inequalities over recent years, placing previously marginalized provinces in a much stronger fiscal position to fund routine service delivery. However, poor prioritization of provincial governments' own source revenues, unpredictable transfers of funding from national to provincial government, and weak implementation structures have all diminished the impact of this public spending on social welfare. The report recommends that to ensure improvements in fiscal equity translate into inclusive development outcomes, work needs to be focused, not just on financing capacity but also on improving provincial governments' underlying systems of accountability and implementation for essential public services. ADB's flagship economic publication, *ADO 2014* provides a comprehensive analysis of macroeconomic issues in developing Asia and the Pacific, with growth projections by country and region.

## **Firm invests in new gas field**

The National, March 31st, 2014

By GYNNIE KERO

OIL Search Ltd is confident in its investment in the Elk and Antelope gas fields after buying its 23% share at US\$900 million (K2 billion) last month. Managing director Peter Botten said on Saturday that the company had been interested in the gas fields (PRL 15) in Gulf for some time. "We've been looking at it (Elk-Antelope development) for a long time," he said. "It is probably one of the single largest reserves of gas. For that reason we bought (shares) into in February and we are very happy with our share (23%)." When asked if Oil Search was locked out of PRL 15, Botten said the company was a joint venture participant in Petroleum Retention Licence (PRL) 15.

"We note that InterOil was selling some interest to Total (French company) last December. Total is very competent in developing the LNG (Gulf LNG) and we welcome them into the country. "Our focus is to develop Elk-Antelope as quickly, efficiently in the best possible way, using minimal capital duplication, making maximum benefit of existing infrastructure in the country. "We are not in any way being locked out of Elk-Antelope. "We have bought our 23% and that is what we wanted. Our position is that InterOil and Total should abide by the spirit and terms of the joint operating agreement which provides us with pre-emptive rights. "So we are using a legal framework to ensure our rights are protected but behind all this, our desire to see as early as possible the most sensible development for PRL 15."

## **CNMI Accepts Transfer Of Mineral Rights From US**

*Assistant Secretary For Insular Affairs hand-delivered patent*

By Haidee V. Eugenio

SAIPAN, CNMI (Saipan Tribune, March 28, 2014) –Gov. Eloy S. Inos accepted on behalf of the CNMI people yesterday the U.S. Department of the Interior's patent conveying to the Commonwealth oil, gas, and other mineral deposit rights found in its 3-mile submerged lands, marking another milestone in the islands' 38-year relationship with the United States. Visiting U.S. Interior assistant secretary for insular areas Lori Faeth hand-delivered the patent—signed by Interior Secretary Sally Jewell on March 13—for the governor to accept and sign. The signing was held before a crowd of local and federal officials on Capital Hill yesterday morning. "I'm happy to accept this grant of rights from the Department of the Interior secretary and I will accept it on behalf of the people of the Commonwealth," the governor said as he signed off on the document. Prior to the signing of the patent, Faeth announced Interior grants totaling over \$10.265 million that will go to different programs and services for the CNMI including for capital improvement projects, education training, Compact-impact, and Breadfruit Initiative.

The governor thanked Interior for the grant funds and assured that the CNMI will put them to good use. Faeth said she's "honored" to share this "historic" day with the CNMI, referring to the transfer and acceptance of mineral rights. Office of Insular Affairs director Nik Pula echoed Faeth's statement. "This is a great historic event...Francisco [Taitano] and I are pleased to join our assistant secretary be part of history," Pula said. Delegate Gregorio Kilili C. Sablan (Ind-MP) separately said yesterday he congratulates the governor "who accepted this transfer of oil, gas, and mineral rights on behalf of the people of the Northern Marianas. "Thanks to Senators Wyden and Murkowski and to Chairman Doc Hastings and Ranking Member DeFazio, who helped me get this law enacted. And especially thanks to Reps. George Miller and Nick Rahall and the late Phil Burton, who had the foresight to add these mineral rights to the Territorial Submerged Lands Act some 30 years ago," Sablan told Saipan Tribune.

Sablan worked with other members of Congress to move a CNMI submerged lands bill, which President Barack Obama signed into Public Law 113-34 in September 2013. Faeth thanked the governor and the CNMI "for the opportunity to carry out the mandate provided under Public Law 113-34." "In my capacity as acting assistant secretary of Interior for insular areas, I'm honored to join you as the Department conveys to you—the people of the Northern Mariana Islands—the rights to oil, gas and minerals deposited within the 3 miles submerged lands which you now control," Faeth said. The governor, before signing off on the document, thanked on behalf of the CNMI people, Interior Secretary Jewell for her leadership in making the transfer of mineral rights. Inos also acknowledged Sablan's effort to "initiate legislation" on the submerged lands bill, as well as House Speaker Joseph Deleon Guerrero (Ind-Saipan) for inquiring about the status of the submerged lands mineral rights during his visit to Washington, D.C.

Sablan earlier prompted Jewell to take action on the transfer of oil, gas, and other mineral rights to the CNMI. 'What's out there?' The governor, in an interview later, said the CNMI can now seek out seafloor mining companies that may be interested in "harvesting" any of the minerals within the CNMI's jurisdiction. Canada-based Nautilus Minerals and Australia-based Neptune Minerals were earlier reported to be interested in or applying for mining exploration licenses to mine in the area. Inos said to date, the CNMI has not received any inquiry. "We had learned of some interests from some marine miners but we don't know if their interest is within our submerged lands or beyond. We're going to get in touch with them if they have interest in our jurisdiction," Inos told reporters. Seafloor mining can bring in millions of dollars into the CNMI coffers. When asked whether Interior would be willing to fund any exploration within CNMI jurisdiction, Faeth said, "At this time, we don't have funds available for that." A U.S. Geological Survey report on marine mineral resources of the Pacific islands said mineral deposits that do, or are likely to occur within CNMI exclusive economic zones include "cobalt-rich iron-manganese crusts, iron-manganese nodules, phosphorite deposits, epithermal gold deposits, hydrothermal manganese, and iron oxide deposits."

The others include "hydrothermal manganese and iron oxide deposits, hydrothermal polymetallic sulfides, insular and lagoonal phosphorite deposits, shallow-water sand, and gravel deposits, and shallow- and deep-water precious coral." Pula said the USGS study may have been done a long time ago. Funding for a new study, he said, can be requested through technical assistance, "provided that there is available funding." Faeth, at the start of the ceremony, announced more than \$10 million in grants that will benefit the CNMI. The governor jested, "What day is today? Lucky day." Of the total amount, more than \$7.492 million will be for the CNMI's capital improvement projects. It will be used in the following manner: Over \$5.619 million for the Puerto Rico dump closure on Saipan; \$936,594 for the Rota solid waste facility; and \$936,594 for Tinian's 500,000-gallon water reservoir. "I know that we're, in the case of CIP, a bit slow in spending, but most of the projects are now out of the planning phase and it's now getting into A&E [architectural and engineering] and construction so there will be accelerated construction activities in the coming months," the governor said. Inos added that that NEPA process "held us up for a long time." NEPA stands for National Environmental Protection Act.

- More than \$1.93 million will be for Compact-impact, which the CNMI will use for government health, educational, social, or public safety services specifically affected by Freely Associated States citizens living in the CNMI.
- \$473,367 goes to the Public School System to provide training for public school teachers, teacher aides and school administrators.
- \$413,000 in technical assistance will be used to buy road maintenance equipment. Faeth said this will "really help in improving roads for tourist sites, access to hospital and schools."
- \$45,000 will go to the Department of Lands and Natural Resources' Division of Lands and Survey to "digitize land registration records," Faeth said.

- \$324,385 will go to the University of Hawaii's Office of Research, it will be used to help the CNMI's Breadfruit Initiative.

Ivan Blanco, coordinator for the CNMI Breadfruit Initiative, said yesterday that this amount will be used for a "market feasibility study," which will determine, for example, the price per kilogram of shredded breadfruit versus flour breadfruit. The CNMI is looking to develop an industry for healthy gluten-free breadfruit, which is currently in demand in many parts of the world.

## UK looks for huge profits from Pacific resource theft

Anglo via PNG Mine Watch, March 28, 2014



Protesters against seabed mining plans

Through a new subsidiary, called UK Seabed Resources, LMUK has become the first commercial organisation to obtain an exploration licence from the International Seabed Authority (ISA). Lockheed Martin UK (LMUK), in partnership with the Department for Business Innovation and Skills, is predicted to have a high economic potential worth at least £1bn a year to the UK economy through the collection of valuable polymetallic nodules from the Pacific Ocean floor. These polymetallic nodules are situated about 4 kilometres beneath the ocean's surface and can provide millions of tonnes of copper, nickel, cobalt and manganese, as well as rare earth minerals, which could be used in the construction, aerospace, alternative energy, as well as other industries. The seabed exploration area is approximately 1,500 kilometres west of Mexico and 4,000 kilometres south of Hawaii. Current estimates predict that harvesting polymetallic nodules can contribute approximately £40 billion to the UK national economy, over a 30-year period. UK Seabed Resources is collaborating with UK government departments and research institutions on environmental and industrial aspects of the project.

It must be noted, however, that the firm is concentrated on harvesting of polymetallic nodules and not manganese crusts, which are found on hydrothermal vents. UK Prime Minister David Cameron said: "The award of this exploration licence to UK Seabed Resources is excellent news for British companies and British scientists, and the Government is extremely pleased to have supported it. "The UK is leading the way in this exciting new industry which has the potential to create specialist and supply chain jobs across the country and is expected to be worth up to £40bn to the UK economy over the next 30 years. With our technology, skills, scientific and environmental expertise at the forefront, this demonstrates that the UK is open for business as we compete in the global race." Environmentally responsible collection of polymetallic nodules presents a complex engineering challenge, but our team has the knowledge and experience necessary to help position the UK at the forefront of this emerging industry," said Stephen Ball, Chief Executive, Lockheed Martin UK and

UK Seabed Resources. "We are offering British companies, research institutions and academia exciting opportunities to become involved in this cutting edge business," said Stephen Ball.

### **Chan: Change will not affect resource owners**

Post-Courier, March 28, 2014

THE proposed changes to the Mining Act 1992 will not affect Papua New Guinean resource owners and investors. The reassurance from Mining Minister Byron Chan comes as the Mineral Policy and Geohazard Department finalises the amendments to be passed in parliament this year. "The Mining Act's amendments is well prepared to be received by the legislative council to advice and consent. "Major achievements have been done in the dramatic fight to make sure this legislation will never affect Papua New Guineans or averting investors' confidence in any capacity. "These changes will be our strength and sovereignty by making this crucial amendment the law of our land," Mr Chan said. This is in light of the recent mining review consultative forum which the minister welcomed a debate on how best to simultaneously safeguard the national Government, the mining industry and resource owners.

Mr Chan has taken various proactive steps to advance this debate, including meeting with the members of parliaments and all stakeholders. He also directed the Mineral Policy and Geohazard Department, the Chamber of Mines to discuss the critical issues that will change with the people and the legislations. Minister Chan urged all stakeholders to support the amendments and move forward with an approach that appropriately takes into account the need that can best secure Papua New Guinea. He said though gold and copper prices are low in the stock market, the industry is taking a stance to cooperate with the amendments. Chan has asked all stakeholders to take a united stand to provide extra leadership to clear up misconceptions and implement sound mining act amendments.

### **Ramu Nickel denies claims**

The National, March 28th, 2014

RAMU NiCo Management (MCC) Ltd, which manages the US\$2.1 billion nickel/cobalt project in Madang, dismissed claims of gas pollution at its Basamuk refinery last month. Landowners living near the Basamuk refinery claimed there had been unknown an gas leak from the refinery's acid tank which was affecting food crops and plants in the area. Spokesman Terry Kuning said that happened after an explosion at the refinery in the early hours of a Monday morning last month. He said on the February 17, an unusual thick white smoke had advanced, via strong winds, southwards towards Mindre and Dein villages. Kuning said what remained in its path was causing much damage on garden food crops and plants. When queried yesterday, MCC yesterday denied any pollution at its Basamuk Refinery last month. The company expressed concern about the manner in which certain media organisations had published reports and allegations. In a statement, MCC said: "The company has its monitoring mechanism in place, both under its operation environment management plan (OEMP) and daily monitoring. "In the event that any environment issues arise, the company's health, safety and environment (HSE) and community affairs (CA) staff are informed so investigations are immediately conducted."

### **Lihir mine to resume operations**

Post-Courier, March 28, 2014

Lihir Mine will resume operation. Officer in Charge of the Mineral Resources Authority (MRA), Nathan Mosusu announced the resumption of operations at the Lihir Gold Mine early this week

following the closure of mining operations on 21 March 2014. The mine ceased operations following the placement of gorgors on mine facilities by Landolam Pit Landowners over a dispute related to the benefits provided under the Lihir Integrated Benefits Package provided by Newcrest Mining Limited - the owner and operator of the Lihir Gold Mine and managed by the Lihir Mine Area Landowners Association (LMALA). Following the closure, the National Government Team led by MRA and accompanied by officers from the State Solicitor's Office, held discussions with the disputing landowners to request the removal of gorgors and reach an understanding on a way forward to deal with the disputes.

During the discussions, landowners removed the gorgors which allowed the mine to re-commence operation early this week. Mr Mosusu commended the disputing parties for their cooperation in reaching an understanding and continuing the dialogue on the way forward to deal with their disputes. Mr Mosusu also heaped praise on Chief Superintendent Anton Billy – ACP New Guinea Islands Region, Senior Inspector Elisa Taksir – PPC New Ireland and Inspector Julie Palakai, Lihir Police Station Commander who rapidly deployed additional police manpower on the island to ensure mine operations resumed without further disruptions. The OIC said the police's tireless efforts in supporting the National Government team facilitate understanding between the disputing parties and providing a safe and secure environment for discussions to take place must be commended. He further urged the Lihir Gold Mine landowners to cooperate and continue the dialogue towards reaching a satisfactory outcome that would be of common benefit to all Lihirians affected by the mine. Mr Mosusu said placing gorgors on the Lihir mine which could potentially affect the benefits to Lihirians, New Irelanders and PNG as a whole.

### **Wafi gold mine listed in top 10**

The National, March 28th, 2014

By JUNIOR UKAHA

THE Wafi gold mine, which is opening soon, has been listed among the top 10 mines in the world, an officer of the company revealed on Wednesday. John Maran, Morobe Mining Joint Venture's (MMJV) community engagement coordinator, said the pre-feasibility study results show that Wafi's gold is among the highly-graded gold in the world. Maran was at Babul in the Wampar LLG to witness the election of the executives of the Babuaf people, one of three landowner groups of the Wafi mine area. "In the world, Wafi mine is number 10," Maran said. "It has one of the biggest gold deposits," he said. "There is enough gold for mining to take place. "Exploration and feasibility studies are over." Maran's comments came after work at the Wafi site was scaled down awaiting decisions by the MMJV executive management to proceed with the actual gold extraction. "I will come around with a projector to the four villages of Babuaf and do awareness when this happens," he said. Maran told the Babuaf people that Wafi would be one of the driving forces in the development of Morobe once it comes into operation. He told them to make use of the opportunity the mine would provide and not to cause division among themselves, fighting over the benefits from the mine's operation.

### **Barrick helps police**

Post-Courier, March 28, 2014

Barrick (Niugini) Ltd continues to assist the people of Pogera mine, Enga Province with their supported organisations in the province. Barrick Limited, through one of its supported organisations, has assisted the Pogera police in their duties at the Paiam police station in acquiring and transporting policing equipment including charge books, cell registers and occurrence book (OB), to enable necessary data for record purposes. The organisation called Restoring Justice Initiative (RJI) as-

sisted in transporting of the 40kg freight from Port Moresby to Pogera. Police station commander Inspector Peter Yambun expressed gratitude towards the organisation and stated that the station had been operating without these vital equipment which were necessary for all police stations in the country.

Barrick RJI manager Julian Whayman said through the efforts of various Barrick departments, it was possible to assist Mr Yambun transport the freight containing important books for the station otherwise it would have been impossible. Mr Yambun on receiving the materials on 17 February thanked Barrick RJI for the transportation assistance to police. "A crucial part of the RJI is to support the police and other agencies where possible to improve their capacity to deliver improved services to the community," he said. RJI members together with Business Interest Group (BIG) chairman Nixon Pakea and Leaders Interest Group (LIG) chairman Joe Kuala also witnessed the delivery.

### **Miner funds development in Morobe**

The National, March 28th, 2014

AN isolated rural community in Morobe is starting to see development after years of government neglect. The people of Babuaf, in the Wampar local level government, in Huon Gulf, are riding on the back of development initiatives carried out by Morobe Mining Joint Venture (MMJV). MMJV, through a Community Participation Agreement (CPA), has built a number of facilities in the Wafi area since 2011. The Demakwa and Waim bridges, Wafi access road, Babuaf Elementary School, aidpost and community hall are among those built by MMJV. Wampar ward 26 councillor Zoram Goff said he was happy to see the development taking place in his ward but was concerned that some of the things reached under the CPA were yet to be fulfilled. "I see development but some things promised to us were not built," Goff said. He said the four Babuaf villages of Kapongo, Wonkings, Wori and Mazim were yet to be connected by road to the Bulolo Highway and to Lae.

### **Nautilus reconfirms shaken PNG partnership**

Justin Niessner, Mining News, 27 March 2014

JUST weeks after pledging to seek damages following a fizzled investment deal for its Solwara tenement with the Papua New Guinea government, Nautilus Minerals says the partnership remains committed to the project's success.

Nautilus investor relations executive Michael Joyner walked Mines and Money Hong Kong delegates through the proposed undersea mine 40km off the coast of New Ireland, saying cooperation with the PNG government was ongoing. "We have great relationships with the government of PNG at all levels," Joyner said. "We are currently negotiating with the government in terms of an amount they are going to put into the company. "This has been dragging on for some time and it has slowed things down a bit, which I guess isn't too uncommon in the industry as a whole today. "But we're working very hard with them over the last little while and we're committed to getting this done." The comments follow the Toronto-listed explorer's decision last month to terminate its agreement with the government after the state failed to pay \$US118 million (\$A129.9 million) for its share of Solwara funding.

This precipitated a selloff of Nautilus shares and fresh concerns about the viability of the world's first ocean-bed copper-gold operation. Joyner said yesterday, however, that recent issues with the government had allowed for a great deal of work to continue behind the scenes. "A lot of people don't realise just how far we've really come," he said. "I'd say we're about 90% through the build of the equipment over all, and about 50% through the pump and the riser system. Progress was also

flagged to include a redesigned 70-tonne capacity production support vessel for which Joyner said the company was fielding several proposals. A call for tenders is expected to be put out shortly, with a further update from the company in the third quarter.

Nautilus plans to extract high-grade seafloor massive sulphide systems on a commercial scale, using what is effectively a mobile mine based on oil and gas industry technology. The project is hoped to open the door for future undersea prospects already being developed by the company outside PNG, including the polymetallic nodule exploration work being carried out in the Clarion Clipperton zone of the Pacific Ocean. "In terms of the pipeline of projects moving forward, we've got about 500,000 sq.km, that's about the size of Texas or Chile, which makes us one of the largest landowners in the world," Joyner said. "At this point we're probably given very little value for those projects or for the ground that we have – but as we're able to see that we can get the material off the seafloor successfully, I think we'll see this having the potential to go up exponentially."

### **Rio Tinto subsidiary responsible for environmental clean up at Panguna costing 'hundreds of millions'**

#### **UNEP to help Bougainville manage clean-up of Rio Tinto mine**

Jemima Garrett, Australia Network News via PNG Mine Watch, March 27, 2014

The United Nations Environment Program will help Papua New Guinea's island of Bougainville manage on-going environmental issues associated with the Rio Tinto-owned Panguna copper mine. The mine, which was one of the world's largest, was closed in 1989 after it became the spark which lit the civil war on the island. There was no mine closure process when Bougainville Copper, the Rio Tinto subsidiary which owns the mine, was driven out of Bougainville. Pollution from mine tailings has since been flowing into the environment and Dr Gavin Mudd, Senior Lecturer in Environmental Engineering at Monash University says it's a continuing problem. "There's a lot of acid mine drainage that is leaving the site, there is also tailings going down the river. And the acid mine drainage of course has extremely high levels of metals," Dr Mudd told Pacific Beat. Heavy metals can accumulate in fish and vegetation and affect human health. Inside the mine site itself, many buildings contain asbestos and some abandoned measuring instruments contain radio active material.

#### **UNEP assistance**

The United Nations Environment Program's Geneva-based disaster risk reduction branch has agreed to help Bougainville to draw up terms of reference for the clean-up. It will also assist with environmental studies that will help Bougainvilleans decide if they want to re-open the mine. An international legal expert, Associate Professor Don Anton from the Australian National University, says the involvement of the United Nations Environment Program is a significant development and has a strong track record of similar problems. "It is a very significant development in the sense that we have an independent, a proven independent third party coming in to look at a very contentious situation," Mr Anton said.

"It has been involved in other rehabilitation programs, like the Mau forest eco-system in Kenya, it has experience in remediation after hostilities, after Iraq and depleted uranium in Bosnia, so it has experience and a well respected track record in dealing with environmental problems." Experts predict remediation of the old mine site will be a large-scale, and very expensive, exercise. "I'd imagine you would be looking at hundreds of millions of dollars, if not billions. It is really hard to know exactly," Dr Mudd said. "It depends on the logistics involved and there is a whole bunch of complex factors involved in that so the simple message is it is not going to be cheap. Whichever level of remediation is done at Bougainville, it is certainly going to be a very costly exercise," Dr Mudd said. Bougainville Copper Limited is legally responsible for the clean-up.

### **Wariness over re-opening**

Public opinion on Bougainville has been shifting in favour of re-opening the mine, but many people who lived through the civil war remain wary. Associate Professor Don Anton says whichever decision is made environmental standards must be met. "It is clear we should have a rigorous environmental impact assessment with full public participation, full disclosure, full opportunity to comment," he said. "We should have, in terms of approvals, conditions imposed upon the operation of these mines if they were to go forward again, including the requirement for insurance, remediation bonds and other security put up to account for problems that may eventuate down the track." The Bougainville government is yet to set up environment department department or pass legislation regarding the remediation. Dr Anton expects the government will face challenges due to a lack of personnel and expertise. He suggests that if the mine does reopen, strict conditions should be imposed that require financial payments that would allow the Bougainvillean government create an independent environment department whose job would be to inspect and monitor the mine.

### **Coal as source of energy is cheap**

Post-Courier, March 26, 2014

A mineral exploration and development company operating in Papua New Guinea Mayur Resources said the use of coal as a source of energy to generate and supply electricity was a cheaper and better option compared to fuel. The company is currently exploration for coal in the Gulf Province along Vailala and Purari river systems. Coal is an organic matter that is compressed into many layers over millions of years. Mayur Resources' Head of Business Development Jonathan Rees who is attending the Hong Kong Mines and Money Conference this week, has suggested that PNG should consider developing this resource in partnership with development partners. He said if developed and used, it would greatly help solve the country's chronic power problems.

Mr Rees said coal has a long history of being an effective source of power supply to countries throughout the world for instance in India and China. He said this has led to poverty alleviation in terms of power supply to mass populations. The executive said his company was excited about developing coal adding that if significant economic amounts of this resource was discovered, it could be an opportunity for the company and PNG Government to work together develop the resource. Acting Managing Director of the Mineral Resources Authority (MRA) Philip Samar said the government through MRA would ensure that Mayur Resources' work program is given the necessary attention in terms of providing vital regulatory services. He said the government was also excited about developing this new sector and that it would continue working closely with the company.

### **U.S. Official In CNMI To Release Mineral Rights To Commonwealth**

*Interior to convey rights to oil, gas, mineral deposits in submerged lands*

By Haidee V. Eugenio

SAIPAN, CNMI (Saipan Tribune, March 27, 2014) – U.S. Interior assistant secretary for insular areas Lori Faeth is currently on island and her meeting today with Gov. Eloy S. Inos would pave the way for Interior to release the patent conveying to the CNMI oil, gas, and mineral deposit rights within the 3-mile submerged lands now controlled by the Commonwealth. Faeth and Inos will hold a joint news briefing this morning. They will be joined by Interior Office of Insular Affairs director Nik Pula. The visiting Interior officials are also expected to award grants to the CNMI once again. This afternoon, Faeth and Pula are also expected to meet with Public School System officials.

On Jan. 15, President Barack Obama signed a proclamation temporarily withholding the transfer to the CNMI of submerged lands around five islands that are either part of a national marine monu-

ment or under lease to the U.S. military. After this, Interior is supposed to give the patent conveying to the CNMI all rights, titles, and interests of the United States in deposits of oil, gas, and other minerals in the 3-mile submerged lands surrounding nine of its 14 islands. The governor needs to sign off on the Interior document to signal his acceptance of the rights, on behalf of the CNMI. Once the final patent conveying mineral rights is done, the CNMI can then seek out or entertain prospective seafloor mining companies. Seafloor mining can potentially infuse millions of dollars into CNMI coffers

### **Highlands hikes stake in nickel project**

The National, March 26th, 2014

HIGHLANDS Pacific's interest in the Ramu NiCo nickel project will increase to 11.3% from 8.56%, according to the company's 2013 financial statements. The increase would be at no cost to Highlands after repayment of its share of the project debt (estimated to be paid by 2018). From commissioning, Highlands had access to its proportion of 8.56% share of Ramu NiCo's post-debt servicing, net cash flow. Highlands also had an option to acquire an additional 9.25% interest in the nickel project at fair market value, which could increase the company's interest in the mine to 20.55%, if the option is exercised. The Madang nickel project, which began in 2012, would eventually ramp up to 31,150 tonnes of nickel and 3,300 tonnes of cobalt per annum. The US\$2.1 billion (K5 billion) nickel project was said to be the largest minerals project development in PNG in the past 15 years. Its mineral reserves underpin a 20-year mine and the resources had the potential for many decades beyond, according to Highlands' 2013 financial statements. Ramu NiCo said it produced more than 15,000 tonnes of nickel last year and will target 22,000 tonnes in 2015.

### **PNG Oil Search Loan Already Signed, Sealed**

*Ombudsman can't stop deal, to investigate what happened*

WELLINGTON, New Zealand (Radio New Zealand International, March 26, 2014) – The Papua New Guinea Government has already concluded the 1.1 billion US dollar loan with Swiss Bank UBS to purchase 10.01 per cent shares in Oil Search Limited with the share transfer having taken place on March the 13th. The Post Courier paper says this means the Ombudsman Commission's investigations will look into what has happened rather than stopping the deal from going through. Senior government officials confirmed on Monday that the deal has been completed and the shares were already issued to PNG, who is now the second single largest shareholder in Oil Search. The funds have already been transferred to Oil Search Limited thereby giving it an interest in the the Elk and Antelope gas fields which are expected to provide for PNG's next big LNG project. Senior government advisors told the Post Courier on Monday that the instruments for the UBS loan were already signed and sealed by the Governor General Of Papua New Guinea Sir Michael Ogio and the Cabinet.

### **Landowners call for government to commitment**

Post-Courier, March 25, 2014

BY DOREEN PHILIP

The Phembi landowners association of the liquefied natural gas project are still waiting for the government to honour their commitments since 2009. Chairman John Wobi Sala said the agreement was signed in Kokopo in which the Juha PDL nine area was allocated a K1 million by the National Executive Council. "The LNG gas project has nearly reached its final stage now and we are yet to receive the amount of money as promised. There were no basic government services in the area such as good roads, water supply and aid posts," Mr Wobi Sala said. He said the agreement was

made at that time when Sir Michael Somare was the prime minister and now that the government has changed they do not know how long it will take to speed up the process. "We have brought this up to the minister responsible but they kept telling us that they were working on it and assured us to wait," Mr Sala said. He said although clan vetting exercises have been conducted to identify the legitimate landowners and to distribute the royalties and benefits they are still waiting. He said the process is becoming complicated because of the changes happening with the government.

### **Nipa Kutubu district acquitted 2013 DSIP funds**

Post-Courier, March 25, 2014

The people of Nipa Kutubu district in the Southern Highlands Province had been marginalised and neglected by the successive governments over the years. The district is host to Papua New Guinea's main oil mine the Kutubu Oil field and is also next to the Komo Hides Gas project and the giant PNG LNG project but its roads are still semi permanent unsealed, the road surface are subject to weather and due to high rainfall is a high maintenance asset. The government had been benefiting significantly by collecting huge tax and other benefits from the Kutubu Oil Project but nothing to show for on the ground. Nipa Kutubu is geographically remote district, some of its sub-districts and LLGs such as the Kutubu and Bosavi LLGs have large uninhabited land mass of substantial forest vegetation and vast swampy savannah and in consequence have a small scattered populace.

There is no formal transport and very minimal or no government services presence in long distances which is too difficult to develop. This was revealed by the Member for Nipa Kutubu Hon. Jeffery Komal while presenting his 2013 District Services Improvement Program (DSIP) and District Support Grants (DSG) acquittal reports to the Department of Implementation and Rural Development (DIRD) today in Port Moresby. Mr. Komal thanked the O'Neill- Deion government for allocating K10 million to Nipa Kutubu district under DSIP. Komal however stressed that given the geographically isolated, the K10 million DSIP money is too small. While presenting, the first time MP said his vision for Nipa Kutubu district is to facilitate economic growth through rural infrastructure development.

He said infrastructure development is a crucial part of raising Nipa Kutubu's potential growth and if they want dynamic results in the long term. "The real value of infrastructure lies in the economic and social activities it supports, rather than the limited benefits that are generated during the construction phase. 2013 has sets the pace for what is to come in the next five years, focusing on investment in rural infrastructure in all the main sectors of health, education, law & justice, economic and agriculture, administration support, community development and church and non-government organization," Mr. Komal said. The MP said rural infrastructure development in education, health, economic, transports, communications and water supply and sanitation are critical to development in the district as 90% of the district's population live in the rural villages.

The JDP/BPC has spent the K10 million on the following impact projects;

- District Infrastructure Development Program = K4,200,000 - Health = K245,000 - Education Improvement Program = K1, 681,000 - Law and Justice = K1,139,800 - Commerce and agriculture extension program = 1,416,500 - District administration and Public Service Management Support Program = K1,570,924.00. Acting Secretary for DIRD Mr. Paul Sai'i thanked Mr. Komal for personally coming to the Department to present his 2013 DSIP and DSG acquittal reports. Mr. Sai'i said this is an example of a leader to submit their reports of spending public monies to deliver basic government services. "It is a mandatory requirement under the Public Finance Management Act and Financial Instruction to report to the government," Mr. Sai'i added.

## **PNGSDP: Appointment has no legal effect**

The National, March 24th, 2014

THE appointment of former Angoram MP Arthur Somare to the board of PNG Sustainable Development Program is of no legal effect, PNGSDP chairman Sir Mekere Morauta says. “The existing board is going about its business as usual,” he said in a statement on Friday. Sir Mekere said the existing board remained committed to protecting the integrity and independence of PNGSDP and the security of the US\$1.4 billion in the long term fund, which is for the benefit of the people of Western province. “The directors have a legal and moral duty to do so,” he said. Sir Mekere said the structure and integrity of PNGSDP and its independence from political interference were the subject of legal proceedings against the State in the Singapore courts. Prime Minister Peter O’Neill announced Somare’s appointment last Thursday, saying the former National Alliance minister would replace outgoing board member Rex Paki.

## **Mining Act under review**

PNG Edge, 23 March 2014

PNG’s current mining Act is undergoing review to suit today’s changing modes of mining in the country says Mining Minister Byron Chan. Minister Chan told PNG Edge that the Mining Act review began in mid-2013 and is still in a consultation process with stakeholders including landowners, developers, and implementing authorities. “We are also doing assessments of all proposed amendments,” said Chan. “The review will factor in off-shore mining, geo-thermal, coal, and all other existing mining facilities in the country,” he said. He added that benefits from mining in the country were an important aspect of the review, and it aimed at addressing some of the landowner issues faced in the country. Minister Chan could not give an exact date, but said the review will be open for submissions on a projected date.

## **Schatz im Meer**

Von Maximilian Weingartner, F.A.Z 22.03.2014

*Auf der Jagd nach Ressourcen rückt die Tiefsee zunehmend ins Visier von Staaten und Unternehmen. Fachleute fürchten beim Abbau irreparable Schäden, zudem könnten Lärm und Vibrationen die Tiere stören.*

Anfang der neunziger Jahre machte ein CDU-Politiker den kuriosen und wohl nicht ganz ernst gemeinten Vorschlag, die Baleareninsel Mallorca als 17. Bundesland zu kaufen. Zwei Jahrzehnte später kam es sogar fast noch besser: Deutschland ist stolzer Besitzer eines in der Nähe von Hawaii gelegenen Gebiets im Pazifischen Ozean, das so groß wie Bayern ist – allerdings in 4.000 Meter Tiefe am Meeresgrund liegt. Der Boden ist hier flach wie das Alpenvorland, eine dunkle, schlammige Ebene. Ein paar Schiffsstunden nordwestlich liegt Belgien, in direkter Nachbarschaft zu Südkorea. Noch etwas weiter folgen Frankreich und Russland – eine Kartographie wie aus der Kolonialzeit.

Auf der Jagd nach Ressourcen machen die größtenteils unerforschten Bodenschätze der Tiefsee das Meer zum größten Konfliktschauplatz der Zukunft – es geht um die letzten unverteilten Räume des Planeten Erde. 17 Staaten haben inzwischen Anspruchsgebiete, sogenannte Claims, am Grunde des Pazifiks abgesteckt. Auf einer Fläche von der Größe Europas ist der Meeresboden mit Manganknollen übersät, dunklen metallreichen Mineralienklumpen. Clarion-Clipperton-Zone (kurz CCZ) heißt das Meeresgebiet zwischen Mexiko und Hawaii, in dem die Manganknollen mancherorts so dicht liegen wie die Pflastersteine einer alten Dorfstraße. Geologen schätzen die Vorräte allein in der CCZ auf 21 Milliarden Tonnen.

### **„Rohstoffe im Meer haben großes Potential“**

Manganknollen enthalten Nickel, Kupfer oder Kobalt. Allesamt gefragte Rohstoffe für Smartphones, Elektroautos oder Windkraftanlagen. „Rohstoffe im Meer haben großes Potential“, sagt Martin Visbeck, Professor für physikalische Ozeanographie in Kiel, am Satellitentelefon, weil er sich gerade auf einer Forschungsreise auf den Kapverdischen Inseln befindet. International gibt es zwar bisher noch keinen kommerziellen Tiefseebergbau von Metallen. Allerdings stehen schon einige Staaten wie Deutschland und private Unternehmen in den Startlöchern.

„Rohstoffe sind von großer Bedeutung für industrielle Produktionsprozesse, neue Technologien und Hightech-Produkte und damit für Wachstum und Beschäftigung in von Rohstoffimporten stark abhängigen Ländern wie Deutschland“, heißt es in einem Strategiepapier des Bundeswirtschaftsministeriums, das dieser Zeitung vorliegt. Das Problem an dem rasant gestiegenen Interesse: Schnell nachwachsende Ressourcen wie Fisch, Muscheln und Algen lassen sich prinzipiell nachhaltig nutzen, wenn man den Lebensraum sichert und die Ernte so reguliert, dass genug im Meer bleibt und damit der Nachwuchs gesichert ist. Mineralische Ressourcen aber entstehen in Millionen von Jahren. Die Manganknollen wachsen in einer Million Jahre wenige Millimeter. Es existiert nur eine endliche Menge dieser Ressourcen. Diese liegen oft Hunderte von Metern unter dem Meeresboden und sind nur mit komplexer Technologie zu fördern.

### **Schnecken und Seegurken würden sterben**

Jedoch sind bisher nicht einmal 10 Prozent des Meeresgrundes ordentlich kartiert. Viele Regionen der Tiefsee sind also im wörtlichen Sinn „terra incognita“. Wie soll man von einem System, das man zu wenig kennt, die Folgen industrieller Belastung prognostizieren? Ein Abbau sei immer mit Risiken und Umweltbelastungen verbunden, sagt der Forscher Martin Visbeck. So sind sich die Wissenschaftler des Berichts „World Ocean Review III – Rohstoffe aus dem Meer“ einig, „dass der Abbau von Manganknollen einen erheblichen Eingriff in den Lebensraum Meer darstellt“. Der Lärm und die Vibrationen, die bei Abbau, Herauspumpen und Reinigen der Knollen entstehen, könnten Delfine und Wale stören.

Und im durchpflügten Bereich würden alle Tiere sterben, die nicht schnell genug fliehen könnten, etwa Schnecken und Seegurken. „Wenn abseits unserer Wahrnehmung riesige Geschäfte locken, dann gerät nicht nur die Umwelt in Gefahr, sondern auch elementare Menschenrechte und soziale Gerechtigkeit“, sagt Nikolaus Gelpke, Präsident des International Ocean Institute, dass sich für eine friedliche und nachhaltige Nutzung des Ozeans einsetzt. Insbesondere Konzerne hätten bisher weder im Schutz der Natur noch in einer fairen Teilhabe der Bevölkerung an den Erlösen eine Notwendigkeit gesehen.

### **Viele Rohstoffländer seien instabil und der Abbau zu teuer**

Auf der anderen Seite vermeide Meeresbergbau Landnutzungskonflikte, sagt Martin Visbeck. Und Staaten, die über keine eigenen Rohstoffreserven verfügen, könnten mehr Unabhängigkeit erlangen. So wie Deutschland. Die Bundesregierung hat dazu im Jahr 2010 die Strategie zur Sicherung einer nachhaltigen Rohstoffversorgung mit nichtenergetischen mineralischen Rohstoffen ins Leben gerufen. Vor zwei Jahren gründete die Bundesregierung die Deutsche Rohstoffagentur als Ableger der Bundesanstalt für Geowissenschaften und Rohstoffe.

Die Agentur soll ein Informations- und Beratungsangebot zu Fragen der geologischen und rohstoffwirtschaftlichen Verfügbarkeit von Metallen und Mineralien bieten. Ein weiteres Beispiel des zunehmenden Engagements ist das 2013 geschaffene Explorationsförderprogramm. Mit dem Ausbau der bilateralen Beziehungen zu Kasachstan, der Mongolei, Peru und Chile wurde der Boden für eine engere Zusammenarbeit im Rohstoffbereich und für die Entfaltung privater Initiativen bereitet. „Die Initiativen der Bundesregierung sind dringend nötig“, sagt Matthias Wachter, Leiter der Abteilung Sicherheit und Rohstoffe beim Bundesverband der Deutschen Industrie (BDI). Inzwischen sei-

en viele Rohstoffländer instabil und der Abbau zu teuer. „Der Tiefseebergbau bietet auf jeden Fall Chancen für die zukünftige Rohstoffsicherung“, sagt Wachter. Mittelfristig rechnet er mit einer Knappheit von bestimmten Rohstoffen und langfristig sei sowieso klar, dass Deutschland seine Abhängigkeit verringern müsse.

### **Die globale Nachfrage wächst**

Unter den großen Industrienationen zählt Deutschland zu jenen Staaten, die besonders auf Rohstoffimporte, vor allem im Energiebereich, aber auch bei den Eisen- und Metallerzen, angewiesen sind. Die Europäische Union hat 14 Rohstoffe als kritisch eingestuft, weil sie eine hohe ökonomische Bedeutung für die Hightech-Industrie haben und zugleich ein hohes Lieferrisiko in sich bergen. Darunter befinden sich zum Beispiel Beryllium, Metalle der Platin-Gruppe, seltene Erden und Wolfram. In den meisten Fällen besteht eine sehr hohe Abhängigkeit von Exportländern wie China, Russland, Kongo und Brasilien. China beansprucht aber auch selbst einen immer größeren Teil der natürlichen Ressourcen für sich und besorgt diese insbesondere in Afrika ohne Rücksicht auf Verluste. Hinzu kommt, dass in einer ganzen Reihe von Staaten zunehmend Handelsbeschränkungen eingeführt wurden. Indonesien hat erst kürzlich ein Ausfuhrverbot für 65 Rohstoffen beschlossen.

Gleichzeitig wächst die globale Nachfrage. „Deshalb bleibt es vordringliche Aufgabe, den internationalen, europäischen und nationalen Rahmen weiter zu gestalten und die Rückgewinnung von und den sparsamen Umgang mit Rohstoffen voranzutreiben“, heißt es in einem Strategiepapier des Wirtschaftsministeriums. Und weiter: „Förderinstrumente und Beratungsleistungen der öffentlichen Hand und deren Weiterentwicklung müssen sich am konkreten Bedarf der Industrie orientieren.“ Von besonderer Bedeutung sei hier die Bereitschaft der Industrie, sich aktiv in Rohstoffprojekten zu engagieren. In den vergangenen Jahren hatten Konzerne mehrfach den Produktionsstart angekündigt – und ihn immer wieder aufgeschoben, weil Geldgeber absprangen oder Vertragspartner uneins waren. „Die Rohstoffsicherung ist in erster Linie Sache der Unternehmen“, sagt Matthias Wachter vom BDI.

### **Wem gehört das Meer?**

Durch langfristige Lieferverträge, Diversifikation bei Bezugsquellen und gegebenenfalls Beteiligungen an Rohstoffprojekten könnten die Firmen ihre Abhängigkeit verringern. „Die Bundesregierung soll die internationale Kooperation zwischen Rohstoffproduzenten und Rohstoffnachfragern forcieren und auf einen Abbau der Handelshemmnisse hinwirken.“ Die entscheidende Frage aber lautet: Wem gehört das Meer, das rund 71 Prozent der Erdoberfläche bedeckt? In schönen Worten beschreiben die Vereinten Nationen es als „gemeinsames Erbe der Menschheit“. Doch genau das ist ein Teil des Problems.

Das Meer gehört niemandem allein, abgesehen von den zwölf Seemeilen Küstengebiet und der 200 Seemeilen breiten „ausschließlichen Wirtschaftszone“. In der Tat gibt es um die Gebiete auf hoher See immer wieder Ärger. „Man hat die tieferen Gewässer noch nicht genau ausgelotet, weil sich aufgrund der Grenzstreitigkeiten keine Firma traut, mit der Exploration anzufangen“, sagt Hans-Georg Babies von der Bundesanstalt für Geowissenschaften und Rohstoffe.

Jüngstes Beispiel ist die Arktis. Nordöstlich von Island öffnet sich eine Abkürzung für den Seehandel. Die arktische Nordostpassage wird zusehends eisfrei. Sie ist zwar noch immer gefährlich, verkürzt aber die Seestrecke zwischen Ostasien und Europa im Vergleich zu der Route über den Suezkanal um satte 8000 Kilometer. Mit dem Packeis ist auch ein Territorialkonflikt aufgebrochen. Die Anrainerstaaten, von den Vereinigten Staaten bis Russland, ringen um Zugriff auf diese Region, zumal hier unter anderem 13 Prozent des unentdeckten Öls und 30 Prozent des unentdeckten Gases lagern sollen – und immer besser zugänglich werden.

## **Eine Frage der Zeit**

Schon vor sieben Jahren rammte Russland medienwirksam seine Flagge aus Titan in den Meeresboden der Arktis. Norwegen schimpfte über den „PR-Gag“. Doch die Arktis ist nur der Anfang. Auch zwischen Japan und China gibt es heftige Auseinandersetzungen über das Besitzrecht einer kleinen Inselgruppe, unter der wertvolle Rohstoffe lagern sollen. Seit dem Jahr 1994 gibt es zwar ein internationales Seerechtsübereinkommen. Auch Österreich hat es unterschrieben, die einzige globale Seemacht, die Vereinigten Staaten, aber nicht. Mit dem Abkommen wurde eine internationale Meeresbodenbehörde geschaffen, die durch die Vergabe von Lizenzen Zündstoff aus dem Konflikt um die Tiefsee-Erforschung nehmen soll. Noch sind die Rohstoffe nicht gewinnbringend abzubauen. Aber das ist eine Frage der Zeit.

Um einen gefährlichen Wettlauf um die wertvollsten Gebiete zu verhindern und wildem Abbau inklusive möglicher Umweltschäden einen Riegel vorzuschieben, arbeitet die Internationale Meeresbodenbehörde in Jamaika mit 32 Mitarbeitern an Regeln, die Bedingungen einer Tiefseeförderung festlegt. Für die nächsten zwei Jahre hat Deutschland den Vorsitz der Behörde inne. Der BDI erhofft sich davon relativ hohe Umweltstandards und einen fairen Wettbewerb um die Rohstoffe. Bisher wurden nur Forschungslizenzen an China, Deutschland, Frankreich, Indien, Japan, Russland sowie an die „Interoceanmental Joint Organisation“, ein Zusammenschluss von Bulgarien, Tschechien, der Slowakei, Polen, Russland und Kuba, vergeben. Anträge wurden kürzlich auch von zwei Unternehmen sowie einigen Entwicklungsländern, die mit westlichen Firmen kooperieren, gestellt. Abbaulizenzen gab es bisher noch keine, erst im Jahr 2016 sollen die ersten Staaten und Unternehmen die Erlaubnis zum Unterwasserbergbau bekommen. Die Behörde verlangt nach 15 Jahren 50 Prozent der Gebiete zurück, um sie zugunsten der ärmeren Länder zu verwalten. Denn das Meer gehört allen.

## **NEC appoints Arthur Somare to PNGSDP Board**

Post-Courier, March 21, 2014

Private Citizen Arthur Somare has been appointed to the Papua New Guinea Sustainable Development Program Board. In a press statement Prime Minister Peter O’Neill made this announcement following the National Executive Council’s decision on the appointment of Mr Somare as PNGSDP board member. Mr O’Neill says his government welcomes Mr Somare’s appointment as member of the board and is confident that Mr Somare will be an asset as he has had vast experiences with leading organisations in the country’s mining industry and has a wider business development perspective of Papua New Guinea. “With the skills and knowledge he possesses, Mr Somare will contribute immensely to the current board and to the PNGSD program,” he says. Mr Somare replaces outgoing board member Rex Paki, the Prime Minister said.

## **US Government Moves To Convey Mineral Rights To CNMI**

*Governor Inos welcomes Interior Department’s efforts*

By Haidee V. Eugenio

SAIPAN, CNMI (Saipan Tribune, March 20, 2014) – Gov. Eloy S. Inos said yesterday that his administration has been reviewing a U.S. Department of the Interior’s draft patent conveying to the CNMI oil, gas, and mineral deposit rights, paving the way for the Commonwealth to soon have full control of valuable assets found in its 3-mile submerged lands 38 years since the islands became a part of the American family. The Interior has until this week to convey to the CNMI all rights, titles, and interests of the United States in deposits of oil, gas, and other minerals in the 3-mile submerged lands surrounding nine of its 14 islands. This is because of the 60-day period from Jan. 15 when President Barack Obama signed a proclamation temporarily withholding the transfer to the

CNMI of submerged lands around five islands that are either part of a national marine monument or under lease to the U.S. military. "This is very good news. There's good faith effort (on the Interior's part) to try to get it done," Inos told Saipan Tribune in an interview.

The governor needs to sign off on the Interior document to signal his acceptance of the rights, on behalf of the CNMI. He said his legal counsel is now reviewing the Interior draft patent. Inos said the language is generally "okay," and it is just a matter of making sure "everything is consistent" with statutes. "But we believe that the patent as drafted basically fulfills the requirement as far as the conveyance of the minerals," he said. Once the final patent conveying mineral rights is done, the governor said the CNMI can then seek out or entertain prospective seafloor mining companies. Seafloor mining can bring in millions of dollars into the CNMI coffers. The governor's confirmation of a draft patent from the Interior comes a week after House Speaker Joseph Deleon Guerrero (Ind-Saipan) said he was assured by the Interior during a recent trip to Washington, D.C. that no commercial companies have been issued licenses to mine the CNMI seafloor.

The speaker, however, said mineral deposits such as gold and iron-manganese nodules "do, or are likely to occur," within the CNMI's exclusive economic zones, based on a U.S. Geological Survey report. Last night, Deleon Guerrero said he's glad that the Interior has made good on its promise to start conveying mineral rights to the CNMI, within the 3-mile submerged lands. "If there are resources in those submerged lands, then the CNMI would have the authority over seabed mining that will occur. But it's not over yet," the speaker said in a phone interview. He was referring to the need to amend the Outer Continental Shelf Act or OSCA, under which the Interior is the agency authorized to grant licenses for seabed mining in coastal states, but not to U.S. territories such as the CNMI. "Kilili (Delegate Gregorio Kilili C. Sablan) and other members of Congress, I believe, are initiating an amendment to the OCSA so that the coastal states and territories would also benefit from revenues generated from seafloor mining in economic zones," the speaker said.

The CNMI has control only over its 3-mile submerged lands, but not beyond that. Sablan (Ind-MP), who prompted the Interior to take action on the transfer of oil, gas and other mineral rights as early as January, said as he understands it, "Secretary Sally Jewell has signed — or is on the verge of signing — the patent conveying oil, gas, and mineral rights in the submerged lands to the Northern Marianas pursuant to the submerged lands act and Public Law 113-34." "I also understand that the document will also require the governor to sign off, accepting ownership of those rights on behalf of the Commonwealth," he told Saipan Tribune. Sablan was successful at establishing CNMI ownership of submerged lands in the Commonwealth with President Barack Obama's signing of U.S. Public Law 113-34 in September 2013. Inos said yesterday he does not know of any specific seafloor mining companies who could be interested in investing in the CNMI.

But he said if previous online reports were true about Canada-based Nautilus Minerals and Australia-based Neptune Minerals are interested in or applying for mining exploration licenses with any federal agency at the time, then the CNMI could see economic opportunities if they are still interested. The speaker earlier got hold of online reports citing international seafloor mining companies' interests in mining multimillion worth of high-grade hydrothermal deposits rich in copper, zinc, and lead with a high gold and silver content, as well as large oil and natural gas reserves within CNMI area. A USGS report on marine mineral resources of the Pacific islands said mineral deposits that do, or are likely to occur within CNMI exclusive economic zones include "cobalt-rich iron-manganese crusts, iron-manganese nodules, phosphorite deposits, epithermal gold deposits, hydrothermal manganese, and iron oxide deposits." The others include "hydrothermal manganese and iron oxide deposits, hydrothermal polymetallic sulfides, insular and lagoonal phosphorite deposits, shallow-water sand, and gravel deposits, and shallow- and deep-water precious coral."

## **Ousted PNG Treasurer Refused To Approve Oil Search Loan**

*Polye defends decision saying no due diligence was done*

By Isaac Nicholas

PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 20, 2014) – Former Treasury Minister Don Polye has finally broken his silence on why he refused to sign loan instruments of AUS\$ 1.239 (K3 billion) loan to acquire 10.1 percent share in Oil Search. The Kandep MP said with the best business and commerce knowledge he had, his view was that the commercial viability of the purchase of Oil Search Ltd shares at \$A8.20 is a bad decision. He said even if it is claimed to be a good investment there remains no credible information to substantiate the argument as no due diligence was done on the business transaction. Mr Polye also called on Attorney-General Kerenga Kua to say whether he gave advice to the Government leading up to "various breaches of the laws" to secure the \$A1.22 billion loan. "We have to borrow money if we do in such amounts have got to be spent on tangible benefits to the people of this nation, but not on some speculative markets like buying shares.

"When I looked into this I as former treasurer, I simply could not sign a loan when I knew that those were the dynamics within which this loan will not be supported by any balance sheets, whether it be by SOEs (State-owned enterprises) or even by the State," he said. Oil Search Ltd also came under scrutiny over what he claimed was "insider trading" by the company. "I would also like to mention here that Oil Search they did an announcement of PNG government supporting them in buying a 10.01 percent. "Two weeks earlier on February 27, a media release overseas and in PNG that the PNG government bought 10.1 percent share in Oil Search. "How could a company go out and announce a government decision when that was not done? That's insider trading and that's not right."

But Oil Search last night strongly refuted the assertion by Mr Polye that it was involved in "insider trading" with respect to the recently completed placement of Oil Search shares to the State. On February 27 the company announced to the market both the proposed acquisition of licence interests in the Elk/Antelope gas resource and the intention to finance the acquisition by a share placement to the Government. The company's announcement made it very clear that the Government share placement was conditional on the Government obtaining the necessary approvals to proceed with the placement and finalising financing arrangements to pay for the shares. In fact the company also announced it had secured alternative funding should the Government not be able to proceed with the share purchase within the deadline set by the Elk/Antelope acquisition terms.

## **Hidden Valley mine temporarily suspends operations**

Post-Courier, March 20, 2014

The Hidden Valley mine has temporarily suspended operations due to illegal strike action by a minority group of employees. The mine is operated by Morobe Mining Joint Venture (MMJV). And it is understood some mine workers have been evacuated because of the tensed situation on the ground. Reports reaching Post Courier Live at 5pm today has it that workers of the mine were being evacuated because of breakout by the strike workers. Last week the management of the mine maintained the site was calm and discussions were underway with employees to return the operation to normal as quickly as possible. The mine workers went on strike two weeks ago over better conditions. MMJV said The illegal stop work and the actions of those involved has been condemned in the strongest terms by both mine area community leaders and mine management. Discussion with the striking employees is ongoing to resolve the situation and return mine operations to normal as soon as possible.

## **Landowner: Tolukuma mine deal not beneficial**

Post-Courier, March 19, 2014

By *IMELDA WAVIK*

CONCERNS have been raised in regard to an agreement between Tolukuma mine landowners and developers late last year. The signing of a memorandum of agreement, which took place on November 15 last year between the state, Central Province Government, the Woitape LLG and the Yulai Landowners Association, was for business and infrastructure development, training and tax credit scheme deals. The MoU was a review of the original one signed in the 1990s. But there have been claims by people living along the river on which the mine is located, that the MoU was not fulfilling its documented arrangements. These people claimed that the MoU purports to be compilation of inputs, but has failed to include any inputs from the mine affected communities down river. Auga Dilava Resource Association chairman Billy Aia Avi, representing the people from the impacted areas, said that the MoU had documented that the Tolukuma mine operation is an effective tool for poverty alleviation and benefits everyone, including the mine impacted communities.



Mr Avi claimed that concerns have risen in regards to mine impacted areas not being included in the proposition provided by the MoU and that they have to date not received any benefits provided for under the agreement. "Our confidence that at last there was opportunity in this MoU review process and our hopes that the participating stakeholders would ultimately construct a fair concluded MoU that also objectively accommodates the mine affected communities has been seriously undermined," he said. Mr Avi said the landowners act in signing the reviewed MoU has been noted, however they and other stakeholders must take into consideration that the people living along the river are the most affected. "The 18 years of mining operations at Tolukuma has increasingly impacted on our economically poor and vulnerable Auga and Dilava communities," he said. He said the mine has dumped tens of thousands of tonnes of mine wastes into the river, leading to pollution and undermined food security. He urged the stakeholders to look into the MoU and act accordingly. "If the overall summary of the MoA states that impacted areas are to benefit from the reviewed agreement, then it must be acted upon, there should be less talk and more action," Mr Avi said.

## **Flow of guns into PNG LNG project area concerns NGO**

Radio New Zealand, 19 March 2014

The NGO, LNG Watch, says tribes in PNG's Hela are bringing in more guns to the area because they are unhappy with how they're being treated over Exxon Mobil's huge LNG project. Australia's Prime Minister, Tony Abbott, is to be briefed on the project when he visits Papua New Guinea this week. It is understood to be ahead of schedule in terms of delivering its first cargo of liquefied natural gas this year. LNG Watch's Stanley Mamu says ExxonMobil is not concerned with making landowners happy, and he believes tensions will boil over later on. "There's more guns flooding into Hela, there will be a disturbance somewhere in the middle of the project, because I can see more

guns coming in, the local landowners purchase more guns. If people bring enough guns I think there will be a disruption on the project."

### **Highlands Pacific loss in 2013 hits K90 million**

The National, March 19th, 2014

By GYNNIE KERO

HIGHLANDS Pacific Ltd reported a loss of US\$37.2 million (K90 million) last year, including total write-downs of US\$27.6 million (K66.8 million) for both the Ramu NiCo and Frieda River projects. The company's investment in Ramu and Frieda were written down by US\$15 million (K36 million) and US\$12.6 million (K30.5 million), respectively, HPL managing director John Gooding (pictured) said. Declining nickel prices and slow production ramp-up were factors causing the write-downs for Ramu Nickel in Madang, he said. The write-down for Frieda was a result of the proposed transaction between Glencore Xstrata plc and PanAust Ltd announced last November. Gooding said the write-down in the carrying values of Ramu and Frieda should not be seen as Highlands being negative on the long-term outlook for these projects.

He said: "We strongly believe that given a steady increase in production levels, the value for Ramu will increase over time and once the transaction between Glencore and PanAust is completed, the Frieda project will advance rapidly. "With regard to our exploration and investment in Star Mountains, this is fully provided for but will see greater value recognition as we look to introduce partners for the next stages of exploration." Highlands' last financial report revealed a cash in bank of US\$8.6 million (K20.8 million), with potential for a further AU\$5 million (K11 million) placement to be received once the Glencore PanAust Agreement is completed.

### **Ramu Nico silent over gas leakage in Basbuk, Madang**

Post-Courier, March 19, 2014, By FRANKLIN KOLMA

A prominent landowner from Basbuk, Terry Kuning, has been seeking avenues to publicise what appears to be a threatening pollution issue from the nearby refinery site owned by Ramu Nico in Madang Province. According to him, villages near Basbuk were woken by the sound of an explosion at the refinery in the early hours of Monday, February 17. He reported the explosion occurred around 2am and a huge cloud of heavy thick gas seeping out of the acid tank at Basbuk refinery. At dawn, this unusual thick white smoke had already advanced southwards, blown by strong winds towards Mindre and Dein villages. What remained in its path was widespread damage to garden food crops and plants which are now covered in a brown orange-like substance. He said the villagers' worst fear was their health, as people living directly in the path of the gas had definitely inhaled it. So far the company has remained silent over the issue.

### **Focus on illegal mining**

Post-Courier, March 18, 2014

Awareness on the dangers of illegal mining is scheduled to be one of the highlights at the mine safety week event at the Pogera Gold Mine later this month. The awareness will be carried out by Barrick (Niugini) Limited, manager of the Pogera Joint Venture (PJV) that operates the gold mine in Enga Province. The people of the area will be educated on the dangers involved in illegal mining that in serious cases can lead to life changing injury or death. The awareness will also stress how illegal mining can put one in a very risky situation from the mine's employees. A press release stated that illegal miners are a risk to legitimate mines employees, as their activities are unmonitored and

uncertain. The week-long event will make available this information for the people in the area, including school children and the community around the mine area. The company's occupational health and safety branch will be providing health and safety services for the employees across various locations at the site.

Health activities including audiometry, hearing tests, and spirometry, breath tests, will be carried out by the organisation to provide an opportunity for employees to test their hearing and to know the health status of their lungs. The organisation's manager James Browning said audiometry and spirometry were some of the most important health objectives that were needed for mine employees. Other health and safety activities include, Pogera Leadership Team (PLT) in which employees will be educated on health and safety related policies. A show on the importance of emergency response and hazardous substance management drills is also scheduled for the weeklong event. This event also includes training employees in fire extinguishing and fighting skills and other safety related activities. The organisations' manager James Brown stated that the level of planning and safety team's effort put in to prepare this year's program was more than what was done last year.

### **ABG pushes mine talk**

The National, March 17th, 2014

THE decision to reopen the Panguna mine rests solely with the Panguna landowners. Autonomous Bougainville Government President Chief Dr John Momis said it had always been wrongly perceived that the ABG had the sole power to reopen the mine. Momis said this in his ministerial speech last Wednesday during the second day of the ABG House of Representatives' first parliamentary sitting this year. Momis said the ABG had established a framework to assist with the negotiations along with an organisation that could coordinate them. "The Office of the Panguna Negotiations (OPN) is an entity set up by the ABG to enhance the achievements of its broad objectives in relation to the mine," Momis said. He said OPN has been set up as required by the Bougainville constitution and does not stand to marginalise anybody. Since its creation by the Bougainville Executive Council in 2012 as a government entity, OPN has developed several important policy submissions and information papers for the consideration of the executive government, which is the ABG, Momis said.

It has also been instrumental in securing from the ABG the K5 million per year for five years support grant for the negotiations. OPN has also been responsible for facilitating the BelKol between landowners and Bougainville Copper Ltd (BC). Momis said the entity had also been responsible for the widespread mining consultative forums, which gathered the opinions of Bougainvilleans on the issue of reopening the mine. "From these forums, there had been wide support of the ABG's initiative to negotiate an understandable settlement," Momis said. Some of the major challenges facing OPN were the ever-changing positions of key mine-affected Landowners, who backtracked after supporting the ABG during the forums. Momis said the ABG and the majority could not be held ransom by a minority, who must make up their minds. He said while Panguna was still the ABG's focus, it was not the option but rather one of the options available to the government.

### **Ramu Nico Mine silent over 'gas' leak at Basamuk**

Post-Courier, March 17, 2014

A prominent landowner from Basamuk Terry Kuning has been seeking avenues to publicise what appears to be a threatening pollution issue from the nearby refinery site owned by Ramu Nico in Madang Province. According to Mr Kuning, villages near Basamuk were woken by the sound of an

explosion at the refinery, in the early hours of Monday, February 17. Mr Kuning reported the explosion occurred around 2am and a huge cloud of heavy thick gas seeping out of the Acid Tank at Basamuk Refinery. At dawn, this unusual thick white smoke had already advanced southwards blown by strong winds towards Mindre and Dein villages. What remained in its path was widespread damage to garden food crops and plants which are now covered in a brown orange-like substance. Mr Kuning said that villagers' worst fear was their health, as people living directly in the path of the gas had definitely inhaled it. So far the Ramu Nico Company has remained silent over the issue

## **PNG Government Plans To Buy Back Shares In Oil Search Limited**

*Equity share in company was used to finance LNG investment*

PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 17, 2014) – PNG Prime Minister Peter O'Neill has stated clearly that the decision by Government to secure the country's equity interest of 10.1 percent in Oil Search Limited is the best deal for Papua New Guinea. He said the Government has held close to 14.5 percent in Oil Search until recently where these shares were used as collateral / security to borrow \$A 1.6 billion from IPIC to purchase equity in the PNG LNG project led by Exxon Mobil. Under the Agreement with IPIC, the shares were to be bought back by Papua New Guinea Government on March 6, 2014 at the minimum price of \$8.55 per share or higher price as per the valuations. He said to purchase these shares back from the IPIC, a bidding process for a new loan arrangement was independently conducted by the Central Bank together with Department of Treasury and the Independent Public Business Corporation (IPBC).

He said a number of leading international Banks tendered their bids, which were assessed independently by the Central Bank and recommended that UBS Bank had offered the best terms. "With the finance secured, Papua New Guinea government wrote to IPIC to buy back the shares at agreed price of \$8.55 but this offer was not accepted and instead IPIC opted to keep the shares." He said in addition IPIC asked Papua New Guinea Government to pay additional \$US 70m because they valued the Oil Search shares to be under \$8.55. He said Papua New Guinea Government refused to pay this additional amount stating that the shares were trading well above \$8.80 at the Australian Stock Exchange. "This dispute for the additional \$US 70m is now before legal process." "Given that Papua New Guinea now had no shares in Oil Search, one of our largest investor and employer, the Government believed that this was bound to affect investor and business confidence in country."

"We are exercising the shares acquisition option knowing fully that our people want their Government to hold shares in Oil Search because of its strategic interest in our oil and gas fields." "It is also known within the oil and gas industry that shares value in Oil Search is likely to double over the next few years." "Papua New Guinea cannot continue to be a bystander while others continue to rip the benefits of our resources. We must have the full benefit at every opportunity." "We understood that Oil Search was in discussion with InterOil, Total and other minority stakeholders to take up interest in the Elk/Antelope gas project in the Gulf. We also knew that they would go to the share market to raise the capital to invest in that project." He said the Government knowing very well that the finance from UBS for the buyback of the IPIC held shares were available, we entered into negotiations with Oil Search to purchase shares directly. He said after lengthy negotiations, the Government through independent advice from BPNG, Treasury and IPBC, cabinet approved the purchase. "The shares were bought at much discounted price of \$A 8.20 per share compared to what we were prepared to buyback from IPIC at \$8.55 or more per share. At current trading prices PNG has made a profit of close to \$75m." Mr O'Neill said cabinet decision is final and is based on independent official advice from all government officials and therefore cannot be undermined by a Prime Minister, any Minister or official.

*[PIR editor's note: The National reported that PNG Opposition Leader Belden Namah is calling on O'Neill to resign for committing the country to the Oil Search deal. Namah claims that the real reason behind O'Neill's sacking of Treasurer Don Polye was to free himself up to move forward with the deal, which he says is not in the best interest of PNG. The National also reported that "State Solicitor Daniel Rolpagarea had advised the Treasury Department to get Parliament's approval before getting a US\$1.2 billion (K3b) loan from the UBS Investment Bank."]*

"The concern raised by the Opposition Leader is again aimed at sensationalising this transaction. We know that all negotiations and discussions between our officials, Oil Search and the bankers UBS followed the highest degree of independence, transparency and accountability." "These companies are listed on the Stock Exchange and are required by Law to report all details of transaction for public and their shareholders information." "Our loan is not going to increase the overall debt of the country, in fact it will be reduced from around \$ 1.6 billion of IPIC loan to \$ 1.2 billion UBS on better terms including reduced interest of under 5 percent." "Our officials are also keen on refinancing this loan within the next 24 months to concessional rate of around 2 percent so that our people and our country can increase benefits due to them." "The argument that it increases our debt level is simply nonsense." Mr O'Neill said. The Government is keeping this transaction off the government accounts by vesting it with Petromin just like the IPIC loan with Kroton and IPBC. "This is a huge financial gain for PNG and most important of all is that PNG is fast becoming a major player in the oil and gas industry." "Only a few politicians with their own agenda think otherwise." Mr O'Neill said.

## **UK Seabed Resources joins deep-ocean mineral-mining rush**

BBC 14 March 2014

A new and controversial frontier in mining is opening up as a British firm joins a growing rush to exploit minerals in the depths of the oceans. UK Seabed Resources is a subsidiary of the British arm of Lockheed Martin. It has plans for a major prospecting operation in the Pacific. The company says surveys have revealed huge numbers of so-called nodules - small lumps of rock rich in valuable metals - lying on the ocean floor south of Hawaii and west of Mexico. The exact value of these resources is impossible to calculate reliably, but a leading UN official described the scale of mineral deposits in the world's oceans as "staggering" with "several hundred years' worth of cobalt and nickel". An expedition to assess the potential environmental impact of extracting the nodules will be launched this summer amid concerns that massive "vacuuming" operations to harvest the nodules might cause lasting damage to ecosystems. With the support of the British government, UK Seabed Resources has secured a licence from the United Nations to explore an area of seabed twice the size of Wales and 4,000m deep.

Under the [UN's Convention on the Law of the Sea](#), mining rights on the ocean floor are controlled by a little-known body, the [International Seabed Authority](#), which since 2001 has issued 13 licences - with another six in prospect. These licences, valid for 15 years, have been bought for \$500,000 each by government organisations, state-owned corporations and private companies from countries including China, India, Russia, Japan and South Korea. The high prices fetched for copper, gold and rare-earth minerals are leading to a surge in interest in mining the ocean floor. The idea first surfaced in the 1970s but was dropped because the costs were too high and the technology could not cope. The nodules are known to contain up to 28% metal - 10 times the proportion found on land.

A similarly high metal content is found in another target for seabed mining: hydrothermal vents, chimneys formed by extremely hot water, rich in minerals. We reported on the [discovery of the world's deepest vents](#) last month. Stephen Ball, chief executive officer of Lockheed Martin UK, owner of UK Seabed Resources, says the engineering experience of offshore oil and gas operations

and the trend to rising mineral prices have now combined to make seabed mining feasible. "It's another source of minerals - there's a shortage and there's difficulty getting access, so there's strategic value for the UK government in getting an opportunity to get these minerals," he told the BBC. China's domination of the global production of rare-earth minerals in particular has fuelled the search for other sources of materials essential for everything from electronics to wind turbines.



The chimneys contain many metals in high abundance

But many marine scientists and conservationists have warned that the implications of this deep-sea gold rush are not yet understood - and that mining nodules or hydrothermal vents could prove catastrophic for seabed ecology. Mr Ball said exploration over the next three years would establish whether a system to vacuum up the nodules could be designed to cause minimal impact. The nodules typically lie in a shallow layer of silt. He said he believed it would be "perfectly feasible to create a benign method to extract these minerals from extreme depths without disturbing the seabed." "But until we've demonstrated that, there will be a debate around that." One risk is that the mining operations could generate huge plumes of sediment that could drift through the sea - choking any marine life that feeds by ingesting water and filtering out its food sources.

Michael Lodge, general counsel for the International Seabed Authority, told me that the authority's aim was to encourage a new mining industry to exploit seabed minerals but within strict environmental controls. "The nodules are generally lying in sediment that is between 2-6in (5-15cm) thick that's been there undisturbed for millions of years. We simply don't know the recovery times or the distribution of species - there are lots of uncertainties." He described mining hydrothermal vents as "more invasive" because it would involve breaking up the uppermost metre of the sea floor and piping the rock fragments to the surface.

#### Cold War heritage

A Canadian company, Nautilus Minerals, is hoping to be the pioneer of vent mining with plans for operations off the coast of Papua New Guinea. However, work is currently delayed because of a legal dispute. The concern is for the impact mining could have on ecosystems. Nautilus would use massive robotic machines, which are being built in Wallsend, near Newcastle-upon-Tyne, by a firm with long experience of marine engineering, Soil Machine Dynamics. Nautilus says that it is devising strategies for minimising the environmental impact, by trying to contain any disturbed sediment and leaving parts of the seabed untouched so the mined area can be recolonised by marine life. A leading biologist, Professor Cindy Van Dover of Duke University in North Carolina, has carried out research for Nautilus and says life might recover after a single mining event but that no-one can be sure.

"How do we do this so a hundred years from now somebody doesn't look back at us - at me - and say 'Oh my God, I can't believe they were so stupid and let this happen in a particular way'.

"So how do we do it right? How do we do it sustainably? Michael Lodge has also said questions will remain about profitability while the final terms of mining licences are settled. The authority was set up to encourage and manage this new sector but any future business, such as the Lockheed Martin subsidiary UK Seabed Resources, will have to pay royalties to the authority to be distributed to developing countries. The exact details have still to be negotiated. Research into seabed minerals has a long and slightly conspiratorial history, starting in the Cold War with the United States and the Soviet Union surveying the oceans ahead of possible future conflict. Surveys of seabed nodules in 1970s were also used as a cover by the US for the secret retrieval of a lost Soviet submarine. Now, the legacy of all that research and exploration is the growing likelihood of large-scale mining operations, fuelled by rising mineral prices, in many parts of the ocean in the coming decades.

### **South Fly landowners support Morauta**

Post-Courier, March 14, 2014

LANDOWNER factions of the South Fly electorates have come out in support of Sir Mekere Morauta and his fight for the Western Province people's long term funds. Pastor Steven Bagari, speaking on behalf of the non-CMCA landowners, said yesterday that as a church leader and strong community leader for more than 30 years in the Fly River affected area he totally supported Sir Mekere. "I totally support the stand taken by Sir Mekere Morauta in protecting the Western Province people's long term funds in Singapore," he said. "I know I am speaking for the majority of people in the South Fly and my conversations with other leaders of the North and Middle Fly suggest we all express the same sentiment. Those funds do not belong to the State or the Fly River Provincial Government. So the Government must be kept away from getting their hands on the money. "There are already serious allegations of misappropriation and fraud against both men that the police are investigating.

What we in the Western Province fear is that if they get a hold of these funds, they will not reach the poor suffering people. I am calling on all the people in the Western Province to stand and support Sir Mekere Morauta who has done an excellent job of protecting our funds. "Prime Minister: Why are you continuing to operate the Ok Tedi mine as the owner and regulator without a proper mining lease, and dumping toxic waste into the river system when you have not paid us our compensation monies as promised by the State and OTML from 2001 to 2013? "You have complete control of these funds and now you really want to kill us all in the Western Province by taking our long term fund? "I am humbly praying to Governor Wobiro and Prime Minister O'Neill please stop your greed now and give us what belongs to us and concentrate on running the country and the Western Province transparently," Pastor Bagari said.

### **LNG: No benefits for landowners**

The National, 14th of March, 2014

By LAZARUS BIRA

HELA landowners of the LNG project areas claim they have not seen any major benefit from the multi-billion kina LNG project since the signing of a benefit-sharing agreement in 2009. Their understanding was that basic services such as provision of health services, education, road infrastructures, water supply, electricity, houses and relocation of affected landowners would come their way. The chairman and chief of the Tuguba Pepe Mbele Landowners' Association for Hides PDL1, South Hides PDL7 and Juha PDL 9, Mathew Iruka said his members had not seen any such benefits, termed maximum benefits, from the project. "The benefits we have agreed on and signed by

the state, developer and the landowners in Kokopo, have not reached us,” Iruka said. He said people were experiencing the impact of the project on the environment and their lives. “The small people of Southern Highlands, Hela, Gulf, Central and other people of Papua New Guinea are not getting any spin-off benefits from the giant companies involved in the project areas in Hides, Angore and Gobe and areas at the pipeline and portion 152.”

Iruka said ExxonMobil did not have plans to create business opportunities for the impacted small people. He claimed that the previous government did not give ample time to landowners and stakeholders to study the LNG benefit sharing agreement documents and the process was bulldozed. “Therefore, the expected maximum benefits have not reached the legitimate landowners who live in the project sites,” Iruka claimed. “Benefits in terms of basic services like health, education, road infrastructures, water supply, electricity, houses and relocation of affected landowners were neglected,” he said. “Locals or visitors from abroad calling into the Hides to see the LNG construction phase and the conditioning plant would blame the previous government and clan leaders who had signed benefit sharing agreement.”

## **PNG’s LNG Project Could Deliver Gas By Mid-Year**

*Giant ExxonMobil effort ‘is months ahead of schedule’*

By Jemima Garrett

MELBOURNE, Australia (Radio Australia, March 13, 2014) – The giant ExxonMobil liquefied natural gas project in Papua New Guinea is months ahead of schedule and is expected to deliver first gas by mid-year. The project marks emergence of PNG as a gas supplier to Asia and is expected to push economic growth next year to 20 per cent. Managing Director of ExxonMobil PNG, which manages the project, Peter Graham said coming in ahead of time is 'an exceptional achievement' that 'bodes well for future investment' in the country. The PNG LNG project has had to contend with some of the toughest terrain in the world to build a pipeline more than 700 kilometres from the PNG highlands, across the Gulf of Papua to Port Moresby. Mr Graham said the project faced seismic activity, floods, landslides and a complex social environment as well as the usual logistical challenges of building a big project. "This is a great milestone to have the first cargo in mid-2014," he told Radio Australia. "I think it will be a hugely exciting day for everyone in Papua New Guinea to see those huge ships sailing in and load up and sail away to the customers. "It is just a great demonstration of what can be achieved in Papua New Guinea and that is just so important for future investment in PNG as well."

ExxonMobil PNG, a subsidiary of ExxonMobil, said the \$US19 billion plant in PNG will supply 6.9 million tonnes of liquefied natural gas a year to customers in Japan, China and Taiwan. In the past 12 months, some of PNG's other crucial resource projects such as the Ok Tedi copper mine and Newcrest's Lihir and Hidden Valley mines have struggled leaving the government with a revenue shortfall. The LNG project is the first of a number of gas projects under development in Papua New Guinea. It will begin operations with 2 processing trains but has talked about building up to 5 - a move that would put it among the largest projects in the world. But that depends on having the gas. In the past, ExxonMobil PNG's Managing Director, Peter Graham, said he has seen potential for some of that to come from the big Elk-Antelope field in which Total of France and Canada's Inter-Oil have a major stake. After recent changes in ownership of Elk- Antelope, Mr Graham is coy about whether ExxonMobil will be able to access that gas.

### **Hidden Valley: Chan: Parties must find way out**

Post-Courier, March 13, 2014

Mining Minister Byron Chan is greatly concerned about the prolonged strike by workers at the Hidden Valley mine that has lasted for three days. This has effectively resulted in the shut down of the mine's operations. The workers are on strike demanding better terms and conditions from the company. "This is an industrial matter currently between the workforce and their management to sort out. I am appealing to all parties to work towards an amicable solution as the prolonged closure of the mine is not in the best interest of all stakeholders," said the minister. Mr Chan expressed disappointment at the manner in which the striking workforce conducted themselves, by going on a wanton destruction of company property, where a number of employees received injuries. He said he does not condone the actions of such employees. Mr Chan also understands that there are rumours that gold has been illegally smuggled out of the mine. Until a dedicated investigation is carried out, he has appealed to the workforce not to use such unfounded allegations as a cause for their strike action. "I want to assure the workforce that any gold lost through the system and not accounted for is a loss to the people of PNG and the MRA has been requested to establish the credibility of these claims," he said.

### **Mariana Islands: Speaker: Feds did not permit mining of NMI seafloor deposits**

By Haidee V. Eugenio, Saipan Tribune, March 12, 2014

House Speaker Joseph Deleon Guerrero (Ind-Saipan) said yesterday that the U.S. Department of the Interior assured him that no commercial companies have been issued licenses to mine the CNMI seafloor, although the federal agency said mineral deposits such as gold and iron-manganese nodules do, or are likely to occur, within the CNMI's exclusive economic zones. Deleon Guerrero was able to pose questions to Interior officials on the reported existence of seafloor minerals during his recent trip to Washington, D.C. to meet with federal officials on a host of issues. "The Interior said no licenses were issued to any commercial companies," the speaker told Saipan Tribune yesterday. "They cited the Outer Continental Shelf Act or OSCA, under which the Interior is the agency authorized to grant licenses for seabed mining in coastal states, but not to U.S. territories such as the CNMI."

Deleon Guerrero said Interior cited a U.S. Geological Survey report on marine mineral resources of the Pacific islands. The USGS report said mineral deposits that do, or are likely to occur within CNMI exclusive economic zones include "cobalt-rich iron-manganese crusts, iron-manganese nodules, phosphorite deposits, epithermal gold deposits, hydrothermal manganese and iron oxide deposits, hydrothermal manganese and iron oxide deposits, hydrothermal polymetallic sulfides, insular and lagoonal phosphorite deposits, shallow-water sand and gravel deposits, and shallow- and deep-water precious coral."

Deleon Guerrero earlier got hold of online reports citing international seafloor mining companies' interests in mining multimillion worth of high-grade hydrothermal deposits rich in copper, zinc, and lead with a high gold and silver content, as well as large oil and natural gas reserves within CNMI area. The online publications stated that two seafloor mining companies—Canada-based Nautilus Minerals and Australia-based Neptune Minerals—have applied for mining exploration licenses in the CNMI. But Deleon Guerrero said no licenses were granted to these firms, based on information from the Interior. Now that the CNMI has control over many of its submerged lands, the speaker believes the CNMI has the authority to issue mining licenses for minerals within 3-mile submerged lands.

Another issue that Interior officials discussed with the speaker is that the Interior secretary is supposed to convey to the CNMI all rights, titles, and interests of the United States in deposits of oil, gas, and other minerals in the submerged lands within a certain period. The speaker, citing Interior officials, said that the 60-day period ends later this week, starting from Jan. 15 when President Barack Obama signed a proclamation temporarily withholding the transfer to the CNMI of submerged lands around five islands that are either part of a national marine monument or under lease to the U.S. military. In January, Delegate Gregorio Kilili C. Sablan (Ind-MP) asked Interior Secretary Sally Jewell to take action on the transfer of oil, gas, and other mineral rights to the CNMI now that the transfer of submerged lands in the CNMI from the federal government to the Commonwealth has begun.

### **O'Neill blames Mekere for breakdown in talks**

Post-Courier, March 12, 2014

Prime Minister Peter O'Neill said yesterday that Sir Mekere Morauta is to blame for the breakdown in the talks between himself and the Eminent Persons Group (EPG). The prime minister was responding to a media statement by Sir Mekere who accused him of hiding the full story of the PNG Sustainable Development Program and Eminent Persons Group. "Every agreement we reached, he continuously insisted on changing the terms, including those proposed by the EPG," Mr O'Neill said. "It is clear Sir Mekere represents foreign interests and he is not negotiating for the people of Western province. "Governor Ati Wabiro, MPs from the Western province, and the national Government are mandated by the people. Sir Mekere is mandated by BHP. "He (Sir Mekere) is trying to sell assets that do not belong to him. That can be viewed as potential fraud, and we will deal with it as such. "I have had enough of his pride and ego and will not negotiate with him any further. "His continuous insistence on change to the agreement shows he was never really keen on the outcome the people of Western province had wanted, and expected, on this issue. "But we will see him in court. Sir Mekere initiated the court proceedings in Singapore and we will defend our people's interest," the prime minister said.

### **Sir Mekere: Prime Minister hiding full story**

Post-Courier, March 12, 2014

THE OK Tedi saga is far from over with former chairman Sir Mekere Morauta accusing the prime minister of hiding the full story of the PNG Sustainable Development Program and Eminent Persons Group. "The decision of Prime Minister Peter O'Neill to reject the advice and recommendations of the Eminent Persons Group he set up to negotiate on the Ok Tedi issue will prolong and increase the suffering of the Western province people," Sir Mekere said. He said the prime minister's comments about the failure of the EPG were not correct and he should now disclose the advice and recommendations given to him by the EPG. "Since the prime minister expropriated Ok Tedi from PNGSDP, without compensation, social and economic development has all but ceased throughout the province. "I am advised that the decision to go against fair, commonsense recommendations developed in a spirit of compromise and in the interest of everyone concerned was the prime minister's alone. It is a slap in the face for the people of Western province. "It leaves 200,000 people without the development assistance they need, simply to satisfy the prime minister's political agenda and self-interest. It is a very bad, selfish and counter-productive decision." Sir Mekere said the prime minister's personal agenda had been clear from the beginning. He had two objectives:

- Expropriate PNGSDP's 63.4 percent shareholding in Ok Tedi without compensation, and,
- Take control of PNGSDP and the \$US1.4 billion in the Long Term Fund.

He said Mr O'Neill achieved his first objective through the passage of the Tenth Supplemental Agreement Act in September last year. He is still trying to achieve his second objective, but is being prevented by a PNGSDP court action in Singapore and the United States. "These illegal activities by the prime minister are creating more and more problems for Western province and the nation. The prime minister must take the blame for all the problems he is causing." Sir Mekere said PNGSDP had a legal and moral duty to protect itself and the funds it holds for the benefit of the people of Western province and would continue to fulfil its duty. "Prime minister, I say once again that the money is for the benefit of the people of Western province, not the State. Get that clear. "It is now clear that the prime minister hoped that the creation of the EPG was a cunning way for him to achieve objective two. He set the group up to help him out, but instead of taking their advice and recommendations, he rejected them all.

"He did that because the recommendations apparently did not give him what he wanted – control of PNGSDP and the Long Term Fund. "The head of the EPG, Sir Rabbie Namaliu and I initialled draft heads of agreement – twice. Mr O'Neill rejected both. "In December, the PNGSDP board considered the issues raised with the EPG and the PM's stance, and made a decision which was passed on to EPG – PNGSDP would lift its court cases if the parties signed a legally enforceable Deed of Agreement which covered the issues of compensation and unpaid dividends, and preserving the independence of PNGSDP. "The EPG then requested PNGSDP to prepare a draft of such a deed. The company did, and submitted it to the EPG, which recommended to the prime minister that the State should negotiate the details of the draft deed with PNGSDP. This was rejected by the prime minister." Sir Mekere said drafting the deed at the request of EPG was again evidence of PNGSDP's preparedness to compromise and reach a fair and amicable solution.

## **No Seabed Mining Permits Issued For CNMI, Speaker Confirms**

*Interior Department reassures Guerrero that no licenses exist*

By Haidee V. Eugenio

SAIPAN, CNMI (Saipan Tribune, March 12, 2014) –House Speaker Joseph Deleon Guerrero (Ind-Saipan) said yesterday that the U.S. Department of the Interior assured him that no commercial companies have been issued licenses to mine the CNMI seafloor, although the federal agency said mineral deposits such as gold and iron-manganese nodules do, or are likely to occur, within the CNMI's exclusive economic zones. Deleon Guerrero was able to pose questions to Interior officials on the reported existence of seafloor minerals during his recent trip to Washington, D.C. to meet with federal officials on a host of issues. "The Interior said no licenses were issued to any commercial companies," the speaker told Saipan Tribune yesterday. "They cited the Outer Continental Shelf Act or OSCA, under which the Interior is the agency authorized to grant licenses for seabed mining in coastal states, but not to U.S. territories such as the CNMI."

Deleon Guerrero said Interior cited a U.S. Geological Survey report on marine mineral resources of the Pacific islands. The USGS report said mineral deposits that do, or are likely to occur within CNMI exclusive economic zones include "cobalt-rich iron-manganese crusts, iron-manganese nodules, phosphorite deposits, epithermal gold deposits, hydrothermal manganese and iron oxide deposits, hydrothermal manganese and iron oxide deposits, hydrothermal polymetallic sulfides, insular and lagoonal phosphorite deposits, shallow-water sand and gravel deposits, and shallow- and deep-water precious coral." Deleon Guerrero earlier got hold of online reports citing international seafloor mining companies' interests in mining multimillion worth of high-grade hydrothermal deposits rich in copper, zinc, and lead with a high gold and silver content, as well as large oil and natural gas reserves within CNMI area. The online publications stated that two seafloor mining companies—Canada-based Nautilus Minerals and Australia-based Neptune Minerals—have applied for mining exploration licenses in the CNMI.

But Deleon Guerrero said no licenses were granted to these firms, based on information from the Interior. Now that the CNMI has control over many of its submerged lands, the speaker believes the CNMI has the authority to issue mining licenses for minerals within 3-mile submerged lands. Another issue that Interior officials discussed with the speaker is that the Interior secretary is supposed to convey to the CNMI all rights, titles, and interests of the United States in deposits of oil, gas, and other minerals in the submerged lands within a certain period. The speaker, citing Interior officials, said that the 60-day period ends later this week, starting from Jan. 15 when President Barack Obama signed a proclamation temporarily withholding the transfer to the CNMI of submerged lands around five islands that are either part of a national marine monument or under lease to the U.S. military. In January, Delegate Gregorio Kilili C. Sablan (Ind-MP) asked Interior Secretary Sally Jewell to take action on the transfer of oil, gas, and other mineral rights to the CNMI now that the transfer of submerged lands in the CNMI from the federal government to the Commonwealth has begun.

### **Female camp employees used as sex workers at Ramu mine**

PNG Mine Watch, March 12, 2014



The remote Ramu nickel mine site

Women employed at the remote Ramu nickel mine site to provide basic services such as laundering, cooking and cleaning for the mine staff are also being used as sex workers. This has been an on going issue for some time. Many of the women claim they are forced to do it because the money they receive from the mine owners MCC is not enough to cover even their basic needs, so they have to provide sex to the workers to gain extra cash to sustain them and their household. The women are mostly casual staff, 33 in total are employed at the mine at any one time. Most of the women are married, but they have to leave their husbands and children back in the village while working at the mine. They are working as sex workers for the permanent male employees. The female workers claim the mine management does not have any control over these issues and even outside women are smuggled into the mine site and the mine workers lock them away in their rooms to use for sex. The situation has led to unwanted pregnancies, HIV/AIDS infections and domestic violence problems. The women have raised their concerns with the management but the world class Chinese miners think that the plight of the women is not an important issue to be discussed and they always turn a blind eye to the matter.

### **Strike in mine worries mining minister**

Post-Courier, March 11, 2014

Mining Minister Hon Byron Chan is greatly concerned about the prolonged strike by workers at the Hidden Valley mine that has lasted for three days now. Mr Chan in a press release said this has been effectively resulted in the shut down of the mine's operations. The workers are on strike demanding better terms and conditions from the company. It is not know how much millions of kina. "This is

an industrial matter currently between the workforce and their management to sort out. I am appealing to all parties to work towards an amicable solution as the prolonged closure of the mine is not in the best interest of all stakeholders including the workforce itself,” said the Minister. Mr Chan expressed his disappointment also at the manner in which the striking workforce conducted themselves by going on a wanton destruction of company property and where a number of employees received injuries. He said he does not condone the actions of such employees saying that police should be brought in to investigate and to deal with such individuals and if they are suspected of crime, appropriate actions should be taken.

The Minister also understands that there are rumours that gold has been illegally smuggled out of the mine. These are merely rumours and until a dedicated investigation has been carried out, he has appealed to the workforce not to use such unfounded allegations as a cause for their strike action. “I want to assure the workforce that any gold lost through the system and not accounted for is a loss to the people of PNG and the MRA has been requested to establish the credibility of these claims and to advise me as Minister responsible so that appropriate actions can be taken by government. In the meantime, however, you as workers should not use this as an excuse to continue your strike action”. Hon Chan is appealing to the company Morobe Mining Joint Venture to engage with the workforce and to commit to providing a detailed response to the workforce on their demands. If they are unable to resolve this matter then they should seek the intervention of the Industrial Registrar. If the matter does get to the Industrial Registrar, then the workforce should return to work and allow the parties under the Registrar’s guidance to resolve these issues but the workforce must return to work.

### **MMJV says site is calm as workers continue strike**

Post-Courier, March 11, 2014

The Hidden Valley Mine run by Morobe Mining Joint Ventures is losing millions of kina as its workforce continue their strike over better working conditions. The mine in a press release stated a small group of employees were involved in an altercation with mine security at the Hidden Valley mine on Friday evening which resulted in injuries to several employees and minor damage to company property. The majority of the injuries were minor with treatment received at the mine site however two employees were referred to Lae for further treatment and are in good condition. The mine management requested police assistance to help control the disturbance and police units from Bulolo and Lae were dispatched to the mine site. According to Hidden Valley spokesman David Wissink: “There are formal grievance processes in place for mine employees to use but it is unfortunate that those mechanisms were not used by the employees who took matters into their own hands and injured fellow employees.” Mine management wish those injured in the altercation a speedy recovery from their injuries and investigations are underway to determine the cause of the incident. The site is calm and discussions are underway with employees to return the operation to normal as quickly as possible.

### **Porgera killing stirs tension**

Post-Courier, March 11, 2014

By JOHNNY POIYA

Tension is high in the mining townships of Paiam and Porgera in the Enga Province following the brutal murder of two men last week. Businesses closed and the Highlands Highway into Porgera was free of traffic as of Wednesday with fear reigning the valley as two enemy tribes geared up for warfare. The situation however did not affect the operations of the world class open pit Porgera gold mine. Porgera Development Authority media officer Jason Tau said yesterday a man wanted

for the murder of an old man some time ago was chopped and killed in front of a large crowd at Porgera town on Wednesday. The murder occurred when all local tribes around the mine lease area gathered to collect their quarterly royalties. The victim's relatives from Tipinini village near the Maip boom gate staged a roadblock upon hearing of the ordeal and killed a man travelling up from Mt Hagen the same afternoon in retaliation.

Relatives from both sides took arms and have been searching for each other since Wednesday, sparking fear in the mining township and nearby villages. The two murders along with other recent killings in the area have made Porgera one of the most feared places in the country. Local police with the assistance of others brought in elsewhere engaged by the mine were out in full force attempting to quell the situation as well as searching for those responsible for the murders. Mr Tau said the situation gradually quietened down last week but the chance of it being reignited was still high. He said the number of vehicles travelling into Porgera had declined because the Tapinini tribe lived at the entrance to the mining town. He said local authorities, representatives from the Enga Provincial Government, Barrick PNG which is operating the mine, and police attempted to negotiate for peace and normalcy yesterday. Attempts to speak to Barrick and Enga police were unsuccessful.

### **LNG: Dead guards family demands K2m compo**

Post-Courier, March 11, 2014

THE people of Poroma in Southern Highlands are demanding K2 million and 200 pigs as compensation for the killing of a young security guard killed by warring gas project landowners at the Hides gas field over the weekend. The Poroma people have also threatened to block-off the highway linking Southern Highlands and Hela Provinces until their demands are met. They have condemned the brutal killing of a young security guard, Junior Peter Embia, 20, who hails from Det village in the Poroma area of Southern Highlands. He was employed as a security guard with the Hides Security Services and was shot dead after being dropped off on Friday evening. Det village spokesman and relative Francis Siro said young Embia was an innocent person and had nothing to do with the landowner benefit sharing or any other related landowner issues at Hides.

He said the people of Poroma and Hela also have not had tribal differences and the barbaric killing of Embia is unacceptable. Mr Siro said Embia was shot with a gun allegedly by the Wara Mabuli clan as he was dropped off to go home after work. He also condemned Hides Security Services for failing to provide security and welfare for its employees. "The Wara Mabuli clan had their own differences over how their benefits or royalties from the Hides gas project was shared and that has nothing to do with us Poroma people. We are from the Southern Highlands and not from Hela or Hides. Why was our brother and son killed senselessly like that?" Mr Siro said. "This is senseless and unacceptable. We are really saddened by the killing of a young innocent man who had years ahead of him.

"We are demanding K1 million and 100 pigs from the Hides Security Service company for failing to provide accommodation and security of its employee leading to his death. "We, the Rungi clan from Poroma, are also demanding another K1 million and 100 pigs from the Wara Mabuli clan led by their chairman Peter Potape and the killers of Junior Embia," he said. Mr Siro said the relatives of the deceased will set-up a roadblock after informing the police from Mendi, Tari, the Defence Force contingent, the Governor of Southern Highlands William Powi and the Governor of Hela Anderson Agiru by Thursday this week. He said the road block is to deny people from Komo and Hides from travelling long the Poroma section of the Highlands Highway until their demand for K2 million and 200 pigs is agreed to for killing their innocent son.

## **K1 billion needed to build Kerema town**

Post-Courier, March 11, 2014

One billion kina is needed to develop Kerema town in Gulf Province in preparation for the second LNG project in 2020. The governor of Gulf Province, Havila Kavov, says the town must be developed to cater for the second LNG project. Kerema town, one of the last and least developed areas, still has run down infrastructure and a lack of proper government services. It is yet to have even a town water supply. With the second LNG project, Governor Kavov is optimistic Gulf will change and could be one of the best cities in the country. "I hope so. I am confident Gulf Province will develop to compete with Port Moresby. The Gulf Provincial Government has engaged Frontier Equities Limited as a specialist investment advisor for the development of the Gulf LNG project and its other associated infrastructure projects. Frontier Equities will look for funding and strategies to develop Gulf Province. Among the proposals are an airport and a port.

## **Prime Minister hiding the full story of PNGSDP and EPG**

Post-Courier, March 11, 2014

The decision of Prime Minister Peter O'Neill to reject the advice and recommendations of the Eminent Persons' Group he set up to negotiate on the Ok Tedi issue will prolong and increase the suffering of Western Province people. Sir Mekere Morauta said in a press release that the Prime Minister's comments about the failure of the EPG were not correct. He said Mr O'Neill should now disclose the advice and recommendations given to him by the EPG. Since the Prime Minister expropriated Ok Tedi from PNGSDP, without compensation, social and economic development has all but ceased throughout the province. "I am advised that the decision to go against fair, common-sense recommendations developed in a spirit of compromise and in the interest of everyone concerned was the Prime Minister's alone. "It is a slap in the face for the people of Western Province. "It leaves 200,000 people without the development assistance they need, simply to satisfy the Prime Minister's political agenda and self-interest. It is a very bad, selfish and counter-productive decision," he said. Sir Mekere said the Prime Minister's personal agenda had been clear from the beginning. He had two objectives:

- Expropriate PNGSDP's 63.4 percent shareholding in Ok Tedi without compensation
- Take control of PNGSDP and the \$US1.4 billion in the Long Term Fund

He said Mr O'Neill achieved his first objective through the passage of the Tenth Supplemental Agreement Act in September last year. He is still trying to achieve his second objective, but is being prevented by PNGSDP court action in Singapore and the United States. He said these illegal activities by the Prime Minister are creating more and more problems for Western Province and the nation. "The Prime Minister must take the blame for all the problems he is causing. "PNGSDP has a legal and moral duty to protect itself and the funds it holds for the benefit of the people of Western Province. We will continue to fulfil our duty. "Prime Minister, I say once again that the money is for the benefit of the people of Western Province, not the State. Get that clear.

"It is now clear that the Prime Minister hoped that the creation of the EPG was a cunning way for him to achieve objective two. He set the group up to help him out, but instead of taking their advice and recommendations, he rejected them all," he said. Sir Mekere said he did that because the recommendations apparently did not give him what he wanted - control of PNGSDP and the Long Term Fund. "There is a pattern to the Prime Minister's behavior of rejection, and his failure to negotiate in good faith. "The head of the EPG, Sir Rabbie Namaliu, and I initialed Draft Heads of Agreement - twice. Mr O'Neill rejected both. In December, the PNGSDP Board considered the issues raised with the EPG and the PM's stance, and made a decision which was passed on to EPG

– PNGSDP would lift its court cases if the parties signed a legally enforceable Deed of Agreement which covered the issues of compensation and unpaid dividends, and preserving the independence of PNGSDP. “The EPG then requested PNGSDP to prepare a draft of such a Deed.

The Company did, and submitted it to the EPG, which recommended to the Prime Minister that the State should negotiate the details of the draft Deed with PNGSDP. This was rejected by the Prime Minister. “Drafting the Deed at the request of EPG is again evidence of PNGSDP’s preparedness to compromise and reach a fair and amicable solution. “PNGSDP has from the very beginning been agreeable to working out a solution including direct approaches to the Prime Minister and then through an intermediary,” he said. Sir Mekere said the Prime Minister and him shook hands on a deal at a meeting in Majuro, Marshall Islands, in early September. Two weeks later the Prime Minister reneged and brought the expropriation legislation to Parliament. “The Prime Minister has no one but himself to blame for all the trouble he is causing Western Province and the Nation by his lack of good faith and his refusal to compromise,” he said

### **Legal conspiracy abuses the law and process to defeat landowner injunction in Ok Tedi mining case**

PNGExposed blog, March 10, 2014

Last Friday Justice Hartshorn handed down a bizarre decision in the National Court that has legal commentators, academics and practitioners scratching their heads and wondering what is going on with PNG’s legal system. Justice Hartshorn, operating apparently in cahoots with the Attorney General Kerenga Kua and international law firm Allens, has managed to turn upside down a whole series of legal precedents, practices and rules to defeat an injunction obtained by Western Province landowners to stop the continued pollution of the Fly river by Ok Tedi Mining Limited. While the judges ultimate decision, that the interim ex parte injunction should be lifted, may, ironically be correct, the method by which he took possession of the matter, his erroneous legal reasoning and his bulldozing of established legal principles leave a big stink hanging over his name and the lawyers who seemingly conspired with him to cook the process. Here is a quick list of what Justice Hartshorn got wrong and how he manipulated the situation to deliver what was clearly a pre-determined outcome:

1. It is unprecedented for the National Court to stay its own orders, and particularly one judge has no power to stay the orders of another judge. If a party wants a stay then it should appeal the original decision to the Supreme court.
2. Hartshorn has seized on the power of the National court to issue a stay on proceedings and completely misinterpreted / abused that power to pretend it gives a right to stay an order.
3. Hartshorn also relied on Supreme Court decisions and authorities that only apply in the Supreme court and which do not apply in the National court
4. The original injunction was made ex-parte and given a return date to be argued inter partes. The simple and correct procedure was for any variation in the order to made at that inter parties hearing. Instead Hartshorn has grabbed control of the case and made his own orders without any legal precedent.
5. In order to get the matter into his Court Hartshorn had to first make another erroneous decision. He ruled that the matter was a commercial matter and therefore could be transferred to his court. But the case is clearly not a commercial case in the legal sense as it is a case brought by the landowners over environmental damage and the dumping of poisons tailings into the Fly river.
6. Hartshorn heard the case and made his decision without the mining company – the central player in the litigation – even being present or having any legal representation! The com-

pany had only just been served with a notice of the proceedings but Hartshorn refused to adjourn the matter to allow them to be present and heard.

To compound this litany of abuse, Allens, the legal firm instructed by Kua to appear for the State of Papua New Guinea, are also the long servicing legal representatives for Ok Tedi Mining Limited – putting them in a gross conflict of interest situation where they are acting for the regulator in a case brought by the landowners for gross environmental damage caused by another of their clients. Even worse, there is other litigation currently before the courts in Port Moresby where Allens are acting for Ok Tedi Mining Limited in a matter instigated by the company AGAINST the Minister for Mining, the Minister for Finance and the State. Clearly these big international lawyers have no conscience or appreciation of common legal ethics... but at the end of the day in this sorry drama it is the poor people of Western Province who continue to suffer while the fat cats in their air conditioned city offices count their ill-gotten gains.

### **Ok Tedi battle drags on**

Post-Courier, March 10, 2014

PRIME Minister Peter O'Neill says the lengthy and detailed work by the Eminent Persons Group has failed to reach a resolution on the differences between the national Government and the PNG Sustainable Development Program on the structure and operations of the PNGSDP. As a result, the National Executive Council has authorised the Attorney General to engage the services of leading Singapore law firm, Wong and Partners, to represent the State in the legal action instigated in Singapore by the former PNGSDP board and management. "Wong and Partners has been instructed to commence proceedings to protect the interests of the State, and the people of the Western Province. This may include proceedings in Singapore to liquidate PNGSDP," Mr O'Neill said.

Over the weekend, Attorney General Kerenga Kua, Western Province Governor Ati Wabiro and the Prime Minister met with the appointed legal representatives in Singapore to issue formal instructions. They were accompanied by the State Solicitor and Mr Ian Molloy, QC. Mr O'Neill said it was most unfortunate that the Eminent Persons Group, made up of Sir Rabbie Namaliu, Sir Puka Temu, and Mr Bart Philemon, could not arrive at a resolution despite the time and dedication they gave to the task. "The NEC appointed them to undertake this important task because we wanted a resolution that would not involve costly and time consuming legal proceedings. "However their efforts have not been successful because of reluctance and negative attitude of Sir Mekere and PNGSDP," said Mr O'Neill. "In light of this development, the national Government has moved quickly and firmly to protect the interests of the State and the people of the Western Province.

"The original decisions by the national Government with regard to PNGSDP, which has been challenged in Singapore, enjoy the overwhelming support of the national Parliament, the people of the Western Province, and I believe, the nation. The behaviour of the former chairman and management of PNGSDP is against the national interest above all and we have now moved decisively to uphold the national interest, and that of the people of the Fly River and the Western province." Mr O'Neill thanked Sir Rabbie, himself a former prime minister, Sir Puka and Mr Philemon, a former finance minister, for their hard work and their dedication.

## **Profits At PNG's Ok Tedi Gold Mine Drop Drastically**

*Low gold, copper prices other challenges hit state-owned mine hard*

By Jemima Garrett

MELBOURNE, Australia (Radio Australia, March 10, 2014) – A dramatic drop in 2013 profits have compounded the woes of Papua New Guinea's giant state-owned Ok Tedi gold and copper mine. The company reported an after tax profit of just US\$17 million, well below its 2012 profit of \$472 million. Low gold and copper prices, major flooding in its pit, low river levels affecting shipments and a typhoon which caused extensive damage to its major customer in the Philippines were only the beginning. Ok Tedi also had to contend with a multiple major equipment failure and high fluorine levels in its copper concentrate. While the company made progress in cutting costs, coming in \$70 million ahead of budget, it spent \$80 million on redundancy payments as it shed over 700 staff. Even before Prime Minister O'Neill's takeover of the PNG Sustainable Development Program, the PNG government relied heavily on Ok Tedi dividends and taxes.

PNG commentator Martyn Namorong says the profit downgrade will have a significant impact on the government's budget. "Not just dividends but tax has contributed about a quarter of the national budget so the drop in profit obviously means that could have an impact on the national budget and the delivery of goods and services in Papua New Guinea," said PNG commentator Martyn Namorong. Martyn Namorong says questions need to be asked about new procurement contracts let by the company. "My concern is for instance that we do not know what impact some new contracts may have had on operating costs," he said. "We are not really familiar with that and we need some answers from Tabubil about the costs of operating and whether they are justified or inflated."

On a much larger scale is the continuing battle for control of the Papua New Guinea Sustainable Development Program the independent trust set up to look after the wealth created by Ok Tedi after BHP Billiton pulled out over a decade ago. Its long-term fund holds \$1.4 billion in assets. PNGSDP Chairman, Sir Mekere Morauta, describes the O'Neill government's legislation appropriating the trust as theft of an asset belonging to the people of Western Province. Prime Minister O'Neill is adamant that the government will look after the asset better than an Sir Mekere's board. Late on Friday, Mr O'Neill issued a statement saying his eminent persons group led by former Prime Minister Sir Rabbie Namaliu, has been unable to broker a solution to the dispute. "Lengthy and detailed work by the Eminent Persons Group I appointed has sadly failed to reach a resolution on the differences between the National Government and the PNG Sustainable Development Program on the structure and operations of the PNGSDP," Prime Minister Peter O'Neill said.

## **OTML profits fall A\$500m**

The National, March 10th, 2014

OK TEDI Mining has reported a drop in profits – from A\$519 million (K1.1 billion) in 2012 to A\$19 million (K41 million) last year, The Australian reports. The company has blamed its performance on a fall in world metal prices, a failure in the processing plant, unusually high rainfall causing a pit to be flooded, sporadic dry weather lowering river levels and affecting shipments, a typhoon hitting facilities owned by Ok Tedi's biggest customer in the Philippines, a crusher failure, high fluorine levels in the copper concentrate and the need for repair work on the processing plant. However, it reported a 47% improvement in its safety performance. An extension of the mine life is presumed, but has not yet been formally concluded. As a result of the 2013 slump in earnings, shareholders – led by the national government, with 87.8 % – will not receive any dividends.

This constitutes a major blow to the 2014 national budget, which is 13.8% above 2013 and for which a high deficit, 5.9 % of gross domestic product, was already planned. In 2011, the govern-

ment received 16 % of its entire income from Ok Tedi taxes of A\$543 million (K1.1 billion). The mine also faces this year a challenge from several South Fly River communities, which six weeks ago obtained a National Court order to stop waste being dumped in the river system. Justice Gibbs Salika ordered a preliminary report into environmental and health impacts of dumping mine waste in the river to be provided in three months. Prime Minister Peter O’Neill, announcing a government-sponsored appeal against the court order, warned of “massive and unintended consequences” – with lawyers likely to emerge as “the only winners”. -

## **PNG Tribal Violence Erupts Near Hides LNG Project Site**

*Helicopters, high powered weapons allegedly used; 4 killed*

By Andrew Alphonse

PORT MORESBY, Papua New Guinea (PNG Post-Courier, March 10, 2014) – A fiery and heavy gun battle between two warring tribes near the gates of Hides gas project developer Oil Search Limited’s Nogoli base camp in Tari has placed the upstream segment of the multi-billion PNG LNG project in Hela province under serious threat. Four people have been gunned down in cold blood, including an innocent nine-month pregnant mother by warring gunmen, as intense fighting extends from Nogoli to Kangulu in Komo and along the road to Hides 4 areas. OSL management at Hides gas project on Friday asked for the deployment of Tari based police mobile squad 09 unit to protect its operations and facilities including staff and employees who are holed up inside the Nogoli camp and are not able to move about freely due to raging gun battle. The fight between the Alia and Mapulu sub-clans of the major Ware clan that lives on the fringes on Nogoli and in Komo areas, started last Wednesday and apart from the four lives lost, millions of kina worth of properties in guesthouses, shops and permanent homes built at the gates on Nogoli OSL camp have been razed to the ground.

Hela provincial police commander acting Chief Supt Mark Yangen yesterday confirmed the fight and said it is a big threat to the LNG project as the two sides are using high powered and sophisticated weapons. Supt Yangen said they also have intelligence reports of the two clans hiring helicopters to smuggle in firearms from Enga and Southern Highlands province to use in the fight. Supt Yangen has deployed a 30-men mobile squad unit from Tari to Nogoli to beef up security at the Nogoli camp after some of the warriors jumped over the OSL fence and tried to seek refuge from their enemies. He said the police mobile squad based at the OSL held them at gunpoint and seized their weapons which included an SLR rifle with four rounds, one single shot factory made gun and about 30 home-made guns. Supt Yangen said police believe the fight started over the unequal distribution of a K1.1 million benefit paid to the clans that live at Nogoli.

He said some drunk youths were not happy in the way the money was distributed and went to enquire with the other clan when all hell broke loose and one innocent youth, identified as Junior Tobias, was gunned down at point-blank range. Supt Yangen said in retaliation, another man, identified as Bushman Lajandenge, 18 from Miok clan in Telekos village in Wapenamanda, Enga Province who has been residing with the Mapulu sub-clan, was also gunned down. Supt Yangen said the enemies also went in pursuit of another man running for his life towards the mighty Tagali River and gunned him down but he has yet to verify this report. Supt Yangen said the fight extended south towards Komo where an innocent pregnant mother was shot dead at point blank inside her home in Kangulu in Komo. Supt Yangen said the situation is still tense and he will be requesting for additional manpower and reinforcement from his superiors, while police are conducting random checks on all vehicles passing to Nogoli, Komo and Hides, to monitor and track the smuggling of high-powered weapons to be used in the fight. He said he would lead some of his men to the fighting zone in an attempt to talk to the leaders to stop fighting tomorrow. OSL, LNG project operator

ExxonMobil and its international consortium partners are on high alert and warned their employees and vehicles to keep within the boundaries of the camp.

### **PIC bond a clever deal**

Post-Courier, March 10, 2014

The deal done with IPIC to secure the PNG Government's equity in the PNG LNG project was a clever deal that will reap rewards for this country, a government source said. Speaking on condition of anonymity, the source said media commentators and busy bodies who are criticising the deal and calling for investigations into it obviously do not know enough about the whole scheme. In 2009 the PNG Government had to exercise its right to become a partner in the PNG LNG project, giving certainty to it. The Government needed to raise the capital to fund its equity without raising the national debt level. In the midst of the global financial crisis, the government managed to secure this deal with IPIC. The Government's shares in Oil Search were placed under a five year bond, in exchange for about US\$1.6 billion which was used to fund the State participation in the PNG LNG project. The deal was done in such a way that at the bond's maturity, the exchange would take place at the price of \$8.55 (Oil Search price per share).

The bond is maturing now, and Oil Search price is trading above \$8.55. Under the agreement with IPIC, the Government could make an offer to buy back the Oil Search shares on or before maturity. The O'Neill Government approached IPIC and its owners to buy the shares back, but IPIC has decided not to sell back. "The Government did not lose the shares, as some are suggesting. With the bond maturing now, the swap is complete. Government approached IPIC to buy back the shares, but IPIC has exercised its right to refuse," said the government source. "IPIC sees the value in keeping Oil Search shares, just as we had seen it and offered to buy back. But we have a better deal now. The Government last week agreed to buy 10 percent of Oil Search shares at a price of \$8.20 per share. "This is probably a better price than IPIC would have offered had they allowed the buy back. So we are in a win/win situation – the IPIC deal secured our equity in the PNG LNG project, through which \$US30 billion would flow to the government over 30 years; with PNG government participation and FID secured, the project was able to secure LNG customers at a higher price (about US\$13/mmbtu) than what's on offer now on the global market;

PNG's credit rating remained stable because the debt was carried by IPBC using its strong balance sheet; with IPIC remaining on Oil Search register, PNG has forged a partnership with a formidable international partner in the industry. "Former Minister Arthur Somare was behind the whole thing. He should be commended for a clear deal, not criticised by people who don't know, or chose to ignore, the facts," the source said. "What has been lost in the debate has been the story of one of the most successful trades by any government." An article in one of Australia's financial newspapers reported a week ago: "Papua New Guineans are proud shareholders of the PNG LNG project because of a clever gamble that took place at the height of the global financial crisis." "While major banks were going bust and credit was running dry, the Somare government secured a major financial deal that helped changed the economic landscape of Papua New Guinea."

### **Ok Tedi: No bonus for investors**

Post-Courier, March 07, 2014

DUE to a significant drop in Ok Tedi Mining Limited's profits from K1.1billion (\$US472million) in 2012 to K39.9million (\$US17million) in 2013, shareholders will not be paid their dividends. They include the State of PNG, which holds 87.8 per cent and Mineral Resources OK Tedi No. 2

Limited with 12.2 per cent. The company announced this while releasing its 2013 operational performance results to the market. Factors it stated which had impacted its performance included:

- A decline in the world metal prices for copper, gold and silver which had resulted in a 34 per cent drop in gross revenue against budget;
- Major failure of the SAG 2 mill shell in the processing plant;
- Unusually high rainfall that resulted in the flooding of a pit which impacted production;
- Sporadic dry weather events and lower river levels affecting shipment;
- A typhoon in Pasar, Philippines – the company’s largest customer – in November that had caused extensive damage to its facilities which are still under repair;
- In-pit crusher failure;
- High fluorine levels in the copper concentrate, and,
- Significant repair work to its aging process plant and support facilities.

"The combination of these events severely impacted the company’s copper concentrate volume sales," it stated. The company said despite the challenges faced last year, it was able to record a significant improvement in its safety performance with its Total Recordable Injury Frequency being reduced by 47 per cent from 2012 to 1.49 and Lost Time Injury Frequency reduced by 69 per cent to 0.26. It said it had in 2013 completed all the recommended actions identified in the International Mining Industry Underwrites (IMIU) independent risk assessment report.

"The significant achievement ranks the company well inside this entity’s insurable ‘low risk’ zone based on the 390 worldwide mining operations," the company said. With regards to the issue of mine extension, the company consent for the mine to be extended to 2025 was endorsed by the Mine Associated Communities and an agreement signed at the end of 2012 and beginning of 2013. It said the signing of these agreements facilitated the company to commence planning for mine life extension. "The company looks forward to a viable future under the mine life extension and beyond, with pride and optimism with the aim of becoming a truly commercial state owned enterprise that will continue to generate benefits for its stakeholders," it said.

### **Ok Tedi Mining Ltd: Decline in cash flow**

Post-Courier, March 07, 2014

Ok Tedi Mining Limited (OTML) announced in a press release that its operating results, in USD terms, for the financial year ending 31 December 2013 resulted in a profit after tax of USD 17 million, a significant decrease from the 2012 figure of USD 472 million. As a result of the decline in income and resulting cash flow, the Company was not in a position to declare a dividend for the financial year of 2013. Despite the challenges faced last year, the Company was able to record a significant improvement in its Safety performance. Total Recordable Injury Frequency (TRIF) rate was 1.49, a 47% reduction from 2012, and Lost Time Injury Frequency Rate (LTIFR) was 0.26, a 69% reduction compared to 2012. In addition, the Company also completed all the recommended actions identified in the International Mining Industry Underwriters (IMIU) independent risk assessment report, a first for OTML.

This significant achievement ranks OTML well inside the IMIU’s insurable ‘Low Risk’ zone based on the 390 worldwide mining operations surveyed by IMIU. Falling metal prices and lower concentrate shipments resulted in a 34% drop in gross revenue against budget. The lower production and a build-up of inventories towards the end of the year, due to low river levels and high fluorine content in the copper concentrate, resulted in concentrate shipments being down 18% on budget. Additionally, copper and gold prices were 8% and 16% below budget respectively. The operating costs were over budget by 2% due to employee redundancy payments of USD 80 million in De-

ember. Excluding this, operating costs were USD 70 million below budget, reflecting an increased companywide focus on cost management in the changing economic environment.

### **Limestone Mining gets funding**

Post-Courier, March 07, 2014

Treasury Minister Don Polye presented K28 Million for the Limestone Mining Project in Simbu province last week to kick start the project. The first K10 million which was released this week will be used for the purpose of feasibility and final touches to the project documents. Treasury Minister Polye said that another additional K50 million funding will come from National Superannuation Fund (NASFUND) later. "The impact of the project is going to be massive both for the province and country and Simbu province with the best provincial administrator and treasurer will not face any problems in implementing the project," he said. According to Chuave Member of Parliament Wera Mori, The Simbu Limestone office in Kundiawa town reported that there is more than 95 kilometres of Limestone Deposit in the province and laboratory tests have shown the quality to be more than 99% lime purity.

"The initial mining will commence on a one by one kilometre of area with a 50 year plus mine life from 57. Million tonne lime resource. Engineers are now working on a plant design for 2,500 ton of Poland Cement per month production upon approval of the project and all other aspects are in order, he said" It will take three months to construct the plant and is expected to commence mid this year at a location to be identified for cement to be produced. The ingredients required for the production of cement will include limestone, sand, clay, iron ore and gypsum. Consultant to the project Kohn Digan said that Gypsum will be imported while other ingredients will be sourced locally. Mr Mori praised the consultant Kohn Digan for his services to the project for the betterment of his district and people acknowledging the fact that he left an attractive job in Russia to make the limestone project eventuate in his home province.

### **Australian Company Proposes Mining In PNG Wildlife Reserve**

*Crater Mountain is globally significant biodiversity hotspot*

By Jemima Garrett

MELBOURNE, Australia (Radio Australia, March 6, 2014) – An Australian company has applied for a licence to mine one of Papua New Guinea's most important wildlife reserves. Crater Gold Mining Limited has 180 square kilometres of exploration licences in and around Crater Mountain, a globally significant biodiversity hotspot. It was declared one of PNG's few wildlife management areas in 1993 after local landowner leaders became concerned about declining numbers of birds of paradise and other fauna. Crater Gold says it could be PNG's next large-scale copper and gold resource. The company wants to fast-track mining in the reserve to fund development. "What we have identified here is a project which can go into production in the near term," managing director Greg Starr said.

"Ongoing work has shown the potential for a multi-million ounce resource, and if like other gold-porphry systems, could be many millions of ounces." Mr Starr says the mine will take up just one and a half square kilometres of the reserve's total area of more than 2,000 square kilometres. But conservation groups say mining will have a "dramatic" impact on wildlife and rivers in the area. Robert Bino, from the Research and Conservation Foundation of PNG, says mining also kill off forest-based businesses. "Some of the tourists that have come to Crater because of pristine conditions, to come and see the wildlife in the forest and experience village life with the people," he said. "I think if we have mining in Crater it may affect potential to attract tourists - that's what I think."

### **Government urged to protect PNG's biodiversity**

Mr Bino says the PNG Government should live up to its obligations to protect the country's biodiversity. "There should be more commitment from the government to exclude those other competing activities within those areas designated as conservation areas, or protected areas throughout the country," he said. "What we see is that we have gazetted areas throughout the country but there is also this competing activities encroaching onto those so-called protected areas. "So we would like to see more political will to support these initiatives to protect biodiversity and our biological resources." Cater Gold's Greg Starr believes the mine will bring benefits to the remote part of Papua New Guinea.

"While it is a small scale project in the beginning, we are looking to grow the project to the much larger scale, and that means you get jobs, infrastructure to enable coffee to get out, infrastructure associated with education, and medical facilities always come with these things and business opportunities," he said. Mr Starr says he's confident landowners will agree to change the boundaries of the wildlife management area. "We will work with the landowners to discuss with them the issues that they see and the impact on the environment and if that is something that we all agree is appropriate, then that will be the case but we will go through the process. "As I say, this will have minimal impact because it is underground and because it is a very small area that we are covering."

### **Australian gold production hits 10-year high**

Post-Courier, March 05, 2014

Australian gold production has risen to its highest level in ten years. A mining consultancy firm says production is up seven per cent on 2012, with 273 tonnes of gold produced last year. Surbiton and Associates' Jim Pollock says miners have targeted higher grade ore due to the lower gold price. "When the price goes up companies can treat lower grade ore and still make a reasonable profit, but when the prices go down the reverse is the same and companies have to actually mine higher grade ore to maintain the same profits," he said. "Therefore the amount of gold they produce goes up and their cash costs go down." Mr Pollock says there has been a tremendous amount of activity in the sector. "More activity than we've seen for some time and I think following the period of subdued gold prices some of the overseas companies have decided to pull their horns in a little bit, sell their Australian operations, and look for better prospects elsewhere," he said.

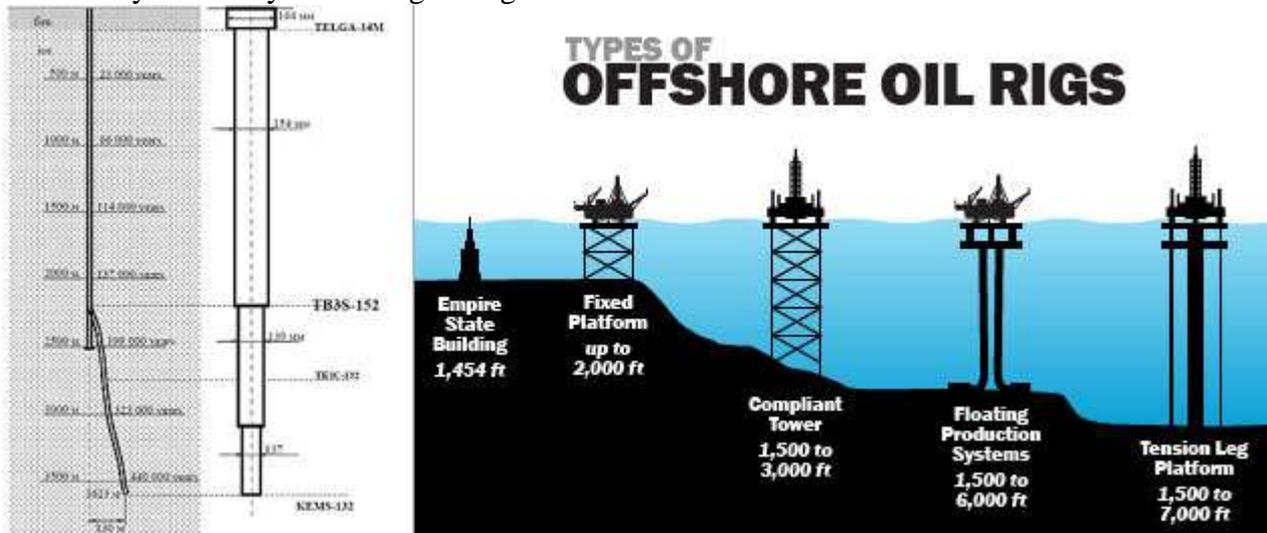
"So we had Barrick selling down a lot of its operations, some of those were taken up by other overseas companies, some were taken up by Australian companies. "There's been quite a bit of movement on the mergers and acquisitions front as it were. "WA has been the mainstay for Australia gold production, it still produces about 70-75 per cent of all of Australia's gold." Mr Pollock was reluctant to predict what might happen in the March quarter. "First of all, you've got a quarter of the year where it's a short quarter it's only 90 days long, compared with the December quarter which is 92 days long and even though it's only two days shorter that's the equivalent, in overall production terms, of about one and a half tonnes of gold," he said. – ABC

### **Landowners in dark over drilling project**

Post-Courier, 5 March 2014

Landowners from Popo village in Gulf Province are in the dark as to who will benefit from the Wahoo I drilling project. Registered Ilavila landowners group No: 10103 from Popo-Tati, told the Post-Courier that they are the legitimate owners of the land where the project is currently located. "There are too many paper landowners, who are claiming to be the principal owners over the rig site," they said. Ilavila landowners' spokesman Peter Tova said they are in total support with the cur-

rent government and InterOil in its Wahoo-I drilling prospect PPL 236. “Our point of agreement is to all stakeholders to view ancestral history and customary birth right over the rig site,” Mr Tova said. He requested that the state, InterOil management and CA personnel on the ground do the right thing by having a round table discussion again, before the drilling commences. Construction work is currently underway at clearing the rig site.



## Delay costs millions

The National, March 4th, 2014

By GYNNIE KERO

PRESSURE from landowners and environmental organisations on seabed mining in Papua New Guinea may cost the state more than K285 million (US\$118 million), Mining Minister Byron Chan said. He was responding to questions raised by The National on the cause of delay by the state in having to pay the funds owed to complete its 30% stake in the copper-gold project in the Bismarck Sea. Nautilus recently terminated its licence with the government after the state failed to pay for its 30% stake in the development cost of Solwara 1. Chan said yesterday: “The delay is due to pressure from environment-focused non-governmental organisations, landowners and the provincial government’s concern in which the deep sea mining would take place. “They want the government to negotiate better terms in benefit sharing when the project gets underway.”

He said: “The state owes about K285 million to Toronto-based Nautilus Minerals from its 30 % participating interest in the company’s Solwara 1 project off the coast of New Ireland and East New Britain provinces. “Nautilus, in response to the state’s hesitation, recently announced a cessation of the agreement, three years after the initial state equity option agreement (SEOA) was signed by both parties in March 2011. “The company has now filed for damages against the state. “The retribution cost on the State may surpass the initial K285 million should the state be found to be in breach of the contract placing more burden on the government to source funds to meet the cost. “The state will still have a say as government regardless of it losing on the participating interest.” Meanwhile, Nautilus has said: “We will continue to work with all levels of government; State, Provincial and Local Level to ensure Solwara 1 and seafloor mining become a reality and the people of West New Ireland benefit from the project”.

## **Nautilus still keen on seabed mining project**

Post-Courier, March 03, 2014

INTERIM president and chief executive officer of Nautilus Minerals, Mike Johnston, has said the Canadian company still intends to develop the Solwara-1 deep sea bed mining project, despite terminating its agreement with the PNG Government. This is according to a report by *Business Advantage*. Nautilus had recently announced the termination after the Government failed to complete its purchase of 30% of the Solwara 1 Project, as ordered by an independent arbitrator last October. The Government signed an agreement in March 2011 to exercise its option to take a 30% share-holding in the world's first sea bed mining project in the Bismarck Sea, off the north coast of Papua New Guinea. However, it failed to complete the purchase and, in June 2012, took Nautilus to compulsory arbitration. The binding ruling ordered the PNG Government to pay US\$118 million (K285m) by 23 October 2013, which it failed to do.

Mr Johnson said terminating the agreement meant that the PNG Government had forfeited its right to participate in the project, and to any equipment, intellectual property and licences. *Business Advantage* had reported Mr Johnston saying there was too much uncertainty created by the state's continued non-performance and Nautilus could not continue to carry the share of development costs on behalf of the state. "The mining lease and environment permit remain valid in PNG and Nautilus remains committed to PNG and the local communities in which it operates. "Nautilus' preference is still to achieve an amicable resolution of the issues with the state. "We are now also free to look at other funding and development options ... an essential part of our plan going forward is look at securing additional funding," Mr Johnston said. Given it instigated the arbitration last year, many in the mining industry are puzzled by the PNG Government's inaction. It had yet to respond to the Nautilus announcement.

## **Jiwaka group receives K3m livelihood support**

The National, March 3rd, 2014

THE Jiwaka Indigenous Business Council has received K3 million funding to help local businessmen. Governor William Tongamp announced the funding before a big crowd during the launch of the business council and the opening of the National Development Bank last Thursday in Banz. Trade Commerce and Industry Minister Richard Maru and member for South Waghi Joe Koim Komun were present during the launch. Tongamp, who is also the patron of the Jiwaka Small-Medium Entrepreneurs Council (JSMEC), said the money was part of the government service tax (GST) received by the provincial government last year from the national government. He urged the JSMEC to come up with a good plan on how to use the money in growing business activities in the province. Tongamp said the province needed more economic activities to generate revenue for the provincial coffers. "I want to call on the business leaders in the province to work together in growing the local economy," he said.

## **InterOil-Oil Search tie-up**

The National, March 3rd, 2014

INTEROIL has welcomed Oil Search Ltd as a partner in the Elk-Antelope fields -- the largest undeveloped gas resource in the country. Chief executive Dr Michael Hession said: "Oil Search is a logical partner for us in developing these large gas resources. "The company has decades of experience in PNG and is nearing production from PNG LNG." "It is exceptionally rewarding to know that someone as experienced as Oil Search shares our view of the worth of this resource. This not only validates the value of this world class asset in Elk-Antelope but acknowledges the upside in

this asset and the surrounding acreage.” “This partnership will enable us to tap these energy resources more quickly and cost-effectively and that translates into real financial benefits for Papua New Guinea and the shareholders of the companies involved. “We welcome Oil Search into our development of Elk-Antelope with Total and look forward to an even closer cooperation with the people and Government of Papua New Guinea in the years ahead.

“This project and the partnership have the clear backing of the Government, ensuring we have a strong and stable foundation to deliver on this outstanding long-term project.” Oil Search has agreed to acquire a 22.835% interest in PRL15 from Pacific LNG Group Companies for a consideration of US\$900 million, plus further contingent payments. The new arrangement created a stable and sustainable partnership to connect the significant PRL 15 gas deposit to the growing demand in Asia. InterOil owned 75.6114% of PRL15 and was in agreement to sell an interest to Total SA. The final ownership structure would be agreed with the joint venture participants with InterOil maintaining a material interest in PRL15. The remaining 1.5536% is held by the IPI Holders (a small group of independent investors).

### **Government buys into Oil Search**

The National, March 3rd, 2014

THE government will subscribe 149.39 million shares in Oil Search Lt at A\$8.20 per share, Prime Minister Peter O’Neill announced last Friday. He said this was the deal reached by the government and the oil company. O’Neill said the agreement was subject to the execution of a final document with the international banker UBS and the receipt of final state approvals, which were expected on or before Thursday. The settlement of the subscription was expected to take place by the middle of this month. O’Neill said: “We note that Oil Search has announced the acquisition of a 22.835% gross interest in PRL-15, which contains the Elk-Antelope discovery, through the acquisition of the Pac LNG Group Companies. “The acquisition provides Oil Search with a strategic interest in the largest undeveloped gas resource in PNG, with significant exploration upside. “The government looks forward to working with Oil Search, its joint venture partners and other resource owners to develop all PNG hydrocarbon resources in the earliest practical timeframe,” O’Neill said.

He said the government noted this month’s maturity of exchangeable bonds issued in 2009 by Independent Public Business Corporation of Papua New Guinea (IPBC) to International Petroleum Investment Corporation (IPIC). The funds raised from IPIC issue enabled the government to fund its share of construction of PNG LNG project, which is scheduled to begin commercial production this year. O’Neill said IPBC received a mandatory exchange notice from IPIC in relation to IPIC EB and the exchange of relevant Oil Search shares currently held by IPBC would occur as prescribed under the IPIC EB deed. “We wanted to buy back the shares held by IPIC. “That is not possible now. But what we have agreed to is a very good outcome for the government and the people of PNG. “We will maintain our alliance with a strategic partner Oil Search at a price far less than the exchange price of A\$8.55. “The government looks forward to working alongside IPIC on the Oil Search share register and building on our existing strong relationship. “The agreements and contracts for the whole transaction including the borrowings from UBS will be tabled in Parliament in May for public purposes,” O’Neill said.

## **Misima story: Mining leaves behind broken promises and suffering for local people**

Edwin Fidelis, EMTV, 2 March 2014

The Island of Misima lies 200 kilometers off the far eastern coastline of mainland Papua New Guinea. Over two hundred thousand people inhabit the Island and live together in small villages along the coastlines.

### **Isolated and remote**

A one-way plane ticket to the Island from Port Moresby or the provincial capital, Alotau, costs nearly one thousand kina... and most of the people can't afford that. They prefer the sea route as it cost less although it takes longer. It takes about a day by boat to travel to Alotau. But during bad weather, it may take more than two days. Because of the distance between Alotau and Misima, freight cost is the main expense for storeowners. Store goods are sold at twice the normal price of goods sold in shops in Alotau or Port Moresby. All this represents the isolation and remoteness of the Island.

### **The coming of the mine**

Subsistence farming and fishing is highly valued on the Island as an income source for the people. In the late 1980's, little did the Misima people know, that their lives would be changed completely after a proposed gold mining operation was to be carried out on the tiny Island. In 1989, Placer Dome Pacific, a Canadian mining company landed with their heavy machines on the shore of Misima. And between 1989 and 1990, the mine began its operations... and the first ore were extracted. Stanley Negru, a local village leader recalls the start of the mine: When the mine came... benefits also came with it. Living standard improved, and the once subsistence gardening and fishing life of the people were replaced by a consumer economy. The people then rely on the royalties and other benefits that the mine brought about. The people have access to relatively good health care facilities, education for their children and other basic services. Employment opportunities increased and almost every household has a steady flow of income. As any other landowner group in Papua New Guinea would want, the benefits of the mine has been the center of the agreement, between landowners and the mining companies and the government. And the coming of the mine appears to solve most of their problems, both socially and economically.

### **Life after the mine**

But after the mine was closed in 2004, most of the basic services saw a gradual decline. Basic infrastructures, provided by both, the mine and the PNG government have dropped significantly. And concerns over destruction and pollution to the natural environment eventually became evident. Where used to be the main wharf used by the mine and big ships came to load several thousand tons of ore that were extracted from the mine. Today, what are left from it are pieces of rusted metals protruding from the sea. We were taken further up into the hinterlands of the Island to the goldmine site. The Misima people, to some extent are still depending on some of the infrastructures left behind by the mine... most of them have already deteriorated. On the other end of the Island, the only big health facility is struggling to cater to the people's health needs. The Misima District Hospital might seem OK on the outside... but in the inside, it has a backlog of problems to deal with.

The infant mortality statistics provided by the hospital is just as bad as any other rural health centers in the country. A combination of an inconsistent supply of medicines and frequent power outages on the island drives up a steady increase of infant deaths every month. The midwife at the hospital, Helen Taukuru says they get more than 5 pregnant women every week. She says, on numerous occasions, female nurses at the hospital had to deliver pregnant women under touch lights that were bought from trade stores. Three babies die at hospital every month. That might not seemed as a big number of babies dying, but at the end of each year, the hospital records 36 infant deaths. That's

roughly the number of babies that were born alive every week at Angau Hospital in Lae or the Port Moresby General Hospital.

The hospital is also having problems with its staff. The acting District Health officer John Metuselo says, they have been having difficulty recruiting new nursing staff to the hospital. Because of the shortage of staffs in the hospital, and the frequent shortage of medical equipment, the hospital was reduced to a health center. Enoch Kawakusi, the Louside local level government acting area manager admitted that, there are little, otherwise no provincial government input in this part of the province. When the mining activities ended, the way of live on the island returned back to normal. A combination of the distance between Misima and Alotau, and the limited government funding, maintaining the standards of the infrastructures on the Island haven't been successful.

### **Current situation**

After the closure of the Misima gold mine in 2004, the problem faced by the people began to grow. Socio-economic standards of the people have dropped significantly. And most of their lifestyles have returned to the way it used to be twenty years ago before the mine came. The economy on the island has been kept alive by local alluvial mining... and subsistence farming and fishing practices were revived. But the Misima people are resilient. They know the government wouldn't come... not sooner. They had to be self-reliant... We visited a section of more than two hectares of cocoa trees owned by the Boiyo villagers, along the northern coast of Misima Island. The Boiyo people are now trying to put back together how their lives used to be 20 years ago.

Before the mine came, the Boiyo people were one of the biggest producers of cocoa, in the Milne Bay province. But when the mine came, the Boiyo people shifted to rely on the benefits that the mine was providing. And cocoa farming eventually came to a halt. But they are facing a much bigger problem than before.... The arrival of the cocoa pod borer slowly crept through this part of Misima, and destroyed almost all the cocoa trees. Michael Sakiasi is a DPI officer. He is leading the village group to rebuild the cocoa industry in this part of Misima. These youths knew if they don't work together with their community to replant healthy cocoa trees, then neither them nor their children will have nothing to sustain their lives in the years to come. Like the Boiyo people, it gives a tiny snapshot of the challenges the Misima people are facing after the closure of the mine. The people say, benefits promised by the national government and the mining company was never given.

Over the last two decades, Misima Island was featured prominently in government discussions, as one of the major drivers of PNG's economy. The mine came into operation to supplement Papua New Guinea's economy as it faced a threat of collapsing, following the then Bougainville crisis. But the Misima people say, the government and the mining company had exploited them, and landowners are left with big challenges. They have been struggling to convince the national government to honor their commitment they made 20 years ago. The landowners have also been fighting a 20-year-old court battle that is still far from over. They say, they will continue to fight the case until they get what is rightfully theirs. But along these coastlines... there are many more people whoa suffering. Their stories, still untold. The people say, the remnants from the mine will remind the upcoming generations of Misima... that there was once a mine on their Island... a mine that left them little, otherwise, nothing to benefit from.

## Marine mining: Underwater gold rush sparks fears of ocean catastrophe

*Mining metal and minerals in 'ecosystems we hardly understand' poses grave threat to marine life, warn environmentalists*

Suzanne Goldenberg, The Observer, 2 March 2014



Underwater terrain. The prospect of a race to the bottom of the ocean has alarmed scientists. Photograph: 13/Ocean/Corbis

This is the last frontier: the ocean floor, 4,000 metres beneath the waters of the central Pacific, where [mining](#) companies are now exploring for the rich deposits of ores needed to keep industry humming and [smartphones](#) switched on. The prospect of a race to the bottom of the ocean – a 21st-century high seas version of the Klondike gold rush – has alarmed scientists. The [oceans](#), which make up 45% of the world's surface, are already degraded by overfishing, industrial waste, plastic debris and climate change, which is altering their chemistry. Now comes a new extractive industry – and scientists say governments are not prepared. "It's like a land grab," said Sylvia Earle, an oceanographer and explorer-in-residence for *National Geographic*. "It's a handful of individuals who are giving away or letting disproportionate special interests have access to large parts of the planet that just happen to be under water." The vast expanses of the central Pacific seabed being opened up for mining are still largely an unknown, she said. "What are we sacrificing by looking at the deep sea with dollar signs on the few tangible materials that we know are there? We haven't begun to truly explore the ocean before we have started aiming to exploit it."

But the warnings may arrive too late. The price of metals is rising. The ore content of the nodules of copper, manganese, cobalt and rare earths strewn across the ocean floor promise to be 10 times greater than the richest seams on land, making the cost of their retrieval from the extreme depths more attractive to companies. Mining the ocean floor of the central Pacific on a commercial scale is five years away, but the beginnings of an underwater gold rush are under way. The number of companies seeking to mine beneath international waters has tripled in the last three or four years. "We have already got a gold rush, in a way," said Michael Lodge, deputy secretary general of the [International Seabed Authority](#), which regulates the use of the sea floor in international waters. "The amount of activity has expanded exponentially." The Jamaica-based agency has granted 26 permits to date to explore an area the size of Mexico beneath the central Pacific that had been set aside for seabed mining – all but eight within the last three or four years.

[Britain is leading the way](#) in a project led by Lockheed Martin, but Russia, China, Japan, and South Korea all have projects in play. This year alone, companies from Brazil, Germany and the Cook Islands have obtained permits to explore tracts of up to 75,000 sq km on the ocean floor for copper, cobalt, nickel and manganese, and the rare earth metals that help power smartphones, tablets and other devices. Other areas of the Pacific – outside international waters – are also opening up for mining. [Papua New Guinea has granted permission](#) to a Canadian firm, Nautilus Minerals, to explore a site 30km off its coast for copper, zinc and gold deposit worth potentially hundreds of millions of dollars. Lodge expects the pace to continue, with rising demand for metals for emerging economies, and for technologies such as hybrid cars and smart phones. Extracting the metals will not require drilling. The ore deposits are in nodules strewn across the rolling plains of sediment that carpet the ocean floor. Oceanographers say they resemble knobbly black potatoes, ranging in size from a couple of centimetres to 30cm. Mining companies say it may be possible to scoop them up with giant tongs and then siphon them up to vessels waiting on the surface.

The problem is much remains unknown – not just about what exists on the ocean floor but how ocean systems operate to keep the planet habitable. The ocean floor was once thought to be a marine desert, but oceanographers say the sediment is rich in [marine life](#), with thousands of species of invertebrates at a single site. "It's tampering with ecosystems we hardly understand that are really at the frontier of our knowledge base," said Greg Stone, vice-president for [Conservation International](#). "We are starting mining extracting operations in a place where we don't fully understand how it works yet. So that is our concern – disturbing the deep sea habitat." Most of the models rely on being able to produce 1 million tonnes of ore a year. Stone said the seabed authority was putting systems in place to protect the ocean floor, but other scientists said there still remained enormous risks to the sediment and the creatures that live there.

"It is going to damage vast areas of the sea floor," said Craig Smith, an oceanographer at the University of Hawaii who served as an adviser to the International Seabed Authority. "I just don't see any way [in] mining one of these claims that whole areas won't be heavily damaged." Earle expressed fears about how mining companies will deal with waste in the high seas. "Mining is possible," she said. "But the 20,000ft question is what do you do with the tailings? All of the proposals involved dumping the tailings at sea with profound impacts on the water column and the sea floor below. The Seabed Authority initially proposed to set aside 1.6m sq km of the ocean floor as protected areas, or about 20% of its territory. But those reserves are under review. As economic pressures rise, there are fears that commercial operations would begin to erode those protected areas. "I think it is certain that within a year or two there will be more claims covering these areas and there won't be enough room left to develop these scientifically defensible protected areas," Smith said.

Some have argued that with all the unknowns there should be no mining at all – and that the high seas should remain out of bounds for mineral extraction and for shipping. José María Figueres, a former president of Costa Rica and co-chair with the former British foreign secretary, David Miliband, of the [Global Ocean Commission](#), an independent entity charged with developing ideas for ocean reform, suggested leaving all of the high seas as a no-go area for commercial exploitation (apart from shipping). "Do we know enough about the seabed to go ahead and mine it?" said Figueres. "Do we understand enough about the interconnection between the seabed, the column of water, the 50% of the oxygen that the ocean produces for the world, the 25% of the carbon that it fixes in order to go in and disrupt the seabed in way that we would if we went in and started mining? I don't think so, not until we have scientific backing to determine whether this is something good or bad for the planet."

World leaders are now mobilising to address concerns, not just about seabed mining, but about how to safeguard ocean systems which are increasingly recognised as critical to global [food security](#) and a healthy planet. [US secretary of state John Kerry, in a video address](#) delivered to a high-level ocean

summit hosted by the *Economist* and *National Geographic* last week, invited leaders to a two-day summit in Washington that will seek ways of protecting [fishing](#) stocks from overexploitation and protecting the ocean from industrial pollution, plastic debris and the ravages of climate change. The stakes have never been higher, scientists said. The oceans are becoming increasingly important to global food security. Each year more than a million commercial fishing vessels extract more than 80m metric tonnes of fish and seafood from the ocean. Up to three billion people rely on the sea for a large share of their protein, especially in the developing world. Those demands are only projected to grow. "If you look at where food security has to go between now and 2030 we have to start looking at the ocean. We have to start looking at the proteins coming from the sea," said Valerie Hickey, an environmental scientist at the World Bank.

That makes it all the more crucial to crack down on illegal and unregulated fishing, which is sabotaging efforts to build sustainable seafood industries. Two-thirds of the fish taken on the high seas are from stocks that are already dangerously depleted – far more so than in those parts of the ocean that lie within 200 miles of the shore and are under direct national control. Estimates of the unreported and illegal catch on the high seas range between \$10bn and \$24bn a year, overwhelming government efforts to track or apprehend the illegal fishing boats. The illegal fishing also hurts responsible fishing crews. Figueres and Miliband suggested fitting all the vessels operating on the high seas with transponders to track their movements. That would single out rogue fishing vessels, making it easier for authorities to apprehend the vessels and their catch. It's not a perfect solution. A diplomat who has negotiated international agreements to control illegal fishing said captains – already cagey about revealing their favourite fishing routes – would simply flip off the transponders.

United Nations officials were also sceptical of the idea of a high-seas police force. "It sounds a little bit like science fiction for me at this particular moment," said Irina Bokova, the director general of [Unesco, which manages 46 marine sites](#). "What kind of police? Who is going to monitor? How is it founded? It's a very complicated issue." But the debate was a sign of growing momentum in an international effort to protect the oceans – before it's too late. When it comes to the ocean floor, that process is at the very early stages. But given the multiple disasters humans have made with the ocean so far, the stakes are high for getting it right. "There is no doubt there are huge mineral resources to be extracted at some point in the future," Lodge said. "It's also true we don't know enough about the impact on biodiversity and the impact on marine life once the mining takes place." As the ultimate custodian, said Michael Lodge, the International Seabed Authority had two responsibilities; making sure companies access that vast mineral wealth in an environmentally responsible way, and then sharing it out equitably. "We have a huge challenge to devise a fiscal regime so that humankind as a whole gets a fair share. That's an enormous challenge, he said. "If we end up giving it away to industry, then we have failed in our missions." And the costs of such a failure are already becoming painfully evident in the greater ocean.