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

Ramu nickel mine: A photo essay

PNG Mine Watch, June 28, 2013

This is the mine's rubbish dump situated by the roadside before the entrance of the mine. The foul stench emitted is quite overwhelming (even from where I was standing to take the picture) and birds and animals scavenge the site for food. There is no fence around the perimeters of this site.

The mine site showing excavator digging through rock and soil, the trees in the background will all be cleared. Locals mentioned the trees have been cleared and left to rot by the mine site. Madang timbers have now cashed in on the opportunity and are collecting felled trees along the mine site for free.

All dug up ore are stored in this shed. This shed is located on a hill overlooking a dense forest. The next photos show the foot of the hill where the forest starts. And it shows signs of vegetation die back and obvious silt from the shed accumulating in


Here shows the Enekuai re-settlement homes built for the displaced people of KBK. Thirty (30) or so houses further back of the settlement have no access to water or electricity.


And here is the mine's water supply plant. This is before Enekuai settlement looking back towards the mine site.

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Scientists' findings out Post-Courier 27.6.2013
By ROSALYN ALBANIEL-EVARA

POLLUTION from the Ramu Nickel Project is already affecting the environment. A marine expedition conducted in Madang last year has also revealed that there is marine life below the depth of 150 metres at the waters in Basamuk Bay. This is contrary to earlier suggestions in relation to the multi-million kina Ramu Nickel Project, that no marine life existed below this depth that would be affected by the mine tailings that would be discharged into the waters. The findings were revealed by a Frenchman, Professor Philippe Bouchet, and Head Scientist of the Marine Biodiversity Expedition which was conducted in the Madang waters, including the Madang Lagoon and the Bismark Sea. The deep sea component of the survey had been conducted by a team of marine biodiversity scientists in December and on board the expedition vessel Alice. Professor Bouchet said they had covered the Bismark Sea extensively and out of curiosity they had decided to also survey the area in front of the refinery including the canyon in the Astrolabe Bay where the Chinese project developers had sought approval to have the mine tailings discharged into.

Prof Bouchet said it was visibly evident that the environment there was already affected by the mine tailings. He said it came to him as a surprise that no survey had been conducted in the area before the opening of the factory. He said he had heard there were suggestions, including in the court in the country, that there was no marine life below the depth of 150 metres. He said biologists knew this not to be true, and this had been confirmed when they carried out this exercise. They said they had discovered, a week after the Ramu Nickel Project was officially commissioned, in front of the refinery, a deep sea community called Cold Seeps; and that the area was covered in red mud. "Clearly the factory had started way before the project opening. The tailings has already impacted the area as everything is carpeted in red mud at depths of 800 metres," he said. However, he said what was also even more shocking was the discovery of the amount of garbage even at depths of 1000 metres. "The amount of trash that was collected after just half an hour was a shock," he said.

He said this to also be the case for the Madang Lagoon, which in comparison to the Bismark was shallower, where people swam and fished in. "This area is no longer as pristine, with the amount of cans, old fishing nets and a lot of other garbage that had been dumped into the sea. "Why should this be a worry? You should be worried with the kind of ooze that is now at the bottom, which has also been caused by the influx of rain water charged with sediments," he said. He said they had also discovered there to be a lot of sunken logs and wood in the lagoon. He said while this was more than expected and was suggestive of an increase in logging and extenstion of plantations. Another significant finding which he said is contained in the interim report, for which he had travelled into the country to present to those involved in the expedition, including local authorities, was the fact that some species whose habitats could be found, were missing. He said he had developed a hypothesis that this was related to the coral triangle, but added that this would need to be tested in another expedition which they were planning to carry out in Kavieng. He revealed that a scientific publication on the expedition would be forthcoming. The expeditions goal, among others, was to document new discoveries of marine species and had involved a total of 139 participants from 20 nations and 40 institutions including the University of PNG.

Papua's Freeport Mine Denies Suspending Managers

Company: staff stepped aside 'voluntarily' to facilitate probe

WELLINGTON, New Zealand (Radio New Zealand International, June 27, 2013) – The company running the world's biggest copper and gold mine in Indonesia's Papua province has denied it has stood down managers in relation to last month's deadly tunnel collapse. On Wednesday a worker and union representative said he was happy the company caved in to union demands to suspend four senior staff, pending an inquiry into the disaster that killed 28 workers. Alex Perrottet reports. "Freeport McMoRan, which recommenced operations in its open-pit mine this week, has denied four managers have been stood down pending an inquiry into the tunnel collapse. Freeport's Communications Director, Daisy Primayanti, denies the managers were suspended but says they voluntarily stepped aside from their jobs to work with the office of the President Director on the investigation process. Darmawan Puteranto, a worker and union member, says that's not how workers see it. He says they were too afraid to return to work this week, until the union reassured them that the company's renewed commitment to safety was sincere. Management sent an internal memo this week telling workers to report any suspicious behavior or disturbances to a security hotline. Ms. Primayanti says the accident was unacceptable and the company will use the results of the report to make improvements and ensure the safety of workers."

Ramu: Chromite stockpile safe, meets EP standard Post-Courier 27.6.2013

RAMU NiCo Management Ltd is strongly refuting allegations that its stockpile of chromite at the newly constructed warehouse at KBK Mine poses a threat to occupational health and to the environment. The company is concerned that the media was simply following stories from a non-scientific, anti-mining source, without first trying to validate the information. Ramu NiCo stressed that only a physical process is used at KBK Mine and that chromite concentrate at its warehouse is chemically the same as chromite sand universally found in the natural surroundings of KBK Mine and not poisonous. Ramu NiCo's Health, Safety and Environment Department is in charge of implementing its Operational Environment Management Plant and monitoring programs. "The hexavalent chromium, or chromium 6, in chemical products is toxic but what is stockpiled is chromium 3 to chromium 0, which is solid, stable and non toxic. Extreme conditions like adding concentrated oxygen or strong acid is needed for chromium to be oxidized into chromium 6. It is rare for Chromium 6 to exist naturally. These two are distinctively different".

In accordance with its commitment to environmental conservation and occupational health, Ramu NiCo designed and constructed the chromite stockpile facility in strict accordance with its environment permit and subsequent approvals. According to the engineering design, the 1,000 square meters of open space is bounded with cement walls and a 30cm thick concrete floor which is edged with gutter to stop any run-offs and direct them to the sedimentation pond. Water samples from the pond are regularly tested to ensure the permit conditions are met before releasing the water into the environment. The sedimentation pond is designed to accommodate up to 1,000 cubic metres of rain water. The stock pile outside will be transported on a simple conveyer belt and packed in two tonne bags and stored in the warehouse that can accommodate up to 20,000 tons of chromite. "We are taking every measure in compliance with our environment permit to ensure no fauna and flora is affected."

Communities Approve Reopening Of Bougainville Mine

Me'ekamui wants Panguna opened after independence

By Romulus Masiu
PORT MORESBY, Papua New Guinea (PNG Post-Courier, June 27, 2013) – It's an all go for the Panguna Mine re-opening with all stakeholders in Central Bougainville reaffirming their support for the Autonomous Bougainville Government (ABG). All stakeholders in the three districts of Central Bougainville – Wakunai, Panguna and Kieta – spoke out during the two-day 4th Mining Forum on Panguna Mine Negotiations held in Arawa, saying it's time to boost the region's economy in preparation for the vote for Referendum to Independence 2016. All opted for the mineral rich mine pit (Panguna) along the Crown Prince Range to bank roll the region's independence. The only stumb-

ling block now is the Me'ekamui government of unity under the leadership of Philip Miriori who still has reservations and wants the mine to be opened after Independence is granted for Bougainville. The Me'ekamui Government of unity represents the other side of the landowners of Panguna who are opposing the re-opening of the mine on environmental grounds and more importantly on where they will be relocated to and placed if BCL or any other mining company re-opens the mine.

Mr Miriori stood firm questioning the forum on where the Government ABG will relocate them to if they are to open the mine. "Where will you put me and my people of Panguna if you start operations on our land again? We have nowhere to go now our land has been spoilt, taken away from us and you're still pushing us away by not considering our plight and forcing the re-opening of the mine," Mr Miriori had said. President Chief Dr John Momis sympathised with Mr Miriori and the people of Panguna, telling the forum that he has been deeply touched by the statement of Mr Miriori and assured them that ABG as the legitimate government of the day has this very important obligation to take care of its people. "Yes, Miriori and the landowners of Panguna have a genuine point, we have to give them new land, a new place to live as they have given us their land, their God-given land for all of us to benefit –even PNG benefited from their land therefore, we'll accord them a special compensation, that will be stipulated in the new mining law for Bougainville."

However, President Momis reminded the people of Bougainville to be realistic when talking about the issue of Panguna. "All the things that have happened to us in the past is history now, we've learnt from them and moved forward. "Your government ABG is taking care of the loopholes in the system – the colonial laws have been thrown out where there was no consultation at all, now everything is very different and more importantly we need money to run our government since National Government of PNG is not honouring its commitment as stipulated under the Bougainville Peace Agreement." However, Bougainville Veterans Associations throughout the island have put up a firm stand that Panguna Mine must be re-opened so that all Bougainvilleans – more than 20,000 lives that perished during the Crisis must be compensated.

Former late Francis Ona's side-kick Glynn Tovirika challenged those who are negative about the mine re-opening to tell the former combatants who are responsible for the permanent closure of the mine that where will they get the money from and how will they pay the compensation for those killed. Mr Tovirika challenged the Me'ekamui that what will they offer to the people of Bougainville – to the families of those who died during the crisis – they are still crying for the family members who have died. "Whether you like it or not, we will still open the mine. We (ex-combatants) are the ones who close the mine and we are the ones who will open the mine because this is the dream and wish of late leader Francis Ona, who told us that the mine is not permanently closed, but will operate back after we're ready to gain independence. That time is now, we are ready," Mr Tovirika said.

Papua Mine Managers Allegedly Suspended By Company

Workers' union asked Freeport to stand down senior staff

WELLINGTON, New Zealand (Radio New Zealand International, June 26, 2013) – A mine worker at the world's biggest gold and copper mine in Indonesia's Papua region says the mine company has suspended managers pending an investigation. Darmawan Puteranto says owners Freeport McMoRan have asked four senior staff to stand down while an internal investigation continues into the causes of the tunnel collapse that killed 28 people in May. Alex Perrottet reports. "Freeport began operations in its open cut mine this week after receiving the green light from the government, but the underground facility is still yet to re-open. Darmawan Puteranto says most workers are back at work, and doing maintenance in the gold mine until operations can commence. He says many workers were too afraid to start work and asked the union for a letter confirming it was safe. He says the union is happy with the company's renewed commitment to safety and glad the company responded to their request to suspend four managers. Freeport had denied there were earlier concerns about safety in the tunnel and hasn't yet confirmed the managers have been stood down. Mr. Puteranto also says a recent riot at the mine was caused by locals, who were used to panning for gold in the nearby river. They stormed the facility to steal ore concentrate when their source of livelihood dried up."

Nautilus Questioned on Economic Viability and Environmental Risks of Deep Sea Mining
MiningWatch Canada, June 26, 2013

(Toronto) As Nautilus Minerals gets set to present to its shareholders, concerned citizens from Papua New Guinea, Canada, and Australia continue to question the viability and environmental risks of the company's controversial plan to build the world's first deep sea mine. Nautilus is in a dispute with the Papua New Guinea Government over the financing of its Solwara 1 project, resulting in the suspension of the project in November last year. With its share price sinking from over $2 to well under C$0.50 the viability of Nautilus' venture is being called into question. The Solwara 1 project in Papua New Guinea has stimulated widespread opposition from many sectors of PNG society – from scientists, students, university lecturers, church leaders, and members of local coastal communities.

Oigen Schulze, Director of Zero Inc., a community organisation in New Ireland Province, Papua New Guinea, said, "Local communities have NOT sanctioned the Solwara 1 project. Experimental mining of our seabeds is not going to provide any direct services or benefits for local communities." "The evidence is clear – our people have already paid a high price, both socially and economically, with land-based mining – despite the best intentions of our governments. Mining revenues have not justified the costs of damage to livelihoods and environmental degradation. The uncertainties and the risks associated with deep sea mining are even greater."

The Deep Sea Mining (DSM) campaign has released two reports highlighting flaws in Nautilus's EIS of its Solwara 1 project. Dr. Catherine Coumans, MiningWatch Canada, said, "The EIS should have provided the basis for identifying risks and the development of strategies to manage them. Nautilus's Solwara 1 EIS fails to do this. The many errors and omissions in the modelling and analysis of data means that the EIS underestimates the risks to local communities associated with Solwara 1. The liabilities to shareholders may be significant. Natalie Lowrey, Communications Coordinator, Deep Sea Mining campaign, said, "It is clear that with the high level of concern generated by Solwara 1 in PNG, the project should not go ahead until Nautilus has gained the consent of PNG communities – and until the company can show it has addressed the serious gaps and mistakes in the EIS." **Download campaign reports here**

French scientific team reveal impacts of Ramu waste dumping
PNG Mine Watch, June 26, 2013

French scientists have revealed for the first time the disturbing impacts of marine dumping of tailings from the Ramu nickel mine. The mine has yet to reach its full production but already hundreds of tons of toxic tailings have been pumped in the seas along the Madang coastline.

The scientists say the tailings disposal by Chinese mining company MCC is already starting to destroy the Chemosynthesis process in Basamuk Bay. This is the process which plants and organisms in the sea depend on for survival at depths where light does not penetrate. There is also concern for the future of PNG's economically important tuna industry if the toxins in the tailings start to enter the food chain.


Photograph taken by the French scientists showing impact of the waste dumping


Coral destroyed by the mine tailings

The scientists, who spent months doing their survey, say that the Madang coastline is one of the top 10 most important sites in the world because of its richness of different species of coral, fish, mollusks and crustaceans. The scientific team will be handing a report of their findings to the PNG government but have no funding to return and monitor the further impacts of the waste dumping.

Exposed: Pro-Mine Bougainville Leader Paid by Foreign Lobbyists

PNGExposed blog, PNG Mine Watch, June 26, 2013

The ‘new’ Panguna Landowners Association, led by its Chairman, Lawrence Daveona – a Port Moresby based businessman and civil servant – is holding itself out as the true representative body for landowners on Bougainville. And, to that end, the association has put itself in the box-seat to negotiate the mine’s reopening [1] with Bougainville Copper Limited (BCL). But there is more to this political coup than meets the eye. PNGexposed can confirm that the group’s Chairman, Mr Daveona, has received thousands of kina in payments from the European Shareholders of Bougainville Copper (ESBC), a body set up by BCL’s European investors to lobby for the mine’s reopening. These payments have been made by ESBC’s President, Axel G Sturm.

According to The Australian, Mr Sturm is “possibly the company’s largest individual shareholder”. He has been agitating for the mine’s reopening from his home in the Principality of Andorra, a notorious tax-haven and secrecy jurisdiction (there is no evidence though that Mr Sturm is involved in any illegal activity). Receipts and reports viewed by PNGexposed show that Daveona received numerous payments by ESBC between 2009-2011, ranging from K1,000 to K4,650 in value (see Appendix A). Some payments are simply labelled ‘Project Funding’ and ‘ESBC Activities in Panguna', while another was evidently made to purchase a laptop for James Tanis, Bougainville's former President, who has now come out in support of the mine's reopening. [2] In 2008 the ESBC's President, Mr Sturm, claimed to be "deeply impressed by Lawrence Daveona. He is the ideal mediator in this sensitive issue [mine reopening]. He has our [ESBC] confidence and our full support as well". [3]

Axel G Sturm with Lawrence Daveona, Michael Pariu, Chris Damana and Severinus Ampaoi – Davoena, Pariu and Ampaoi strongly supported, and profited from, Rio Tinto/BCL during the 1980s and once again lead efforts to reopen the mine today.

We have also discovered evidence that Daveona, evidently on behalf of landowners, took K5000 from BCL to fund the reconciliation process between different landowner groups – a process viewed as a 'fundamental condition precedent' [4] for the mine's reopening. These payments – in particular the ESBC money – raise serious concerns over whether Mr Daveona's leadership role has been compromised by personal pecuniary interests.

Axel G Sturm with Sam Akatoi another Bougainvillean 'leader' supporting Rio Tinto's return.

But there is more! Daveona was allegedly sacked in December last year as Acting Deputy Clerk of PNG's Parliament (Daveona has lived in Port Moresby since the early 1990s). According to a Post-Courier report [5], "alcohol, vehicles and other resources have been provided by Parliament for Fraud Squad officers to carry out investigations against certain senior officers of the Parliamentary services". It is claimed by the Acting Clerk of Parliament, Simon Ila, that his Deputy, Mr Daveona, was responsible for this inappropriate conduct. It is perhaps not surprising then that Daveona was one of the targets of Francis Ona and Perpetua Serero as they attempted to clear out the rot from the landowning community during the late 1980s. At the time Daveona was a manager at the Bougainville Development Corporation (BDC), and a Secretary/Director of the Roads Mine Tailings Lease Trust Fund (RMTLTF) – a body set up to administer certain mine compensation payments.

The BDC was controlled by a number of rich nationals. When the conflict kicked off, and Francis Ona called for a more equitable distribution of wealth and resources, the BDC it appears were happy to assist the PNGDF slaughter their own brothers and sisters on Bougainville, flying and maintaining the infamous Iroquois helicopters supplied by Australia. By Daveona's own admission: "Heli Bougainville was a subsidiary company of Bougainville Development Corporation (BDC) the very company I was also a subsidiary company manager of another one of its companies namely, Wear Resistant Material (PNG) Pty. Ltd at the start of the crisis in 1988. We the employees of BDC at that time knew this [that the PNGDF were using Heli Bougainville pilots] and it was business as usual for BDC". [6] The helicopter-gunships flown by Heli Bougainville dropped grenades onto villages, and dumped murdered civilians into the ocean – not exactly "business as usual".

Daveona's tenure at the RMTLF was also plagued by suspicions. Dr Henry Okole, a Senior Researcher in Governance and Institutional Matters at the National Research Institute, claims: First, there was a complaint that formal membership of the RMTLTF, including the right to attend meetings and appoint the executive, had been artificially restricted to a small minority of the titleholders in the lease area, while the rest of the landowners had no control over its operation. Secondly, although many ordinary PLA members were aware of the business activities of the RMTLTF, some of our informants claimed that the management had failed to produce a financial report to notify them of the present financial standing of the fund. Thirdly, there was discontent over the recruitment of a Filipino as a general manager of the fund. This man was alleged to be in receipt of an annual salary of K12,000. There were claims that the PLA members were not notified of his recruitment, and there was clearly some resentment at the size of his reported salary. Finally, there were allegations that the whole operation of the RMTLTF, like that of the PLA itself, had come to be geared to the personal gain of the board members. For instance, sponsorship of students to higher education institutions was said to have been monopolised by the board members. There were also rumours that the fund had begun to operate as an integral part of the Bougainville Development Corporation – a move described by the some of our informants as 'greedy' and 'self-benefiting'.

Lawrence Daveona has been, for many years, [7] an advocate of BCL's return to Bougainville –this support is so overt that on Daveona's website the following image appears when the heading "Our Future" [8] is clicked:

BCL Chairman and Secretary enjoying the finer things in life.

To date Daveona's support for BCL has been couched in largely benevolent terms, for the greater good of 'his' people. But in light of these payments, and other serious allegations, it would appear fair to ask whether other material motivations inform Daveona's call for BCL's return? And how many other 'leaders', we wonder, are also taking payments from those associated with BCL, or have lucrative 'business contracts' lined up for BCL's return – more than a few we bet!
Source: http://ramumine.wordpress.com/2013/06/26/exposed-pro-mine-bougainville-leader-paid-by-foreign-lobbyists/

Momis: Bougainville at crossroads

The National, June 26th, 2013

Bougainville is at the crossroads and what happens from here will depend entirely on the will for the region to raise its own funds, ABG President John Momis says. Momis, speaking yesterday at the fourth regional forum on Panguna mine negotiations in Arawa, said Bougainville could dream about gaining independence but “independence and economy go hand in hand”. “How are things going to happen when we do not have the funds to support the Autonomous Bougainville Government, which is the only vehicle that people will use to decide their future through this referendum?” he said. Momis said Bougainville was independent as it was already exercising the power of autonomy but would have to take on added responsibilities such as defence and its own currency after the referendum. He said for the government to raise enough funds to sustain autonomy and independence the Panguna mine must be reopened under the proposed policy on mining which will be tabled at the ABG House at the September session of parliament.” Meanwhile, Meekamui unity government president Philip Miriori said they opposed the reopening of the mine because BCL had no money to restart operations.

Effects Of Mining Waste To Be Investigated In PNG

Commission to review mining laws, regulations

By Paeope Ovasuru

PORT MORESBY, Papua New Guinea (PNG Post-Courier, June 26, 2013) – The Constitutional Law Reform Commission (CLRC) will begin an inquiry into mine waste tailings and its impact on the health of Papua New Guineans. Commission secretary Dr Eric Kwa said the inquiry is part of a reference by the then Minister for Justice Bire Kimisopa in July 2007, in response to a study by a Sylvester Kotapu in which he alleged high toxic levels in the Angabanga River and the surrounding environment was triggered by wastes from the Tolukuma gold mine. The CLRC used its powers to begin the investigation in February this year after it launched an issues paper on the same matter. The inquiry will put the spotlight on the PNG mining industry and its regulation of waste tailings into the environment. Various legislation including the Environment Act 2000 and will also come under the scrutiny of the commission. “The key aspect that we are basing our research on is the impact that these mine waste tailings have on the health of the people in the surrounding project area and the environment impacts.

We want to review the Environment Act 2000, the Mining Act 1992 and other legislations to determine how best we can address the issue. There is no framework in place currently and most mining companies have had to operate on guidelines provided by industry regulators. Most of the mining companies have managed their waste tailings based on the circumstances that they have found themselves in,” said Dr Kwa. The reference by the former minister and the commission’s inquiry is in response to the concerns of the people and the potential effects of mine tailings waste disposal systems, he added. A working committee comprising representatives from the various stakeholders including industry, Government and private sector has been created and will travel to selected mine sites to assess their waste disposal systems and to get the views of community leaders and provincial governments. The Porgera Gold Mine in Enga province, Ok Tedi Mine, Ramu nickel mine, Lihir gold mine and Hidden Valley in the Morobe province will be visited by the working committee next month. Dr Kwa is confident the group will complete its work including reviews of the different mine’s waste disposal regimes and have a report ready for presentation to Justice Minister and Attorney General Kerenga Kua by the end of the year.

Yandera social mapping incomplete Post-Courier 26.6.2013

The inaugural commissioning and swearing in ceremony of the Umbrella Company chairperson and executives of the Yandera mining landowners was held last Wednesday at the Madang International Hotel. The ceremony was attended by Madang Governor Jim Kas and Usino Bundi MP, Anthony Yagama. However, two Iwangu clansmen, Greg Kila Gambu and James Ogera, interrupted the commissioning and signing of agreements by forcing their representative Joseph Kumbukai not to sign on behalf of the Iwangu clan claiming that Marengo mining was not honoured. They said before the memorandum of agreement signed by Marengo Mining and the Yandera landowners, social mapping and land identification such as:
* Identification of where the open pit will be located;
* Identification of clan boundaries; and
* Identifying the principal landowners.

Mr Gambu said if these issues mentioned above were not solved, the swearing-in and commissioning of the Chairman and his executives would not eventuate. “We won’t cause any harm to Marengo mining to operate but want the above stated issues to be solved. At this time Iwangu will not release Geremi, Peure and Base Camp area unless social mapping is done. “I am now calling on MRA to advise Marengo Mining Limited to come clean with the social mapping so the seven clans would know and work together with the company,” Mr Gambu said. John Bare one of the leaders stated that land issues which are still pending need to be addressed. He also stated that issues about Peter Yama who is a principal landowner of the Omura mountain and from the Bamdi clan must be resolved. He said that in any issues concerning Marengo mining he must always be consulted because the mining is right on his land. Mr Bare is calling on Usino-Bundi MP Anthony Yagama to put aside his political differences and work with Mr Yama and the people of Yandera. “Mr Yagama must know that Peter Yama is the principal land owner and the Yandakari man and he (Yagama) is a Mendi man and not from Yandera,” he said. Mr Bare thanked Mr Yama for his objection to allow for proper social mapping and land identification in Yandera. Yandera Mine will be the biggest mine in the Southern Hemisphere when in full operation.

Newcrest slashes mine jobs in PNG

Rowan Callick, The Australian, June 25, 2013

NEWCREST is axing hundreds of local and expatriate jobs in Papua New Guinea, where half its mine assets are located. Its share price slid again yesterday, by 7.92 per cent, to $9.53. It hit a high of $30 eight months ago. About 150 employees will be made redundant at the Lihir gold mine, where there are almost 3000 direct employees, 90 per cent of them Papua New Guineans, and a further 2000 contractors, some residential and some fly-in, fly-out. General manager operations Karl Spaleck said “with the process plant upgrade behind us, we are now working on achieving reliable, predictable performance” towards a steady 1.2 million ounces annual output, “optimising the plant and simplifying operations”. This meant, “a bigger focus on using the stockpiled ore, which is an asset that has been building for a number of years”. Newcrest had spent, he said, about Kina 2 billion ($969 million) over several years to increase the plant’s capacity. Mr Spaleck said conversations were under way with contractors at the mine — some of whom were also likely to lose work, as a result of “the implementation of a simplified business model”.

A Newcrest spokeswoman yesterday said “the consequential impact will depend on the kind of service a contractor provides”. She said “we have gone to great lengths since the end of April to explain to our employees and contractors as well as landowners, local government and provincial and national government about the external conditions — the significant fall in the gold price, the biggest in the last 30 years — and what that means in terms of Lihir and its workforce”. Lihir is in New

Ireland province, which includes the constituency of Mining Minister Byron Chan, and of which his father, former prime minister Julius Chan, is the governor. Jobs will also be lost at Hidden Valley, an open pit gold and silver mine in Morobe province — mostly a fly-in, fly-out operation — where about 1000 employees and 1600 contractors work.

Newcrest was cutting costs there by 20 to 30 per cent this year. But the spokeswoman said this “is not just about role reductions, it is also about efficiency, productivity, and simplifying and improving the operation”. “For example, the primary crusher just commissioned at the front of the overland conveyor will reduce costly trucking of ore. There is also a plant recovery improvement project under way.” PNG Prime Minister Peter O’Neill recently offered help — though not direct financial subsidies — to Newcrest “to help ensure operations continue”. He said: “The company is highly regarded as a leading participant in our resource sector. When a company as big as Newcrest faces . . . problems, we have to be concerned at the possible impact on our resource sector and our economy generally.”

Minjihau: Ramu land probe needs funding

The National, June 25th, 2013

By JAYNE SAFIHAO
THE Lands Titles Commission in Madang hopes to finalise their land investigation report for the Ramu Nickel Project impact areas but needs funding, Commissioner George Minjihau says. Minjihau, who is spearheading the investigations in Madang, confirmed this last week during a meeting with MCC and Mineral Resource Authority (MRA) officers over a grievance with landowners of Kurumbukari (KBK). He said there needed to be funds for police security and logistics for the last leg of their year-and-a-half work already done. In a gathering with KBK landowners, Ivan Mullul of MCC told them to start working with the commissioners and their staff in clearing the bush treks of blocks five and seven where they had yet to see the boundaries. The landowners were frustrated over the long delay, saying it was causing them to lose business spin-offs. Last week they marched to the LTC office and assaulted the commissioner’s associate, taking the chain off their gate with them and marching up to the MCC office to protest.

Minjihau claimed his staff had only been paid part of their allowances for the first two months of this year and had yet to receive their dues for the past three months. The Madang provincial government has indicated that it will come to their rescue but the office is yet to receive any real confirmation of figures and when. It has been learnt that since January staff were paid only 50% of their allowances and from March to this month, nothing had been paid them. The lack of government intervention is holding to ransom the many landowners from the mountains of Kurumbukari all the way to Basamuk where the refinery is on the Rai Coast area. Work for the inland pipeline area is already complete except for Basamuk, coastal and KBK. Minjihau indicated there were minor alterations to some land markings, which caused delays to their work. Mines director John Bivi is calling on stakeholders, local MPs and the governor of the province to intervene so that LTC can fast track their work.

Ok Tedi Development Fund signs contracts

Post-Courier 25.6.2013

WORK on four high-impact projects worth K125.4 million in the Western Province is expected to start soon after Ok Tedi Development Foundation Limited (OTDF) signed contract agreements for the respective projects yesterday in Port Moresby. The four projects were funded under the Community Mine Continuation Agreement (CMCA) component of the Western Province People’s Dividend Trust Fund. The projects are the Middle and South Fly CMCA Area Health Program, the

Aiambak to Lake Murray Road, the Pampenai Road and the Nupmo to Nigerum Footbridge in the North Fly region. The health program worth K43.0 million will be managed and implemented by Abt JTA over five years, while the Aiambak-Lake Murray Road and the Pampenai Road worth K12.1 million will both be constructed by Starwest Limited. The Nupmo to Ningerum Footbridge crossing the Ok Tedi river will be constructed by Wild Cat, at a cost of K10.4 million. The funding for the projects comes from the Community Mine Continuation Agreement (CMCA) component of the Western Province People's Dividend Trust Fund (WPPDTF).

The money was approved for release late last year by the Mining Minister Byron Chan following a submission by OTDF to Shadrach Himata, the Secretary for Mineral Policy and Geo-hazard Management. The Secretary is the custodian of the WPPDTF. OTDF Chairman Nigel Parker said with functional roads and bridges, the province will now have access to basic health care and other services like education and commerce. "With the support being provided by OTDF together with the political will of Western Province Governor Ati Wobiro, there will only be one outcome, and that is that prosperity will begin to emerge in the province and will gain pace over time as driven by the people themselves. OTDF CEO Ian Middleton said the most significant projects was the Health Program which will cover both the Middle and South fly areas consisting of 84 villages and more than 60 000 people. He said OTDF was aware of the lack of health infrastructure and low health standards. "In implementing the health program; we hope to see some drastic improvements in this area. This signing is historic and will improve lives at the village level", he said.

PNG officials trading in trafficking victims: US report

Liam Cochrane in Port Moresby, Australia Network News, 24.6.2013

A report released by the US State Department says Papua New Guinean government officials are facilitating human trafficking through bribery and trading victims for political favours. The US State Department's Trafficking in Persons 2013 report strongly criticises PNG and keeps it at the lowest ranking of "tier three" in an annually-released index. The report describes PNG as a place where local and foreign victims are trafficked for sex work, child labour, or manual labour at mining or logging camps. It says Asian crime rings, foreign logging companies and foreign business people have brought foreign women into PNG on fraudulently-issued tourist or business visas. "Subsequent to their arrival, many of the women, from countries including Malaysia, Thailand, China, and the Philippines, are turned over to traffickers who transport them to logging and mining camps, fisheries, and entertainment sites," the report said. "[They] then exploit them in forced prostitution and domestic servitude." The US State Department has reported that PNG officials are directly involved in the trade for several years. "Government officials continued to facilitate trafficking by accepting bribes to allow illegal migrants to enter the country or to ignore victims forced into prostitution or labor, and by trading female trafficking victims in return for political favours or votes," the report said.

Girls, women bartered to settle tribal conflicts

The concern appears to be separate from US criticisms of girls and women being used by tribal groups to settle conflicts, or as barter for guns and political advantage. Requests for more information about PNG government officials' involvement in human trafficking have been made to the US State Department, but have not yet been received. The annual Trafficking in Persons report is compiled from questionnaires submitted by government and non-government groups. In the past 18 months a new trend has emerged in PNG, with underage girls being employed in night clubs as hostesses, dancers, and bartenders. They are known colloquially as "Mosko girls". "The vulnerability to human trafficking of Mosko girls - young girls who are employed in bars to provide companionship to male patrons and sell an alcoholic drink called mosko - emerged as a new trend around major cities in PNG in 2012," the report said. World Vision's PNG national director Dr Curt von Boguslawski told Radio Australia's Pacific Beat program the issue could come down to lack of youth employment. "Urban drift, [the] high cost of living in centres like Port Moresby and the lack of employment of youth … is causing the need for these kind of activities," Dr von Boguslawski said. The treatment of girls and women outside of PNG's big cities was among the criticisms in the US State Department report. "There are reports of internal trafficking involving children, including girls from tribal areas as young as five, being subjected to commercial sexual exploitation or forced labor by members of their immediate family or tribe," the report said. "Tribal leaders sometimes trade with each other the exploitative labor and service of girls and women for guns and political advantage." The sale of daughters into forced marriages to settle debts leaves girls and young women vulnerable to exploitation, the report says, while polygamy affirms attitudes that women are owned by men.

Report reveals men also subjected to trafficking
Papua New Guinean and Chinese men have also been trafficked for labor at commercial mines and logging camps, according to the report. "Employers exacerbate workers' indebtedness by paying substandard wages and charging artificially inflated prices at the company store," it said. "In such circumstances, an employee's only option is to buy food and other necessities on usurious terms of credit." There was no detail as to the scale of the problem or the companies involved in this debt bondage. Another form of male exploitation involved boys, as young as 12, being used as "market taxis" in urban areas, carrying extremely heavy loads for low pay. PNG does not have a human trafficking law, although specific offences covering trafficking in children, sexual exploitation and forced labour could be used to prosecute traffickers. A draft law on human trafficking was endorsed by PNG's National Executive Council in 2011, but has not yet been passed. The US State Department has urged PNG to enact its draft human trafficking law, strengthen law enforcement and do more to identify and help victims. The tier three ranking in the annual index puts PNG in the company of nations such as Algeria, DR Congo, Central African Republic, China, Cuba, Equatorial Guinea, Eritrea, Guinea Bissau, Kuwait, Libya, Mauritania, Yemen, Sudan and Saudi Arabia. The ranking opens PNG up for targeted US aid sanctions, although these can be waived by the US Government. But the report notes one positive development, revealing thst PNG has trained 78 law enforcement and non-law enforcement government officers and 82 NGO representatives on human trafficking issues. This task was carried out by PNG's Department of Justice and Attorney General with the assistance of foreign funding.

Fiji: Miner dies in accident

Repeka Nasiko, Fiji Times, June 24, 2013

A VATUKOULA Gold Mine Limited employee is dead after an underground incident at the mine yesterday. Police spokeswoman Ana Naisoro confirmed the incident yesterday. She said while the full details were yet to be confirmed, police investigations into the mining accident had begun. The mine's general manager, Dave Whittle, said the company was committed to a thorough investigation of the underground accident. "At this time, all attention on the mine are focused on ensuring a full and thorough investigation in conjunction with the Mineral Resources Department and the Fiji police," he said in a media release. "VGML extends its condolences to the family and friends of the deceased and will be doing everything possible to ease their suffering at this difficult time."

Massey researcher to take on UN project in PNG

Voxy.com.nz; 24 June, 2013

A Massey researcher will examine how Papua New Guinea can use its resource wealth to improve its people's living standards. The project is for the United Nations Development Programme.

Associate Professor Glenn Banks, who has more than 25 years experience as a development researcher in PNG and the Pacific, says it is a country of contrasts. "PNG has seven million people - a larger population than all the other Pacific countries put together - and incredible resource wealth with huge mines and a massive gas project. "But on all the indicators for the Pacific they have the lowest levels of human development, the highest rates of poverty and infant mortality, and the lowest rates of literacy. "How to translate that resource wealth into better human development is something the PNG Government and people struggle with, and that’s what this report will focus on." Dr Banks will spend two months in PNG and work with the Government, development agencies and the mineral sector to write the first UNDP Human Development Report for PNG in 15 years, From nature to people: Translating resource wealth into sustainable human development. Using his experience, and that of others, the report aims to translate ideas - from diversifying the economy, to investment in health and education - into strategies that shape a realistic, pragmatic direction for the country.

Between 75 to 80 per cent of PNG exports each year are derived of oil, gold and copper, and up to a third of Government revenue comes directly from the mineral sector, Dr Banks says. "So it’s big. They can’t ignore it." The Exxon gas project - set to be in full production from 2017 - is forecast to increase the country’s Gross Domestic Product by a third to a half, and increase tax revenue by 50 per cent. "However, there are concerns that they’ve had large scale mining for 40 years but it hasn’t translated to broad-based development across the country," Dr Banks says. "So they want to learn lessons, find out why it hasn’t worked in the way they hoped, and come up with new ideas to link resource wealth with their visions for development." Dr Banks, who leaves tomorrow for PNG, says the country is experiencing rapid change. "Within their lifetime, highland communities have gone from no European contact to having a billion-dollar gold mine and LNG gas projects on their back doorstep. The transformation and rate of change in that society is incredible, and there’s a huge opportunity now to improve the levels of human development across the country." The UNDP report is due in December.

MCC not taking occupational health seriously

Post-Courier 24.6.2013

Situated in the mountains of Bundi and overlooking the famous Ramu River is the “World Class” Ramu Nickel mine. Travelling up the winding road will lead to the chromite storage facility; this facility is situated before the mine site. Visual description of the vicinity shows that the chromite mineral is stored in the open air in piles of greyish brown, grey and black colour sand appearance type of soil; there are walls, which were presumably built to stop chromite from being washed out by rain. The storage facility is also located by the roadside and locals can be seen sitting/standing around the vicinity. However, it is frightening to see such mineral with high toxicity potential being stored near the road, out in open space, without any regard of public health and safety. Question is; are people aware of this? Did the Chinese mine management warn or notify the people of Kurumbukari that chromite mining is hazardous? On the grounds that chromium is simply poisonous.

According to a report compiled by Blacksmith Institute and Green Cross on the World’s Worst Pollution Problems; chromite mining is rated as one of the worst in terms of the hexavalent chromium’s toxicity, which, when element chromium undergoes oxidization, produces the higher level hexavalent chromium or chromium 6 (Cr 6); which is extremely toxic to the humans and the environment. Chromium 6 is highly soluble in water; potentially this poison can make its way into the Ramu River. To validate the claim that chromium 6 could potentially be produced up at Kurumbukari mine; according to the Environmental Impact Assessment (EIA) for the Department of Environment and Conservation Permit 2013 for Ramu Nico Chromite Export Proposals; indicated in this statement “In this Project, Chromium (VI) is EXPECTED to occur.”

Hence, validation of such a claim is accurate. Exposure to hexavalent chromium results in irritation in the respiratory system if inhaled, or if it comes into skin contact would cause irritation and eventually result in allergic skin reactions, ulcers and skin rashes, and if ingested can cause kidney and liver damage or stomach ulcers. Occupational cancer is the biggest disease affecting workers in chromite mines around the world (Blacksmith Institute & Green Cross). But in this case, there are people living and passing by the vicinity of the facility every day, the catastrophe of a possible health disaster is very much imminent due to the conditions presented. SOURCE: PAPUA NEW GUINEA MINE WATCH

Oil Search in top 200 ASX list

Post-Courier 24.6.2013

PAPUA New Guinea's Oil Search Limited has been recognised as a 'stand out company' among the top 200 companies listed on the Australian Stock Exchange (ASX), for the company's work on the disclosure of payments that it has made. This recognition followed a recent assessment of the level of transparency and disclosure of extractive companies in the ASX top 200, which were assessed as part of a report by the Corporate Analyses Enhanced Responsibility (CAER) and Publish What You Pay (PWYP). Oil Search Limited was recognised as a 'standout company' for work on payment disclosure. Rio Tinto was the other company, and is considered the leader in this space. The report recognised the recent publication of Oil Search Limited's 2012 Transparency and Sustainability Data book, commending the comprehensive coverage of payment data. OSL was one of only two companies (18 were assessed) that proactively disclosed payment data in a publication separate to the Sustainability and Annual Report. "This is a significant result demonstrating our commitment to transparency and working against corruption,'' Oil Search Limited Executive General Manager for PNG and Sustainability Gerea Aopi said. "Likewise, it demonstrates our position at the forefront of transparency and best-practice amongst our industry peers.'' The focus of the inaugural Oil Search Limited Transparency report, is to detail the payments made by the Oil Search Limited Group to the governments of Papua New Guinea, Iraq, Yemen and Tunisia. The report also demonstrates the company's contribution to the PNG economy by disclosing payments across broad supplier groups, and PNG citizens' salary and wages.

The report focuses on these specific payment streams;
* Petroleum tax;
* Salary and wages tax;
* Oil Search director's tax;
* Other tax;
* Other government fees and charges;
* State shareholder dividends;
* Royalties;
* Development levies;
* Tax Credit Scheme; and citizen salary and wages.

The next edition is expected to also include the details of the licence terms and conditions of each of Oil Search Limited's Petroleum Prospecting Licences, Petroleum Retention Licences and Petroleum Development Licence, and report the company's expenditure against those licence terms. It will also include coverage of Oil Search Limited's Annual Contracting Plan. Oil Search Limited became a supporter of the Extractive Industries Transparency Initiative (EITI) in January 2013. As such, the company supports the goals of EITI and have been working with the PNG government, civil society and our industry peers to formally adopt and implement EITI in PNG. "Oil Search believes that increased revenue transparency is an effective means of addressing corruption at a country level,'' Mr Aopi said. "By publishing all payments that we make to government, we are providing citizens with information that helps them to better hold the government to account. "Governments should not only be transparent in disclosing how much revenue they receive but also show how revenues generated from the extractive industries are spent. “This gives citizens greater confidence that public monies are being spent appropriately for the sustainable development and future prosperity of their countries and communities.’’ More information on OSL commitments and initiatives is on their website and 2012 Sustainability Report at www.oilsearch.com/sustainability/sustainability-reporting.html.

Grasberg Mine In Papua Given Green Light To Reopen

Lack of work caused unrest among local people

WELLINGTON, New Zealand (Radio New Zealand International, June 23, 2013) – The Indonesian government has given the green light to mining company Freeport to recommence operations at the world’s biggest copper and gold mine in the remote province of Papua. The mine has been forced to halt operations since a tunnel collapse on May 14 killed 28 people. Last week a group of 70 locals attacked property and rioted at the site, amid claims that people were starving as a result of not having any work. The government’s special investigation team is still working on its report into the cause of the collapse and Freeport says it is fully cooperating. Permission has been granted to begin milling and open pit operations but not yet for underground operations. The President Director of Freeport Indonesia Rozik Soetjipto says he continues to mourn the loss of life and renewed his commitment to making facilities safe.

PNG development money fuelling rise in child sex workers

Radio New Zealand International, 23 June, 2013

The founder of a charitable organisation in Papua New Guinea’s capital says the number of child sex workers in Port Moresby has gone up because there are many more people with wealth. A recent report in the Post Courier newspaper cites a 30 percent increase in the number of minors working as prostitutes in nightclubs. Father John Glynn is a retired Catholic priest who has lived in PNG for almost 50 years and several years ago founded WeCare, which works with children and young women in squatter settlements. He says the growth of the oil, gas and mining industries is creating huge amounts of wealth for a particular sector of the population but there is no trickle-down effect. “And as I always tell people poverty is the greatest destroyer of the human spirit. So, on the one hand, you have this enormous poverty and this desperate need for money and on the other side you’ve got people with money to burn in their pockets.”

Mining Benefits Fail to ‘Trickle Down’

By Neena Bhandari Reprint, Inter Press Service

SYDNEY, Jun 22 2013 (IPS) - With South-South trade on the rise and growth in emerging economies set to outstrip production in industrialised countries, the international mining sector has been quick to follow global trends. In recent years, significant mining activity has moved from the developed to the developing world, with the latter’s share of global trade in minerals increasing from less than one-third in 2000 to nearly half in 2010.

A landmark 2012 publication by the International Council on Mining and Metals states that there have been huge investments in recent years in Latin America, Africa and parts of Asia, which are likely to escalate in the next 10 years. Forty countries, including Australia, China, Brazil, Russian Federation, India, the United States and Canada, are heavily dependent on mineral exports; and 30 of them, including Chile, Peru, South Africa, Zambia and the Democratic Republic of Congo, are low- or middle-income countries. Mining ventures have brought mega profits, but also sharp scrutiny, with activists raising thorny questions about transparency, gender equality and community development in this sprawling and largely unregulated sector. The World Bank estimates that today there are 15 to 20 million artisanal and small-scale miners, with about 80 to 100 million people depending on such mining for their livelihood.

Doris Eaton, Co-Chairperson of Yamatji Marlpa Aboriginal Corporation, the Native Title representative body for the Traditional Owners of the resource rich Pilbara, Murchison and Gascoyne regions in Western Australia. Credit: Neena Bhandari/IPS

Around 3.5 billion people live in developing countries that contain vast deposits of coal, iron ore, copper, gold, nickel, bauxite and zinc, but most are deprived of the benefits from their nation's mining bonanzas, especially women, who also bear the brunt of the sector's many negative externalities. Oxfam Australia's work with communities around the world has shown that the impact of mining is not gender neutral. “Women often experience the negative impacts of mining more than men, and rarely receive the benefits that men do,” the NGO's mining advocacy advisor, Serena Lillywhite, told IPS. “There is also a concern that they are not actively involved in project decision-making, benefit-sharing agreements or revenue payments as women are seldom at the table when mining projects are being negotiated,” she added.

Over the last few decades, several gender impact assessment frameworks have emerged, but there is no “one size fits all”. Oxfam's gender impact assessment tool helps industry to assess the gender-specific impact of mining. It can assist companies to ensure that mining projects are responsive to women's needs and interests, and also promote women's participation in planning and implementation of projects. Doris Puiahi, project manager in Solomon Islands of the inclusive natural resource management project of the Melbourne-based NGO Live & Learn Environmental Education, and her team have been working with heavily logged rural communities in the Solomon Islands. This archipelago in the south-west Pacific Ocean has observed similar trends. “There is currently only one gold mine in Guadalcanal Province, central Solomon Islands,” Puiahi told IPS, “but as mining interests increase, most women fear they will be disempowered further. “The 40-year-old logging industry hasn't brought any development and people are unhappy with how royalties are distributed: only about 10 percent of profit goes to the community. But as profits are not usually disclosed, people don't really know if they are actually getting even 10 percent of the profits made."

With resource wealth comes the inevitable risk of conflict. As of Jun. 8, the World Bank Group's Compliance Advisor Ombudsman (CAO) had a total of 114 cases (from the 2000-2013 period) across multiple sectors – predominantly extractive industries, infrastructure and agribusiness – in 40 countries; 38 of these conflicts are active in 19 countries. A total of 59 cases revolve around extractive sectors (oil, gas, mining and chemicals), of which only 21 are mining-related. Whether it is minerals under the ground, land acquired for infrastructure or agriculture, or water used for irrigation or industrial purposes, competition between local communities who depend on those resources for their livelihoods, and developers who require those resources for their commercial activities, often leads to conflict. "Population increase is creating more competition for these resources worldwide," CAO's vice-president Dame Meg Taylor told IPS. Two recent cases that have come to CAO relate to the International Finance Corporation and Multilateral Investment Guarantee Agency's support for early mining exploration activities in the Philippines and Indonesia, where communities have expressed concern about the potential impacts of these projects on their ancestral land, water, fields and forests.

Women's participation in decision-making, and ensuring that they receive their due share of mining wealth, will be crucial to sustainable socio-economic development in resource-rich countries. Thanks to rising demand for coal and iron ore from China, India and other developing countries, Australia has witnessed unprecedented growth in the mining sector. The Yamatji Marlpa Aboriginal Corporation (YMAC) is the native title representative body for the traditional owners of the Pilbara, Murchison and Gascoyne regions in Western Australia, which are home to massive crude oil, salt, natural gas and iron-ore mining operations. The Corporation's co-chairperson, Doris Eaton, told IPS, "Over the last decade, we have seen one of the largest mining booms in our history. We are losing the beautiful valleys where our old people walked, important ceremony and story places and land that is home to rare species of animals and plants." The mining sector contributes around 11 percent to Australia's GDP, with export revenues from the sale of mineral and energy commodities forecast to be 171 billion U.S. dollars in 2012-2013. There are currently 98 projects, worth 239 billion dollars , at an advanced stage of development.

Emphasising that it is vital for indigenous people to receive compensation for the loss of their land and heritage, Eaton said, "Native Title (which recognises the traditional rights and interests of Aboriginal and Torres Strait Islander people to land and water) groups do not have equal negotiating power with mining companies and when companies mine, they change a country forever. "Our people want to be genuine partners and have a say in how compensation from mining is used for creating jobs, security and a positive future for our young people." A study released last month by University of Melbourne Researcher Sara Bice has found that big miners' corporate social responsibility or sustainable development programmes run the gamut from philanthropic donations to public-private partnerships, but can create a disturbing dependency over the long term, with communities often given money for projects they don't need. "For example, one school principal spoke of how his school received a sunshade, and one community received donations for the local football team guernsey. In another instance, principals didn't openly resist a mining company attempting to influence the local school curriculum as they feared rebuffing the company could lead to withdrawal of funds," Bice told IPS.

Respondents in remote communities studied expressed concern over the short-term and 'superficial' nature of such responses to community needs. Bice said, "The case studies found that these programmes are misaligned both with company policies which have been progressively working to promote long-term 'sustainable' development and with community needs, concerned with the lasting viability of their communities." According to civil society campaigners, governments need to step up and be more open about the income they receive from their resources industries. More countries need to commit to implementing the Extractive Industries Transparency Initiative (EITI), the global standard for transparency of government revenues from natural resources, which requires full disclosure of taxes, royalties and other fees from the country's oil, gas and mining sectors.

Review of Porgera Mine deal underway

The National, June 21st, 2013

THE review of the Porgera Mine project memorandum of agreement in Kokopo, East New Britain is progressing well. Parties to this deal that included the State, Enga provincial government, Porgera landowners and Porgera Development Authority (PDA) started the discussions on Monday. Project developer Barrick Gold (PNG) is also attending as observer, although there were strong sentiments from all parties that the miner should also be a party to the agreement. The review proper began on Tuesday. The State team leader John Ipidari said proceedings were well under way with a lot of issues being taken up on day one. The parties on Tuesday reviewed the State's commitment, which included special support grants, royalties and tax credit scheme. Yesterday, the parties were to continue with discussions on the State's commitments, followed by those of the Enga provincial government and landowners. Ipidari said he believed the meeting would proceed well throughout the week, although there could be some issues that may need to be addressed outside of the review meeting. MRA acting managing director Philip Samar appealed to all parties to exercise respect, understanding and integrity during the meeting. He said MRA was committed to MoA processes for all mining projects, including that of Porgera Mine project. After a draft MoA was signed by the parties, it (draft) would be tabled in cabinet for its final blessings, after which a formal MoA would be signed.

Illegal miners warned in Solomon Islands

Solomon Star, 20 June 2013

Villagers disrupt Gold Ridge operations

GOLD Ridge Mining Limited says illegal miners have been moving into their mining lease, disrupting their operations. General manager Stean Barrie said counts of up to 150 illegal miners are moving in and around the pits daily. "An increase of illegal gold panning at Gold Ridge is raising fears for the safety of illegal miners," Mr Barries said yesterday. "At the same time, it is having a damaging impact on productivity at the mine and the amount of royalties due to landowners and the Solomon Islands Government." He said these illegal miners have been moving into the mining lease over the last four months, putting themselves at risk of harm, stealing gold from the Mining Lease and reducing royalty payments. "We are concerned for the well being of everybody on the mine site and we feel that it is only a matter of time before an illegal miner is seriously injured or possibly even killed," Mr Barrie said. "Mine sites are potentially dangerous areas with hazards such as heavy machinery and blasting. "There are families with women and children in active mining areas whom we do not wish to put in danger," he added.

"Furthermore, the disruption to our operations has an immediately negative impact on productivity, which in turn lowers the amount of royalties, export duties and taxes that GRML pays to the Solomon Island Government. "Illegal miners do not contribute to the community." Mr Barrie said due to illegal mining the company estimates as much as $150,000 a month is lost in royalties to landowners and the SIG. "GRML's economic contribution goes towards developing the Solomon Islands and particularly Guadalcanal, supporting clinics, schools and roads. "Illegal miners are effectively stealing from local communities," Mr Barrie said. According to the Mines and Minerals Act, mineral rights belong to the state, not an individual. Guadalcanal Provincial Police Commander David Diosi said the actions of these people are illegal. "The message from the Police is clear. "Unauthorised entry is illegal and offenders will be charged. "According to Solomon Island Penal Code, illegal miners may face up to five years imprisonment for stealing gold," Mr Diosi said. "With offenses related to illegal panning, culprits will be handed over to the police and they will be prosecuted," he warned. It's believed those involved are villagers surrounding the mining lease at Gold Ridge.

Polye reveals tax review will see changes in oil, mining

The National, June 20th, 2013

By JEFFREY ELAPA

THE oil and mining sectors are expected to face changes in the tax regime review under progress, acting Prime Minister Don Polye said. Polye, also the Treasury Minister, said in a statement that although he could not preempt the changes in the review and the recommendations made by the review committee, it was possible that changes would take place in the mining tax regime for the oil and mining sector. "I think there'll be some changes but I do not wish to preempt any changes because it has to come from a recommendation by the tax review panel that the Government appointed recently," Polye said. He said the International Monetary Fund had also done specific review work on the extractive industry, mining and petroleum sectors. They will make the review available to the taxation review panel chaired by former IRC chief Sir Nagora Bogan and his deputy David Sode, the PNGSDP chief executive officer and a former Internal Revenue Commissioner.

"I want to see a tax regime that is not only equitable, fair and enabling that can grow the sector but one that creates a level playing field for all investors in the extractive industry," he said. "I believe the taxation regime now has some level of vagueness and disparities. We need to look at the perspective to be properly addressed so that every investor, operator and the business is aware of the conditions and guideline. "The review will not leave the stakeholders out of the process. "My instruction to the IMF is that they should engage the views and participation of all the stakeholders in the industry and investors to gauge their views and have a comprehensive yet an overarching and broader perspective. "I will have to look at that before it goes to the cabinet."

Group Wants Solomons Mineral Development Bill Deferred

Forum calls on government to develop national mineral policy

HONIARA, Solomon Islands (Solomon Star, June 19, 2013) – The Forum Against Mining On Choiseul (FAMOC) has supported the call to defer the proposed Mineral Development Authority Bill (MDA) in the Solomon Islands. The organization was invited to participate at the three days public consultation on the proposed Mineral Development Authority Bill (MDA) last week, in their capacity as an anti-mine group as well as landowners for the proposed nickel mine on Choiseul Island. Spokesman from the FAMOC stated that the Bill has completely left out true traditional and resource owners without any power given to them to participate in the decision-making process regarding the use of their land. "It is common knowledge throughout Solomon Islands, as well as throughout Melanesian societies at large, that peoples' relationship to their land is [the] life-blood of their existence and survival. "Land provides both security and life-insurance for the tribes' generations. To take away traditional, customary owned land from the landowners and tribal communities is to cut off our people from their life-source.

"Alienated land and Compulsory land acquisition are foreign concepts and should never be entertained in Lauru, Choiseul Island and in the whole of Solomon Islands at large." FAMOC supports the call to defer the MDA Bill and Solomon Islands Government (SIG) seek proper and thorough landowners' consultation in the villages where 85% of our Solomon Islands population live. FAMOC goes further and calls for the development of a National Mineral Policy, a complete review and re-draft of the Bill, Mines and Minerals Acts, Mines and Minerals Acts Regulations, Environment Act and Lands and Title Acts after thorough consultation with the rural majority who are the true resource owners throughout Solomon Islands. A complete review and re-draft of these various Acts is needed. A complete review and redraft that truly acknowledges, accommodates and harmonizes our traditional customary landownership and land use is crucially needed.

Japan invests $US1b in chemical plant

Post-Courier 19.6.2013

Peter O’Neill, the prime minister, has welcomed a proposal by a Japanese group to invest $US1 billion (K2,030,869,212.02) in a petrochemical plant in PNG. Mr O’Neill and the minister for trade, commerce, and industry, Richard Maru last Friday met with senior executives of Mitsubishi Gas Chemical Company (MGCC) and Itochu Corporation to discuss the proposal. The plant will be constructed to develop industrial chemicals, such as methanol and dimethyl ether (DME), by the Japanese companies. “Under the new investment proposal MGCC and Itochu will invest $US1 billion to develop the project,” Mr O’Neill said. He said this will be the biggest investment project by any Japanese company in the country and will create close to 5,000 jobs for our people during the construction period and production life of the plant. Mr O’Neill welcomed the investors and assured the seven executives that the government will allocate a portion of the Konebada Petroleum Park for the project

He also assured them that the government will provide the gas reserves (1.2 tcf) needed for the project. “My government is committed to supporting industries that add value to our natural gas reserves, which is good for the country,” Mr O’Neill said. The Prime Minister said PNG has enough gas not only to export, but to use for downstream processing on projects like the petrochemical industry being proposed by the Japanese group. “This will create employment for our people, grow our economy and provide spin off business opportunities for our local companies. “This is what I want to see happen in our country,” Mr O’Neill said. “I’ve already made it clear to our partners such as InterOil and ExxonMobil that part of our natural gas and oil must be used for the development of DME/methanol and power supply,” Mr O’Neill said. “This is a vote of confidence in PNG. But we must not take this for granted. “As a government we will do all we can to continue this stable political climate and create a conducive environment for more investment opportunities," Mr O'Neill said.

Papua's Freeport Mine Facilities Vandalized, Ore Looted

Perpetrators allegedly vandalized buses, caused 'general alarm'

WELLINGTON, New Zealand (Radio New Zealand International, June 18, 2013) – Dozens of people vandalized Freeport facilities and looted ore concentrate at the copper and gold giant's mining district in Mimika, Papua, Indonesia. Witnesses say around 70 people came to the mining area on Sunday, looting and vandalizing cars and a security post. Papua Police spokesman Commissioner Gede Jaya Sumerta confirmed on Monday that the incident had taken place. He said the perpetrators, residents who are non-employees, also vandalized buses for employees and caused general alarm. He said after entering the site, the group vandalized passing vehicles and also the office and started to shout, scaring the employees and sending them fleeing. Security officers, aided by police and military personnel, were only able to regain control of the site two hours later. Several of the vandals were arrested and taken into the custody of the Tembagapura Police. The situation has returned to normal, with a heavy security presence in place. Freeport sent five buses to the site to evacuate some of the employees. It is still not clear what losses were incurred from the vandalism and looting.

Churches say no to mining research in the Pacific

From Pacific Council of Churches, Islands Business, 18 Jun 2013

SUVA, Fiji --- The Pacific must not be allowed to become a testing ground for deep sea mining and regional governments must stop issuing licences immediately. Pacific Conference of Churches Treaties Adviser Murray Isimeli said yesterday the region could not afford damage to the environment from testing. "There is no evidence on what effect testing or mining will have so we would caution against doing anything until there is substantial proof of the effects of disturbing the sea bed," Mr Isimeli said. "The closest (evidence we have) is the experience of land based mining. The evidence is clear – our people have paid a high price, both socially and economically despite the best intentions of our governments. Mining revenues have not justified the associated costs of displacement, dislocation (often accompanied by state and industry violence), damage to livelihoods and environmental degradation."

His comments came after a regional summit on deep sea mining organized by SOPAC (South Pacific Applied Geoscience Commission) in Port Vila, Vanuatu. Isimeli said the PCC member churches were mindful of the sovereign right of each state to exercise its political and economic self-determination on issues of national interest but Pacific governments needed to rethink paths to achieving sustainable development. "We recommend – in line with the PCC General Assembly resolution in Honiara in March - that, in the absence of clear scientific evidence, that our respective national governments err on the side of caution and call for a stop to the issuance of further seabed mining licenses," Isimeli said. He told regional leaders at the summit that the Pacific Ocean was a central part of the lives of close to seven million people and the decision by one government in regards to exploration or mining could affect the lives of millions of others. "The risks and uncertainties of seabed mining are too great to allow mining activities to proceed with the expectation that the damage can be reversed," Isimeli said.

"The leading scientific thinking, at present, states that we need to adopt a precautionary approach and institute a moratorium on seabed mining activities. "This precautionary principle is backed by international law." He also warned governments and their representatives about liberally using the

Bible to support mining after speakers at the Vanuatu spoke of underwater minerals as divine blessings. “The Church does not claim a monopoly on theology; we are all theologians in our own right,” Mr Isimeli said. “However, if governments, civil society and other stakeholders to engage in a gainful and meaningful discussion on theology and on interpretations of the Bible and its messages to us as stewards of His perfect creation - stewards of His people, our communities, and stewards of the environment, PCC will be happy to oblige. “In fact, PCC calls on our governments and inter-governmental organisations to make available appropriate space to hear and consider the voices of the Church and other civil society organisations in their discussions on deep sea mining.”

Harmony Gold expects write-down on PNG mine

The company expects a write down a portion of the carrying value of its Hidden Valley mine because of lower gold and silver prices.

JOHANNESBURG (Reuters), MineWeb.com, 18 Jun 2013 - South Africa's Harmony Gold said on Tuesday it expected to write down a portion of the carrying value of its Hidden Valley mine in Papua New Guinea because of lower gold and silver prices and a poor operating performance. "It should be noted that the write-down of the carrying value of Hidden Valley will reduce the net profit of the company, but will not have an impact on reported cash balances and free cash flow," Harmony said in a statement. The company, which will report annual results in August, said it would advise the market on the size of the impairment towards the end of July. The company's share price fell over 5.5 percent on Tuesday, bringing its decline in the year to date to around 50 percent. Investors could punish the stock further as Harmony's plans to diversify out of South Africa are centered on Papua New Guinea. The company's share price has fallen faster than bigger Johannesburg-listed rivals such as AngloGold Ashanti, the world No. 3 bullion producer, which has lost about 39 percent since the start of the year. But Harmony is much more exposed to South Africa, where costs and political risks are high, labour strife is rife, and the mines are deep and dangerous. Harmony gets over 90 percent of its output from South Africa and its plans to expand its production profile outside of the country depend on Hidden Valley and its huge Wafi-Golpu project in Papua New Guinea.

Lihirians urged to invest

The National, June 18th, 2013

By GYNNIE KERO
WITH a K40 million lending facility, Lihirians should invest in small business activities, Lihir Mining Area Landowners Association (LMALA) chairman Peter Suar says. He said this in Port Moresby last week after the LMALA and the Kina Group of Companies signed a loan and investment deal to spur business activities in the region. Suar said: “The decision to sign the loan and investment agreement with Kina lwould enable landowners to participate in any business activities on the island (Lihir). “At the moment … there is no project or business activity that the millions of kina sitting at the BSP branch could fund. “The decision to invest is drawn from the LMALA plan -- to mobilise landowner funds in the form of royalties, compensation and others.” Suar said the 5,000 landowners under LMALA have each contributed 20% from royalties they received towards the LMALA mobilisation funds.

“From landowner contributions, K40 million from this mobilisation fund would be invested so Lihirians could benefit from their money … there is no maximum limit to the amount they may borrow. “However, they would need to undergo training to get equipped with entrepreneurial skills. Kina chief executive officer Syd Yates said: “The partnership between LMALA and Kina is a good model for achieving future financial goals. “At Kina, we have K4 billion in funds under management

… the relationship between LMALA and Kina is a K40 million lending facility, which landowners could avail of. Yates said the Kina Finance Ltd would facilitate loans to the Lihirians while Kina Funds Management (KFM) would invest LMALA's funds to grow the wealth of all Lihirians. It is hoped that the leverage system would enable Lihirians to take advantage of both mine-related and non-mine related business opportunities. The target funds under management are expected to be subscribed by the end of 2013.

Ramu: MCC desperate for Kurumbukare chromite

Post-Courier 18.6.2013

Looks like MCC is not having it easy with a huge mound of chromite it wants to ship from the Ramu mine, having failed to put in the necessary infrastructure facility before extracting the minerals. The landowning company who was contracted to move the chromite is demanding K20 per kilogram of chromite they will be transporting to Madang. They are ready to roll, but MCC could not be clear about how much it will pay them. Madang town residents are concerned that this poisonous mineral will pass through residential areas of the township before it reaches the port of Madang. MCC is unwilling to send this abrasive mineral in the slurry pipe with the nickel and cobalt because it will corrode the pipe. Instead confidential documents reveal MCC's newest plan to ship this mineral on the Ramu River, where it will be transferred to a waiting ship in Bogia. At the moment Bogia doesn't have the wharfing facilities and therefore MCC will transfer directly from barge to the ship.

In its plans, it wants to build a holding yard in Bogia where chromite will be stockpiled for shipment. Two barges will be traveling up to Banu Bridge for refilling. Already villages downstream from Banu bridge are reporting their fear of using their Ramu River because it contains "poison from the nickel and cobalt." What these people do not know is that the chromite stocked just walking distances away from them has been leeching with the continuous rains in the previous months. At the Bogia end of the Ramu River, people are reporting unexplained deaths of fish, and the disappearance of shellfish. While MCC is still awaiting an environmental permit, workers report the huge pile of chromite is just sitting there in open air. Along this 640km Ramu River more than 250,000 people have defined their livelihood around this river system. (SOURCE: PAPUA NEW GUINEA MINE WATCH)

Marengo mines land ownership battle looms

The National, June 18th, 2013

MADANG landowner Peter Yama has questioned Marengo Mine's appointment of the Yandera Landowners' Association, claiming that social mapping has not been conducted properly. Yama said his land in the Omora mountains contained half of the explored gold deposits and urged the Government to conduct social mapping before establishing landowner associations. He supported a statement by Madang provincial administrator Bernard Lange that the previous social mapping done by a Dr Laura was not correct because many genuine landowners had missed out. "Social mapping must be done by the provincial government or MRA and not by any other person," Yama said. But Usino-Bundi MP Anton Yagama said that social mapping was done correctly and those who missed out were not from the area. "Yandera people have no land issues. Everyone has land and are using it," he said. "The provincial administration does not know what he's talking about." Yama claimed Marengo had been using village leaders as facilitators to negotiate and process the formation of the landowners' association as a voice for the company.

Yandera: Landowners threaten to close mine Post-Courier 18.6.2013

The flagship Yandera mining project in the highlands of Madang province is likely to face closure after complaints filed by landowners that developer Marengo Mining must honor commitments. Landowners are frustrated and threaten to shut down the mining operations in Yandara mining if Marengo Mining Company continues to ignore the Memorandum of Agreement (MOA) that was signed before the operations. Peure and Geremi Zones spokesman Greg Kila Gambu told this paper yesterday from Goroka that the company failed miserably to identify principal landowner and identification of land boundaries in addition to allowance of launching of Umbrella company and other sensitive clauses or the consent of the MOA. Furthermore, blessings of the election of Chairman of Spin off business and Umbrella Company were not done in accordance with the MOA
.
Mr Gambu said: "Peter Yama and I are genuine and principal landowners of the two mountains Marengo Mining Company is dreaming to exploit. Unless the land boundaries and principal landowners are identified, Marengo Mining Company will never mine our land.'' Mr Gambu concluded that after the consultation with his tribesmen, they have no choice but will have to force the company to ease operations until all the grievances are met accordingly. Attempts made by Post-Courier to get in touch with Marengo Mining were unsuccessful because the media officer was told by the company to step down for a while and it was not possible to get comments from them. The person that is supposed to respond to the queries is overseas but it is understood that the community affairs division is expected to establish facts surrounding the disagreement of the landowners to let the company operate in the area.

SOPAC mandate claims are disingenuous

by ramunickel, 17.6.2013

Minister's speech exposes a fundamental flaw in the SOPAC Deepsea Mining Project: It does not have the mandate of the peoples of the Pacific Network on Globilization

Monday's speech by the Vanuatu Minister for Lands and Natural resources, Hon. Ralph Regenvanu opens up the question of 'mandate' on which the SOPAC experimental seabed mining project is premised and which it uses to endorse its political legitimacy as well bring a sense of inevitability. The speech, given at the opening of a Regional Training Workshop on Social Impacts of Deep Sea Mining Activities and Stakeholder Participation, reveals how the Minister made the disconcerting discovery, that in the last five years, successive Ministers had issued 145 licences for seabed mining exploration and 3 for offshore oil exploration without the consent of the Council of Ministers or the Parliament of Vanuatu and without revealing the facts to the people of Vanuatu.

The Minister's speech was the first time the public was told what had transpired under successive governments. As he states, the government of Vanuatu "has been preceding down a path of action without the people it is supposed to be representing agreeing to or even knowing what we (government) are doing." Yet such situations are, unfortunately, not unique to Vanuatu; it is clear that other governments across the Pacific have not obtained the consent and mandate of their own people to pursue this untried and untested form of exploitation of our natural resources. You only have to look at the growing public opposition in PNG, the Solomon Islands and across the wider Pacific to appreciate that our own governments and SOPAC have proceeded down a path of action without the peoples' mandate.

So what is the SOPAC's mandate?
In response to growing public criticism and anger at the SOPAC DSM project, SOPAC has been keen to assert that they are mandated by our governments and that criticisms levelled at SOPAC is

misplaced. SOPAC officials have been on a Public Relations offensive arguing that they are 'independent advisors' and as an institution do not have a position for or against experimental seabed mining. They present themselves as being 'neutral servants' of our governments and therefore the people of this region and as neutral servants are simply trying their best to help engage with all relevant stakeholders. Yet on closer examination it is very clear that SOPAC (DSM Project) is one of three key drivers along with our governments and the mining industry of the race to exploit mineral resources in the region.

SOPAC was 'expressly set up for the purpose of promoting (and now the exploitation) of mineral potential of the shelves and ocean floor of the South Pacific region'. As such we have seen just how far SOPAC DSM project will go to pursue and promote the exploitation of these natural resources. SOPAC's relationship with industry has also come under the spot light with the recent exposure that it has been working on behalf of industry players such as Lockheed Marten rather than for the people of the region. It has also failed miserably in its duty to provide all the necessary information to help governments make informed policy decisions. Instead it has promoted a legislative framework as the tool to reassure the peoples of the Pacific that everything is under control.

SOPAC have ignored the ecological, economic and social arguments against DSM

As well as having no mandate from the people of the Pacific, SOPAC in promoting experimental seabed mining, has ignored the substantial ecological and economic arguments against this new form of mining. On the ecological front the risks and uncertainties of seabed mining are too great to allow mining activities to proceed with the expectation that the damage can be reversed. The leading scientific thinking, at present, states that we need to adopt a precautionary approach and institute a moratorium on seabed mining activities. This precautionary principle is backed by international law. While on the economic front, SOPAC has been leaning more and more towards how to better manage supposed revenues generated. Yet it is clear that there is no scientific or economic evidence to determine how experimental seabed mining will affect main industries in the Pacific namely fisheries and tourism industry on which many of our smaller Pacific island nations rely. There is also no evidence of the likely impacts on food security and the sustainable subsistence livelihoods on which so many coastal people rely.

On the social front the closest we get is the experience of land based mining. As pointed out by the Pacific Conference of Churches the evidence is clear – our people have paid a high price, both socially and economically despite the best intentions of our governments. Mining revenues have not justified the associated costs of displacement, dislocation (often accompanied by state and industry violence), damage to livelihoods and environmental degradation. SOPAC claims that legislation will ensure all of the ecological, environmental and social concerns are recognised and protected. Legislation can only ever be as good as a state's ability to manage and enforce it. Act Now! has pointed out how naive it is to believe that legislation to govern experimental seabed mining can put the checks and controls in place that will provide clarity and security, ensure the precautionary principle is followed and best environmental practice is followed. With their Deep Sea Minerals Project, SOPAC and the SPC are ignoring the realities of governance in the Pacific, unequal access to the legal system, the power of large corporations and their record of profit before the environment and people. The reality is that anything can be legalised but it doesn't necessarily mean it's a good thing; after all it's legal to own high velocity firearms in the in the United States not a great comfort to the parents of school children killed by those same legal firearms.

Vanuatu leads with new mandate that is people driven

What is unique is that the Hon. Minister announced that "wide public consultations will be undertaken before any further activities to do with seabed mineral exploration can occur in Vanuatu". Thus he has placed the question of mandate back firmly on the people of Vanuatu: they will determine whether to proceed or not. The Vanuatu Minister Hon. Ralph also demonstrated that experimental seabed mining is not inevitable as is implied by SOPAC DSM project. The challenge is whether other Governments in the region particularly in PNG, Solomon Islands, Fiji, Tonga, Nauru and the Cooks have the political will and courage to follow Vanuatu and seek a mandate from their own people.

Prime Minister lauds US$1b investment by Japan Post-Courier 17.6.2013
The National, 17th June 2013

PRIME Minister Peter O'Neill has welcomed a proposal by a Japanese group to invest US$1 billion (K2.1 billion) in a petrochemical plant in PNG. O'Neill and Minister for Trade, Commerce, and Industry Richard Maru last Friday met with senior executives of Mitsubishi Gas Chemical Co (MGCC) and Itochu Corporation to discuss the proposal. The plant will develop industrial chemicals – methanol and dimethyl ether (DME). "Under the new investment proposal MGCC and Itochu will invest US$1 billion to develop the project," O'Neill said. He said this would be the biggest investment by any Japanese corporation in the country and will create close to 5,000 jobs for the nationals during the construction period and production life of the plant. O'Neill welcomed the investors and assured the seven executives that the government would allocate a portion of the Konebada petroleum park for the project. He also assured them that the government will provide the gas reserves (1.2 tcf) needed for the project.

"My Government is committed to supporting industries that add value to our natural gas reserves, which is good for the country," O'Neill said. He said PNG has enough gas not only to export, but to use for downstream processing in the country, such as the petrochemical industry being proposed by the Japanese group. "This will create employment for our people, grow our economy and provide spin off business opportunities for our local companies. "This is what I want to see happen in our country," O'Neill said. "I've already been made it clear to our partners such as InterOil and Exxon Mobil that part of our natural gas and oil must be used for the development of DME/ methanol and power supply." The prime minister thanked the MGCC and Itochu Corporation for their keen interest to invest here. "This is a vote of confidence in PNG … but we must not take this for granted … as a government, we will do all we can to continue this stable political climate and create a conducive environment for more investment opportunities."

Vanuatu: Nautilus defends validity of mining licences Post-Courier 17.6.2013

A mining company licensed to explore Vanuatu seabeds is confident its licences are valid, despite revelations that dozens were issued without proper consultation. The recently installed Lands Minister, Ralph Regenvanu, revealed this week that 148 licenses have been issued over the past five years. He says the licences were never approved by the Council of Ministers or Parliament, but only by previous Land Ministers. But the Vice President of Exploration at Nautilus Minerals, Jonathan Lowe, says the company has no doubt its licences are valid. "Nautilus is confident about the Vanuatu authorities following due process with respect to our applications. Obviously I can't speak to those of our competitors or what the minister does or doesn't know about his new portfolio." Lowe says Nautilus submitted renewals for the applications two weeks ago, and that departmental authorities in Vanuatu were accommodating and aware of what the due process was. Regenvanu says only one of the licences was gazetted and is now seeking legal advice about the rest.

Bougainville: Landowner revolution or government power grab?

By PNG Mine Watch, Islands Business, June 2013

The Autonomous Bougainville Government has announced that its draft mining legislation is a world-first attempt to recognise customary rights to minerals resources. But this claim does not hold up to serious scrutiny… It has been over a decade since the Bougainville Peace Agreement was signed, putting an end to a bloody conflict that killed between 10,000 and 20,000 people. At the centre of the hostilities was the Panguna copper and gold mine operated by Rio Tinto subsidiary Bougainville Copper Limited. When landowners closed down the mine, following complaints over its socio-economic effects, Rio Tinto became embroiled in a bitter counter-insurgency campaign littered with serious human rights abuses. Two decades later, the mine is now back on the agenda and it appears Rio is set for a Bougainville return. To make way for this event, the Autonomous Bougainville Government (ABG) has been busy drafting a mining legislation with AusAID's assistance.

Tricky business

This is a tricky business; Bougainville's constitution demands "recognition of customary rights of the people of Bougainville in relation to land and sea and natural, mineral and oil resources of Bougainville". Ceding real power to communities is something governments are loathe to do, but in the context of Bougainville, where a bitter armed struggle was waged by landowners for this right to control natural resources, the ABG is under significant pressure. Not surprisingly then, the ABG announced in March 2013 that the proposed mining legislation would be a "world first". In an interview with the ABG President, ABC Radio suggested that the draft bill, if passed, would allow "landowners and the government to share rights to sub-surface minerals". According to the ABC report, "President Momis says landowners will have a power of veto over exploration and will also have the right to object once the development process begins".

Sounds pretty airtight, that is until one reads the actual draft bill. At the exploration stage, customary landowners do indeed have a right to object - that is legally enforceable. On the other hand, at this very preliminary stage, communities would have very few indications as to the size of the deposit, their potential share of the revenues and spin-off benefits, or the waste disposal methods. Whatever consent is given here, will be based on patchy information at best. Once landowners have agreed to exploration, their control over the resource development is entirely at the ABG's pleasure. President Momis argues landowners have the right to object at the mine-development stage. They do, but it is not an enforceable right. The legislation is very clear in this respect. If landowners object to the granting of a mining lease, the ABG has the power to overturn their decision: "The Autonomous Bougainville Government is by force of this section empowered to override the requirement for the consents referred to in subparagraphs (1)(b)(i),(ii) and (iii) [these subparagraphs deal with landowner objections to the granting of a mining lease]".

That said, section 14 of the draft legislation does acknowledge "disputes about minerals involving the owners of customary land are to be resolved, so far as practicable, by consensus". There is, therefore, a responsibility incumbent on the ABG to negotiate with landowners – but if agreement can't be reached, customary owners can be sidelined. Additionally, the Bougainville government has reserved for itself other sweeping powers. For example, they possess the exclusive legal right "to determine the amount, and the allocation, of revenue from the development of minerals". Also, the ABG is set to become kingmakers in the mine areas. Section 20 of the draft Act states that the "Bougainville Executive Council may from time to time approve one or more organisations to represent all or some of the owner: (a) of customary land that is the subject of an application for a mining lease; or (b) of customary land that the Council is satisfied is likely to be the subject of an application for a mining lease". It would appear the big winner out of the proposed legislation is not customary landowners, but the ABG. Once consent has been given to exploration, all the cards are in their hands, they can determine the distribution of revenues, they can overrule objections, and they can determine who represents landowning communities. In a March 2013 explanatory document, the ABG justify this power-grab on paternalistic grounds. It is necessary, they argue, in order to "protect the interests of the customary landowners so they are not exploited by corrupt outsiders". While in a speech to parliament, President Momis added that the ABG's wide-reaching powers were needed "to promote equitable development, protect our society, culture and environment, and protect the interests of our future generations".

Perfect storm

It would appear a perfect storm of sorts has come Rio Tinto's way. A government intent on its return, is now set to assume full responsibility for mining related decisions. Meanwhile landowner communities have been told to mute their criticisms of Rio Tinto's past complicity in serious human rights abuses. Mine revenues must begin flowing, the ABG claims, or autonomy/independence will be put into peril. Much the same was said in the 1960s, when landowners expressed concerns over the proposed Panguna mine, except then it was Papua New Guinea self-government whose fiscal future was at stake. And like now, the colonial administration justified its approach through appeals to the 'greater good', and paternalistic notions of protecting the 'natives'. Using the same neo-colonial rhetorical tricks may bring about the mine's reopening, but it puts at risk Bougainville's peace and the region's security. It would appear the draft legislation is far from revolutionary, it recognises what is already a defacto practice in Papua New Guinea, and falls short of the onerous requirements envisaged in Bougainville's Constitution.

Landowners want government to hold mining licence until issues sorted

By JAMES APA GUMUNO, The National, 14th June 2013

THE Mount Kare Landowner Co in Enga has urged the Government not to extend the Summit Development Co's exploration licence. Isap Lape, the chairman of the Apa Youpe Mt Kare Gold Deposit Co, said the bid by the company for exploration licence (EL) 1093 should be held until landowner issues were dealt with and misleading information on the company's website investigated. He accused the company of trying to take advantage of illiterate citizens in a very remote area. Lape said the company had reported that a landowner study had been completed was misleading. "There was no study conducted and this report is really confusing to me and my people back in the bush," he said. He said the Mineral Resource Authority was yet to receive the final report on the landowner registry and social mapping. "When this is done, the interested companies will apply for the mining licence," Lape said. He said foreign investors should not get the mining exploration licence. "We, the landowners, will get the licence and foreign investors will be joint partners with us to develop the Mt Kare gold deposit," Lape said. He also called on the landowner groups in Mt Kare to get the licence instead of selling off their resources to foreigners.

Bouaginvile: MGU backs Panguna mine reopening

Post-Courier 14.6.2013

By WINTERFORD TOREAS

THE Me'ekamui Government of Unity (MGU) has also expressed its support towards the reopening of the defunct Panguna mine. However, their stand is that-they want all outstanding issues to be sorted out first, including bel kol or compensation payments and the K10 billion compensation claim for environmental damages to be paid before the reopening of the mine can take place. While speaking to the Post-Courier early this week, MGU vice president Philip Takaung warned that if the above conditions are not met, they will not allow the mine to kick-start its operations. "We the people of Panguna are not against the reopening of the Panguna mine. We see that the reopening of the mine is a genuine cause and we are supporting the ABG's decision to reopen the mine. But our stand is this, we want all outstanding issues to be sorted out first before the mine's reopening can take place.

"We the leaders of Panguna want Bougainville Copper Limited (BCL) to first of all meet the K10 billion compensation claim. If this condition is not met, our stand is that the Panguna mine will not be reopened," Mr Takaung said. Mr Takaung is also calling on the Autonomous Bougainville Government to meet with MGU leaders to address pressing issues, including the resettlement issue of the Panguna people to avoid problems arising which could again lead to the closure of the mine's operations. "ABG is our legitimate government so we want them to come and meet with us and discuss where the 10,000 plus Panguna people will be relocated to before the mine's reopening can take place. If our relocation issue is not addressed, then we will go back to square one," added Mr Takaung. Apart from this relocation issue, Mr Takaung said there were other issues that need to be addressed first but the ABG was still pushing for the reopening of the mine without addressing these issues.

Yandera association opposed

Post-Courier 14.6.2013

THE recent formation of the Yandera Landowners Association of the Yandera mine project in Madang has not gone down well with various clan elders and key landowners of Yandera. The formation of the association which was endorsed by the Mineral Resource Authority recently was alleged to have been done without due process. According to a copy of a letter by Madang Provincial administrator, Bernard Lange to the MRA managing director dated May 27, 2013, Mr Lange explained to MRA that there were landowner issues that needed to be addressed such as social mapping, land identification and social impact studies before an association can be established. Mr Lange advised MRA to properly carry out relevant processes to ensure no issues remain. "The status quo of land issues must be solved in a meaningful way by way of proper social mapping and land boundary studies with specific reference to the current laws we have in administrating and managing our natural resources in the country," Mr Lange stated. Mr Lange also highlighted in the letter that there was need for compulsory consultation meeting with all the stakeholders in the Yandera mine project and also to secure funding to immediately conduct land identification and boundary studies, social mapping and social impact studies.

Mr Lange also in another letter to MRA dated June 4, 2013, explained that according to the Investment Promotion Authority (IPA) record, the cancellation of the certificate of registration of the Yandera Landowners Association was co-current there was no change. He stated that there appeared to be a misunderstanding between MRA and IPA towards the registration of the Yandera Landowners Association. In supporting Mr Lange's statement, prominent Madang businessman Peter Yama, who is also a clan leader of Yandera told reporters in a press conference in Port Moresby that MRA had gone ahead and endorsed the association without following due processes. "As long as I am the principal landowner at Yandera, I won't allow the company to access my land without my consent. "The Yandera Land Association was formed by some young people who were conned by Marengo and forced them to sign papers while there are no proper social mapping and land identification done in the area," Mr Yama said. "I am challenging these so-called executives to show me their land when we do the social mapping and land identification." Mr Yama said if worse comes to worst, he would tell the company to move out of their land.

Compensation key to Panguna negotiations: landowners

ABC Radio Australia, 13 June 2013, Liam Cochrane

Landowners say addressing historic compensation demands will be key to their Panguna mine negotiations


Bougainville's Panguna mine is one of the richest copper mines in the world. (Credit: ABC)

The newly-elected representative for landowner groups around Papua New Guinea's Panguna mine on Bougainville says addressing the historic demands for 10 billion kina (A$4.5 billion) compensation will be a key part of his negotiations. Lawrence Daveona is the new chairman of the Umbrella Panguna Landowners Association, representing six groups affected by the giant copper and gold mine. He has told Radio Australia's Pacific Beat that while it's highly unlikely any company will pay the 10 billion kina up front, it must be addressed as part of a wider agreement. "That will come as a pre-condition to any negotiation talks," he said. The Panguna copper and gold mine on PNG's Bougainville island was shut down in 1989, amid a civil war led by opponents of the mine. Negotiations to re-open Panguna have struggled, due in part to disunity amongst the various communities living near the mine, roads and port.

Solomons: Leaked report reveals resource curse

By Jason Brown, Islands Business, 13.6.2013

Ethnic tensions in the Solomon Islands are somewhat different today from the famed troubles that began 20 years ago. "Australians are rude and arrogant," a Honiara resident told *ISLANDS BUSINESS*. "We prefer Kiwis." An unintended consequence of peacekeeping efforts has given the people of the Solomon Islands someone else to loath than each other. Due to start pulling out after 10 years under the RAMSI scheme, Australian forces once numbered some 2,000 plus personnel, now down to the dozen. Public polls run by RAMSI paint a different, rather glowing picture and no doubt it's true that, as polled, foreign forces were very welcome relief from armed gangs that raped, tortured and killed during what is now called "The Tensions." But if familiarity breeds contempt, it's also not clear what lasting change has been achieved after more than US$1 billion paid out to the Regional Assistance Mission to Solomon Islands and, of course, counted as aid. A report quoted by opposition staffer Ashley Wickham on the DevPolicy site outlines much of the same conditions that existed before 1999.

A government dominated by Central MPs who focus on village payments to get re-elected, rather than making decisions in the national interest. He cites a US$200,000 donation to a cultural community as an example of myriad projects with no auditing or other accountability—the money simply disappears. Wickham aims high as well as low, at the visible and "invisible hands" controlling development in the nation's economy. "I believe the Solomon Islands government is abrogating its responsibilities and sitting back and watching donors (development partners) carry out the necessary investment in development. Is it because Prime Minister Darcy Lilo subscribes to the laissez-faire mind-set or has he been forced into this position by donors?" Laissez-faire mind sets form the modern origins of the Solomon Islands, a country named after a biblical king and his mythical gold mines, when a European explorer found alluvial gold sediments in the huge, flat river beds that snake their way through the biggest of about 1,000 islands. Hundreds of years after those early venture capitalists, foreign miners have invested some US$150 million in Gold Ridge, 30 kilometres south of the capital.

Government is predicting that mining will soon replace logging as the country's leading export industry. Potential returns can be seen in a 1999 figure from the US Geological Survey Yearbook of 2000 showing 3,456 kilogrammes of gold output, worth nearly US$160 million at today's market value, with an expected mine life of 10 years. In 2000, of course, the mine closed as civil unrest closed in and biblical blessings turned into a resource curse. The mine did not reopen until 2010. Three years later, there is little evidence that miners have learnt many lessons, paying landowners and government 1.5% each in royalties. Critics compared these royalties with an example from the Lihir gold mine in Papua New Guinea. There, an additional 30% share of the national special support grant given to the Lihir provincial government goes to the landowners, under an Integrated Benefits Package negotiated directly with foreign miners. In addition, the Lihir local government gets one million kina yearly for a village development scheme. Back in the Solomon Islands, foreign owners expect to end up extracting $1.5 billion from the Guadalcanal mine. Of that, just $45 million will stay onshore.

Guadalcanal landowners have already started protesting, in 2011 and again early last year, blockading a road to the mine and demanding US$5 million in compensation for environmental damage. Solomon Star newspaper reported that the mine representatives attempted to deny there was a protest until they were shown photos—and then refused to comment. But it's a leaked report from the Solomon Islands TRC (Truth and Reconciliation Commission), that shows the true state of denial surrounding realities behind the so-called ethnic tensions. Held back for the last 14 months by Prime Minister Darcy Lilo, the TRC report was leaked in late April by one of its final editors, long-time Malaita priest Bishop Terry Brown. At 332 pages, the report zeroes in on media descriptions of ethnic tension as the underlying cause of the five-year conflict. "There is uneasiness amongst some commentators that the Solomon Islands conflict is termed as 'ethnic tension'. "They argue that defining the conflict along ethnic differences is too simplistic and does not contribute effectively to its resolution because it detracts from the real causes of the conflict, insisting that these lie in broader socio-economic and political issues." Violence started towards the end 1998 with the eviction of settlers from Western Guadalcanal, notes the report.

"Since then, a number of studies have identified a set of underlying 'root causes' such as colonial heritage, lack of national unity, disagreement over land issues, uneven development, mismanagement of successive governments, economic crisis, and/or the weakening of traditional authority structures and law enforcement mechanisms, which finally culminated in an 'ethnic discontent' among many Guadalcanal people." Commission members both reject and accept "ethnic tensions" as a useful term. "Sustainable peace in Solomon Islands requires without doubt a well-balanced distribution of development investment and political institution-building; but it also requires the overcoming of prejudices and indifference." Lilo accused Brown of acting "illegally" in leaking the report. The bishop's supporters countered by saying that the government had already broken the law governing the commission, which required that the report be tabled in parliament. Sensitivity is said to centre on a comprehensive list of compensation payments to hundreds of Solomon Islanders.

Lihir: Miner eyes new options
The National, 13th June 2013

By GYNNIE KERO
Newcrest Mining Ltd aims to simplify its Lihir operations and achieve reliable predictable performance, country manager Peter Aitsi says. He said this after Newcrest writes down the value of its mines in PNG, Australia and Africa by A$6 billion (K12.6 billion). A major chunk of anticipated write-downs – about A$3.6 billion – is related to the Lihir operations, which Newcrest acquired in 2010. The Australian leading gold miner is seeking to slash overall corporate costs by 20%, in the process closing its Brisbane office and cutting 250 Australian jobs. Newcrest's shares have lost 70% of their value in the past two years and the company was valued at about A$9 billion (K18 billion) on June 11. The company plans to improve its cash flow over the next three years by cutting discretionary spending on projects and studies, reducing exploration activities, cost-cutting, using the stockpile at Lihir and suspending production of high cost operations.

Aitsi said: "Gold prices have fallen and investors are expecting returns rather than growth. "Newcrest is working on productivity and efficiency opportunities and to reduce costs across the business. "All our sites are reviewing their activities to simplify, reduce activity, and focus on priorities and lower costs. "This is in response to changed global conditions for resources companies, a lower gold price and our own need to improve production performance. "With the major plant upgrade at Lihir completed, we are now working on achieving reliable predictable performance, optimising the plant, reducing activity and simplifying our operations. Our employees are aware of this. Aitsi said that Newcrest, like other resources companies, is responding to changed global economic circumstances.

PNG key player in deep sea mining regional meet Post-Courier 13.6.2013

PAPUA New Guinea is one of the key players in a regional training workshop on stakeholder participation and social impacts of deep sea mining activities. This workshop commenced on Monday in Port Vila, Vanuatu and ends on Friday. The workshop is supported by the Secretariat of the Pacific Community (SPC)-EU Pacific Deep Sea Minerals Project, as part of its efforts to assist Pacific Island countries to improve the governance and management of their deep-sea mineral resources. The Pacific Deep Sea Minerals Project is funded by the European Union and managed by South Pacific Geoscience Organisation (SOPAC), the Applied Geoscience and Technology Division of the Secretariat of the Pacific Community, on behalf of 15 Pacific Island Countries: the Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor Leste, Tonga, Tuvalu and Vanuatu.

PNG's participation is crucial to the development of Offshore Mining Policy and provision of assistance in formulating participating countries' respective offshore mining laws and policies. Most Pacific Island States do not have deep sea mining policies. PNG is represented by the Department of Mineral Policy & Geoharzards Managment (DMPGM) and the Mineral Resources Authority (MRA). The Pacific Deep Sea Minerals Project is the first major initiative designed to regulate this new activity in a co-ordinated way within the Pacific Region. Manager of the Pacific Deep Sea Minerals Project, Mr Akuila Tawake, said one of the main objectives of the workshop on "Social Impacts of Deep Sea Mineral Activities and Stakeholder Participation" was to learn lessons from the social impacts of other extractive industries and how to minimise any potential social impacts of deep sea mining activities. Mr Tawake said the Pacific Deep Sea Minerals Project has already undertaken a number of activities designed to inform stakeholders about the technical, legal, economic and environmental impacts of deep sea mining.

Mines in for tough ride as profits tank Post-Courier 13.6.2013

The global mining industry is facing a market confidence crisis, a PricewaterhouseCoopers (PwC) report has found. “While 2012 saw mining stocks fall slightly, they fell nearly 20% in the first four months of 2013,” PwC said in a statement reported by Mining Review. According to the report, the industry faces a confidence crisis. “Confidence over whether costs can be controlled, return on capital will improve and commodity prices will not collapse, among others.” The report analysed 40 of the largest listed mining companies in major economies, including the United Kingdom, the United States, Canada, Australia, China, Russia, India, Brazil, Poland, Mexico and South Africa. It found that global mining revenues levelled at K1640.12 billion ($US731billion), and net profits were down by 49%, to K152.57 billion ($US68 billion). With regard to total market capitalisation gold miners in the top 40 lost K65.07 billion ($US29 billion) in 2012, while in the first four months of 2013, they lost a further K130.13 billion ($US58 billion) in value. The report found that since April 2012, half of the CEOs had been replaced at the largest 10 mining companies. PwC Africa mining leader Hein Boegman said in the statement that on the demand side of the industry, fundamentals are still there. He said mining companies were trying to rebuild the market’s confidence.

145 Mining Exploration Licenses Issued By Vanuatu State
Minister Regenvanu makes ‘disconcerting discovery’

By Len Garae
PORT VILA, Vanuatu (Vanuatu Daily Post, June 12, 2013) – There have been 145 licenses for offshore mining exploration and prospecting and another three for offshore oil exploration issued over recent years by the Government of Vanuatu. Minister Ralph Regenvanu made this shocking revelation when he opened the weeklong regional workshop on Offshore Mining and its Social Impacts at the Holiday Inn yesterday. "When I learnt that this workshop was going to take place here (and I was going to launch it), as the Minister responsible (for lands, geology, mines, energy and rural water supply), I decided to find out what I could about this issue (about the new frontier of offshore mining). "I made a very disconcerting discovery, something that in my five years as a parliamentarian and just over one year (accumulated) as a Minister of State I never knew: that in the past five years, the Government of Vanuatu has issued about 145 licenses for offshore mining exploration and prospecting, and another 3 for offshore oil exploration."

"By announcing this discovery, I am also making this information public in Vanuatu for the first time, and I have no doubt that this will be the first time that 99% of the population of this country is aware of this," he said. "These licenses have been issued without any proper national regulatory framework for seabed mining or for scientific research, let alone any proper understanding of what the prospecting process entails and what lies on our seabed – this is, after all, the situation all our countries find ourselves in when engaging with seabed mineral issues." He said the most alarming aspect however, is that the Government has been proceeding down a path of action without the people it is supposed to represent agreeing to or even knowing about what those in Government are doing. "The Vanuatu participants in this workshop know my reputation well as someone who is in politics to increase the transparency and accountability of Government, which to me means being accountable and responsible to the people of this country whom we represent and who pay our salaries with their taxes," he said.

As Minister responsible for lands, he is now overseeing a process of a reform to the country’s land laws to ensure that the principal of "Free Prior Informed Consent" to land dealings by the landholding clans of this country becomes enshrined in law, to the extent that a substantial majority of the members of a land-owning clan are required to agree to any dealing with their land. "I hope to pass these laws in the November session of Parliament this year. Vanuatu’s Council of Ministers has also just agreed to amend the Constitution to make it mandatory for the National Council of Chiefs to be consulted on all bills relating to land or kastom before they go to parliament. This amendment will go before Parliament in August," he added. To the Regional delegates he said, "I wish to address myself now specifically to the Pacific Island Government representatives here, my fellow servants of the public and the people. You are here to discuss ‘social impacts’. ‘Society’ is the noun of ‘social’ – and our society is made up of people: women, men, boys and girls.

It is also made up of communities: clan and traditional communities normally led by chiefs or other forms of traditional leaders, church communities led by bishops, priests, pastors, elders, deacons and deaconesses, village communities, settlement communities. ‘Society’ is made up of the government bureaucracy complemented by civil society organizations and private sector commercial companies. To assess ‘social impacts’, therefore, as this workshop asks us to do, it is just not possible to disregard the people and the communities we serve – they are the only ones qualified to describe and to judge what the ‘social impacts’ of any policy is on them – and there is simply no other way to determine this. "Accordingly, I ask you as government officials to listen to these voices, the voices of our people, voices like that of the Vanuatu Council of Women and other NGOs, voices like that of the churches. Listen, consider, and do your best to accommodate their views and represent them faithfully in your policy and decision-making. I ask you to take note of the concept of ‘Free Prior Informed Consent’ (I see there will be a presentation on this) which is an important principle when dealing with our communities, and especially the indigenous communities which make up the majority of the national populations of most of the Pacific Islands and who are – significantly - the stewards of most of our land and sea areas.

‘Free Prior Informed Consent’ as a concept and process is outlined perhaps most clearly in the ‘Draft Declaration of the Rights of Indigenous Peoples’ (or ‘UNDRIP’) which was adopted by the United Nations in 2007." He asked to delegates to take note of the "Precautionary Principle" as contained in the Rio Declaration. "The leading scientific thinking at present states that we need to adopt the precautionary principle when it comes to seabed mineral exploitation. To understand exactly what the precautionary principle entails for Pacific Island countries, I recommend participants read the legal opinion about the term prepared by the Environmental Law Alliance Worldwide on the website of the Pacific Network on Globalization (PANG)", he said. The Government of the Northern Territory in Australia has established a moratorium on allowing exploration for minerals or mining activities to be undertaken within the coastal waters of the Northern Territory until a review of actual or potential impacts of seabed mining has been undertaken.

They are waiting, in fact, to see what happens in the Pacific. "I see this as an example of a government correctly applying the precautionary principle, and it is an approach Pacific Island states which have not yet issued licenses for seabed mineral exploration would be wise to follow," he said. In his statement to Pacific Island churches last month, the Rev. Dr. Tevita Havea, Moderator of the Pacific Conference of Churches, said: “Whilst development aspirations are not contested, the pursuit of it must necessarily involve all parties to the covenant of citizenship in all Pacific communities. Churches, government and communities must ensure that we remain true to our collective responsibility for the most vulnerable among us and for the protection and conservation of the environment for future generations." "I hope the Reverend’s sentiments, and these thoughts of mine, can assist you in your deliberations this week as you discuss how the views of your societies can be represented inclusively in policy. If the negative "social impacts" of seabed minerals development are to be minimized, it is essential that such development is determined hand in hand with our communities from the outset," he said in conclusion.

Seabed miner Nautilus handed breathing aid: $40 million after shares sale

Mining.com, June 12, 2013

Canadian Nautilus Minerals announced Wednesday it now has Cdn$40 million in its pocket to keep up its plans of mining the deep blue frontier. The company, the first yet not the only one exploring the ocean floor for polymetallic massive sulphide deposits, said in a statement the money injection came from the successful closing of its rights offering through the issuance of 200,000,000 common shares at a subscription price of Cdn $0.20 per common share. CEO Mike Johnston said it was "very encouraging to see such a high level of support for the company from its existing shareholders," adding that the net proceeds from the offering will be used to continue funding Nautilus' three key current contracts related to the Seafloor Production System. Johnston believes those deals will help Nautilus to be "in the best possible position" to advance its flagship Solwara 1 gold, copper and silver project, located in Papua Guinea's Bismarck Sea.

So far the seabed miner has spent nearly $80 million on exploration programmes on the Solwara 1 since granted a mining lease in January 2011, following the environmental permit received in Dec. 2009 from the PNG government. But the firm has been swimming in choppy waters ever since. On top of the ongoing critics from environmentalists and the marine biologist community regarding the possible consequences of its Solwara 1, the company has been locked in a dispute with the government of the South East Asian nation since June 2012 over ownership of the project. Nautilus recently said the hearing date for the arbitration started by New Guinea against the firm has been set down for August 26. Meanwhile, PNG community groups increased their pressure on the government Wednesday, demanding authorities to impose a moratorium on all experimental seabed mining immediately, reports Radio New Zealand. The move comes on the heels of neighbouring Vanuatu announcing Monday it would apply a precautionary principle and, as a result, no seabed mining will be allowed until the full environmental impacts are understood.

Governments join the race

While Nautilus was the pioneer of underwater mineral exploration, now several governments and companies are busy snapping up exploration and mining rights to vast tracts of the ocean floor in international waters, with these rights administered by a UN body called the International Seabed Authority (ISA). Neptune Minerals, a US company, holds licences for Vanuatu, the Federated States of Micronesia and New Zealand. Since 2005 has been exploring massive seafloor sulphide deposits that may yield lead, zinc, copper and rare earths along the Kermadec Arc. Belgium's G-TEC Sea Mineral Resources, backed by their government, has also signed an exploration licence with the ISA for the central Pacific. And there is renewed interest in the Clarion Clipperton Zone, where the US salvaged K-129. In March the Guardian reported that British Prime Minister David Cameron wanted to "put Britain at the forefront of a new international seabed mining industry that could be worth £40 billion ($74 billion) to Britain's economy over the next 30 years."

Newcrest profit downgrade has PNG worried

by: Rown Callick and Barry FitzGerald, The Australian, June 12, 2013

NEWCREST will today respond to an ASX inquiry into the timing and circumstances of last week's devastating profit and production downgrade -- one that has also prompted Papua New Guinea's Prime Minister Peter O'Neill to raise concerns the company's problems could affect the national economy. Both the ASX and the Australian Securities & Investments Commission confirmed last week they were investigating Newcrest after the downgrade announcement was preceded by a raft of broker downgrades, prompting accusations of selective briefings, which Newcrest denies. The ASX nevertheless sent Newcrest a so-called "aware" letter asking the company whether it disclosed market-sensitive information at the time it should have under listing rules. Newcrest is assumed to have the standard two days to respond, meaning this morning marks the deadline for its response. Should it fail to satisfy the ASX, the matter will be passed on to ASIC.

It was a feature of last week's downgrade that Newcrest also flagged it would be making an asset writedown of up to $6 billion, mainly on its Lihir gold mine in PNG. The group's high-cost Hidden Valley mine in PNG will also be taking an as yet undisclosed hit. Newcrest has also undertaken to rid itself of high cost gold ounces, meaning a turnaround at Hidden Valley is more crucial than ever. That prompted Mr O'Neill's intervention. Yesterday he expressed concern about the impact on his country's resource sector and economy generally "when a company as big as Newcrest faces serious problems". He offered assistance to the beleaguered gold giant "to help ensure operations continue". His statement highlights his anxiety about Newcrest's troubles infecting the national economy, just as he is presiding over PNG's most expansionary budget. Yesterday Newcrest's share price slumped for the fourth consecutive trading day, closing at $12.03 and extending its fall this year to 47 per cent, half of that in the past four days.

While PNG's economic growth spurt is being driven chiefly by ExxonMobil's construction of the country's first liquefied natural gas plant, its longer term sustainability as a major global resource centre hinges on the development of the next generation of mines. The future of the $5.6 billion Frieda River copper-gold project is uncertain, because its 81.8 per cent owner, Xstrata, has recently restated its reluctance to take a lead in such greenfield ventures. And the position of the Ok Tedi mine, which has been the country's biggest income earner for several years, is uncertain with its current lease concluding at the end of this year, and with the government seeking to assume full ownership. Those problems underline the importance of Newcrest to PNG, where it bought the Lihir mine three years ago for $9.5 billion, and a 50-50 joint venture with South Africa's Harmony Gold in the huge Wafi-Golpu gold-silver-copper prospect, as well as the Hidden Valley gold-silver mine.

Mr O'Neill said it was clear that Newcrest was "facing some serious challenges with its projects, including those in PNG", resulting in part from the fall in the gold price. "The company is highly regarded as a leading participant in our resource sector." He said the government would seek a briefing from Newcrest's management on the impact on the PNG projects, with a view to ensuring they remain "fully operational". "The principal role of the national government must be to maintain a sound climate for investors and especially, major resource investors who are spending billions developing our resource sector," Mr O'Neill said. "As Moody's ratings agency recently confirmed, we are delivering the right climate for investors. In the meantime, we will get a briefing from Newcrest, and be open to consider what assistance might be offered."

PNG’s Western Province To Host Third LNG Project

$216.3 million already invested by co-venturers

By Isaac Nicholas
PORT MORESBY, Papua New Guinea (PNG Post-Courier, June 12, 2013) – Horizon Oil and Osaka Gas will develop Papua New Guinea’s third liquefied natural gas (LNG) in Western province, Petroleum and Energy Minister William Duma announced yesterday. The third LNG project comes at the back of the PNG LNG project now under development in Hela and Central Provinces, and the Elk/Antelope project in the Gulf province. "I am pleased to congratulate Horizon Oil and Osaka Gas on their recent announcement of a strategic alliance in Papua New Guinea to commercialize the substantial volumes of hydrocarbons in Western Province," Minister Duma said. He said he had previously endorsed the considerable efforts of Horizon Oil in this country since assuming operatorship of petroleum retention licenses 4 and 21. The Minister said Horizon Oil, together with its co-venturers, has incurred more than K480 million (US$216.3 million) on appraisal and pre-

development activity in Stanley, Elevala and Ketu gas fields, resulting in the confirmation and independent certification of 1.3 trillion cubic feet gas containing 37 million barrels of liquefied petroleum gas and 57 million barrels of condensate.

Minister Duma said Horizon Oil lodged an application for a petroleum development license for the Stanley gas field in August last year and is working towards application for a further development license over the Elevala and Ketu gas fields. "Subject to the finalization of the review by my department and Cabinet, I would expect to approve the Stanley project development license applications in the very next term," he said. "These new projects in Western province will provide strategic benefits to PNG and in particular, the people of Western Province. "The Stanley project which will involve a capital investment of approximately K659 million (US$297 million) in Western province, will result in the employment of up to 200 people during the construction phase and will create opportunities for landowner companies and regional businesses to provide valuable services to the project."

Minister Duma said the hydrocarbons to be produced from the Stanley gas field will add to PNG’s energy independence. He said the condensate to be extracted from the Stanley gas will likely to be sold to the Napa Napa refinery, displacing imported feedstock; the gas will be made available on commercial terms to third parties, including Ok Tedi Mining Limited, to generate power to the regional mining operations and to enable the realization of the PNG government policy of rural electrification in Western Province. "The availability of PNG’s energy endowment as a domestic power source not only improves our nation’s balance of trade but will lead to considerable savings and environmental benefits, with cleaner gas-fired power displacing expensive and inefficient diesel generators," Minister Duma said. "Indeed, the use of gas-fired power to displace diesel requirements at Ok Tedi estimated to generate fuel savings of approximately K2.2 billion (US$991.2 million) over 20 years, providing opportunities to extend the mine life and enhance distributions to landowners." The Minister said in addition to the strategic benefits outlined, the entry of Osaka Gas to PNG as an investor and strategic partner to Horizon Oil strengthens the possibility of material LNG development in Western province. Osaka Gas is the second largest gas company in Japan and has about 7 million natural gas customers on its service area located in the Kanasai region.

Follow Vanuatu lead on experimental seabed mining: NGOs urge

Islands Business, 11 Jun 2013

Community advocacy organisations ACT NOW! and the Bismarck Ramu Group (BRG) are urging the PNG government to follow the example of Vanuatu and impose a moratorium on any experimental seabed mining. The Vanuatu government announced yesterday it will apply the precautionary principle and not allow experimental seabed mining in its territorial waters until the full environmental impacts are understood and there has been extensive consultation with citizens and civil society organisations. The Vanuatu government has also emphasized the importance of ensuring the free, prior informed consent to local people to any mining. "The potential government revenues from the proposed Solwara 1 experimental seabed mine are going to be tiny compared with the LNG project and land-based mines," says Effrey Dademo, Programme Manager for Act Now!

"There is no reason for the PNG government to be rushing into this untested and potentially devastating new form of mining". "As the Vanuatu government has stated, the environmental and social impacts need to be fully understood before we allow any undersea mining". John Chitoa from the Bismarck Ramu Group agrees. "We have already seen the devastating environmental and social impacts that can follow when we rush ahead with new mining projects. We need to learn from experiences like Ok Tedi and Panguna and take things at our own pace and not be rushed by greedy foreign corporations. "We need to take our time on this one and get it right so that our people and environment are protected and not sacrificed to outside agendas".

Panguna agrees: Landowners reach agreement to re-open giant gold-copper mine

By ROMULUS MASIU in Arawa, Post-Courier 11.6.2013

AFTER 24 years, the leaders, landowners and people of Panguna mine in Bougainville have reached some sort of agreement and are ready to sit down, talk and negotiate for the re-opening of the defunct giant copper-gold mine. Landowner discontent over equitable distribution and sharing of Panguna mine benefits led to PNG’s first serious Bougainville Crisis in May 1989 that went on for about 10 years. It left about 20,000 dead, including men, women and children, as well as PNG soldiers, policemen and correctional officers. According to reports from Panguna, the landowners are now ready to kick-start dialogue and negotiations with all the stakeholders, including the Autonomous Bougainville Government (ABG) led by President Fr John Momis, the PNG Government and BCL for the re-opening of the copper-gold mine. Its is yet to be confirmed how widespread this consensus for negotiations fore the re-opening of the mine is, but it appears that Panguna landowners are now speaking the same language as pro-ABG veterans and ex-combatants of Ishael Toroama and his group.

But one thing is certain - they want all outstanding issues to be sorted out, including bel kol or compensation payments, customary obligations for blood shed and lives lost during the 10 year crisis from May 1989 to August 2011 when the final peace agreement was signed in Arawa when Sir Julius Chan was Prime Minister. What is coming out of Panguna is good news for everybody, especially for Dr Momis and the people of Bougainville who need money to develop the province as it moves forward to the scheduled referendum in 2015 when the people will have a say in determining their political destiny. It also comes at a time when about 10 Chinese and US businessmen who are now in Buka for talks with Dr Momis for possible investment in Bougainville. The Panguna landowners have elected Lawrence Daveona as chairman of the Special Mining Lease Association, one of six associations that make up the Umbrella Panguna Landowners Association.

Mr Daveona automatically becomes chairman of the umbrella association. The umbrella association has not been registered and Mr Daveona has undertaken to do have it registered as a matter of priority. The full executive of the umbrella association is chairman Mr Daveona, deputy chairman Richard Avero, treasurer Tony Tapakau and secretary Dennis Nasia. The association executive met yesterday (Monday) and resolved that they will be the sole representative of their people in any talks with ABG, the national government, BCL and any other interested investor. Chairman Daveona, who comes from the same village of Guava as late Francis Ona who instigated the 10 year crisis, thanked the landowners for electing him chairman and told them he will make the re-opening of the mine his priority. “I will fight for what is best for the landowners and for all the people of North, Central and South Bougainville, especially those who died and suffered during the Bougainville Crisis,” he said.

PNG: Andewa project dumped

Post-Courier, 11.6.2013

Newcrest Mining has pulled the plug on a preliminary exploration agreement for Frontier Resources Ltd’s Andewa gold mine project in Papua New Guinea. Frontier Resources said Newcrest had withdrawn from a farm-in agreement for the Andewa project, effective June 21. Newcrest Ltd, through subsidiary Newcrest PNG Andewa Ltd, could have taken a 60 per cent stake in the project by solely funding $19.25 million in exploration across four years from January 2012. Newcrest had spent at least K41.05 million ($2.5m) on exploration, triggering its right to assume management of the project and its right to withdraw. Frontier will assume full ownership of the project. Frontier chairman Peter McNeil said K14.65 million ($6.87m) had been invested in drilling and evaluating the project since January 2012, with eight holes completed for 6,014.3m before Newcrest's withdrawal. The farm-in agreement covered the Mt Andewa and Mt Schrader exploration licences

Vanuatu Church Authorities Oppose Deep Sea Mining

National council expresses solidarity with women's group

WELLINGTON, New Zealand (Radio New Zealand International, June 10, 2013) – The Vanuatu Council of Churches has joined the Vanuatu National Council of Women in expressing concerns over deep sea mining. The Council of Women told the minister of lands, Ralph Regenvanu and the prime minister, Moana Carcasses Kalosil in a letter last week that women don't want deep sea mining around Vanuatu as the country already faces environmental problems, natural disasters. An executive member of the Council of Churches, Pastor Alan Nafuki, who is participating in a regional workshop on deep sea mining this week, says they are also against it. He says he is surprised the government has granted licenses to foreign companies without informing the local people. "We need to be told about what would happen if they mine our sea. I mean the sea is our livelihood. We need to know and we need to have a say in this before anything is done." Alan Nafuki says there are other ways to generate income rather than deep sea mining.

Fiji: Newcrest to invest $13m

Salaseini Moceiwai, Fiji Times via PNG Mine Watch 9.6.2013

NEWCREST Exploration (Fiji), a subsidiary company of Newcrest Mining Limited, will spend about $13million on exploration works at Mount Kasi Gold Mine in Dawara, Cakaudrove for the next three years. In an interview Mineral Resources department director Malakai Finau confirmed the company had been given the green light to carry out such proposed task at the site. "Exploration work proper has not started yet as we are in the initial stages of processing the granting of the licence," Mr Finau said. "The company has submitted their work program for three years with a budget of about $13million to spend on exploration. "Mining works is still a long way off as the new company will have to commence from possibly scratch again after the previous exploration and mining on Mount Kasi." The initial landowner consultation, he added, was held last month in which a government team led by the permanent secretary for Lands and Mineral Resources, Tevita Boseiwaqa, and company representatives visited the landowners to notify and advise them on the exploration work to be conducted in the area.

"I would like to relate to the significance of the mineral exploration to resume at Mount Kasi as about 14 years is quite a long time for a potential mineral deposit to be idle with no mineral exploration activity. "Newcrest Exploration Fiji Ltd should be given the opportunity to invest in Fiji through this exploration activity with all due support as given to all other mineral exploration companies or other investors for that matter." However, Mr Finau said Newcrest was advised to hasten its preparation and be ready to commence exploration work once the exploration licence was finalised by the department, and also to be sensitive to landowner issues and be mindful of the environment. "This is exploration work and not mining and the care and monitoring of the exploration activities by the company, and its potential impact to the environment and to the people, community and landowners is a high priority for the department."

Vanuatu Hosting Seabed Mining Workshop

SPC offers advice 'on avoiding environmental impacts'

WELLINGTON, New Zealand (Radio New Zealand International, June 09, 2013) – Vanuatu will host a workshop this week for Pacific governments to be advised on the emerging industry of seabed mining. Scientists say rich deposits of gold and other precious 'rare earth' metals are found in seabeds from Papua New Guinea, Solomon Islands and Fiji across to French Polynesia. The mining company Nautilis Minerals was given a licence by PNG in 2011 to exploit seabeds in its exclusive economic zone. Akuila Tawake, the team leader for the the Secretariat of the Pacific Community's Deep Sea Minerals Project, says advice to countries will focus on avoiding environmental impacts and problems with revenue management. "We'll do everything we can to make sure that in any economic development we make sure we look after the environment, we are supporting the economic or socio-economic development of our various communities in the region." Akuila Tawake says territories including French Polynesia are not included in the project, despite being member countries of the SPC.

Indonesia Hoping To Finish Freeport Investigation Soon

Tunnel collapse killed 28 workers in May

WELLINGTON, New Zealand (Radio New Zealand International, June 09, 2013) – The head of the government-led investigation into the tunnel collapse that killed 28 workers at the Freeport McMoRan mine in Indonesia's Papua province says it should not take three months to complete. The tunnel reopened operations on May 28, two weeks after the collapse in its training facility, but the death of a truck driver days later prompted the government to ask the company to halt operations until the investigation was completed. Ridho Wattimena told Reuters he thinks the investigation will not take much longer. Workers have alleged the collapse was a result of human error and that there were many complaints about the safety of the classrooms where the disaster happened. Freeport insists its facilities are safe. The company estimates it contributed around $1 billion US dollars to the Indonesian economy last year in taxes, royalties and dividends to the government, and the chief economics minister has called for a speedy end to the investigation.

Timor-Leste and Australia

Bugs in the pipeline. Timorese leaders push for a better deal from their offshore gas fields

Asia, Jun 8th 2013, SINGAPORE

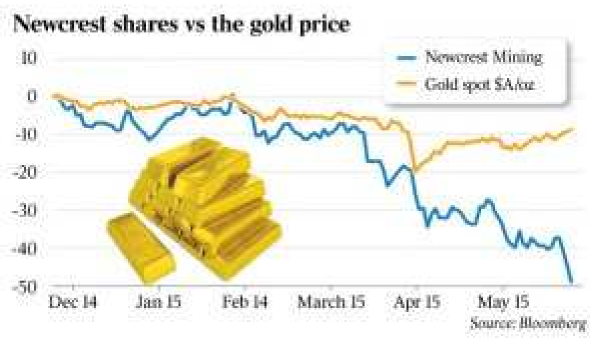
THE future finances of the young, poor nation of Timor-Leste, formerly East Timor, have become embroiled in allegations of skulduggery by Australia nearly a decade ago. Timor-Leste has taken its big, wealthy neighbour to arbitration over a 2006 agreement on the exploitation of oil and gas in the sea between them. Speaking on a visit to Singapore this week, Timor-Leste's oil minister, Alfredo Pires, claimed to have "irrefutable proof" that, during negotiations in 2004, Australia's secret services had illegally obtained information. His lawyer claims the Timorese prime minister's offices were bugged. Whatever the truth, leaders in Timor-Leste feel Australia took advantage of them. In 2004 the tiny nation was still recovering from the devastation that followed its vote for independence from Indonesia in a UN-organised referendum in 1999. The Indonesian army and supporting militias had sought revenge in a rampage of killing and destruction.

Ever since, Timor-Leste's hopes of prosperity have rested on offshore oil and gas reserves. But most are located in the Timor Gap, under waters also claimed by Australia. Cash-strapped and desperate for revenue to start flowing, leaders saw no option but to agree to treaties with Australia that many in Timor-Leste see as unfair. In all, three linked treaties covering the Timor Gap were signed, but the maritime boundaries were never agreed upon. The first, the Timor Sea Treaty, signed in 2002, gives Timor-Leste 90% of the revenue from a Joint Petroleum Development Area (JPDA). This meant that revenues could start flowing. The JPDA was a compromise between Australia's insistence the maritime boundary be the deepest point as agreed with Indonesia in 1972, and Timor-Leste's hope to use the "median line", halfway across the sea. Only 20% of one of the largest fields, Greater Sunrise, is within the JPDA.

Then another treaty was signed in 2006, after two years of tortuous negotiations, during which the alleged spying took place. This one gives each country an equal share of revenue from Greater Sunrise on condition that they waive their rights to assert sovereignty, or pursue any legal claim over the border, for 50 years. It is this treaty that rankles with the Timorese. If the median line were the border, Greater Sunrise and many other fields would fall in Timorese waters. Mr Pires says that the uncertainty about the maritime boundary makes it hard to plan for the long term or to attract investment. Despite its growing oil wealth (its petroleum fund already contains $13 billion) Timor-Leste remains one of Asia's poorest countries. It is pinning its hopes on the Tasi Mane project, an ambitious plan to build a gas plant to process gas from Greater Sunrise, and a refinery and associated petrochemical industry. That is a gamble as long as the sovereignty issue is unresolved and an impasse persists over the route of a gas pipeline from Greater Sunrise. Timor-Leste wants a pipeline to Tasi Mane to bring jobs and income. Australia wants a pipeline to Darwin. The bugging allegation and arbitration proceedings seem intended to force Australia to the negotiating table. Leaders in Timor-Leste hope to break the logjam and perhaps to win a better deal.

Rolled-gold disaster at Newcrest

Matt Chambers, The Australian, via PNG Mine Watch 8.6.2013



NEWCREST Mining has unveiled a whopping $6 billion in write downs, has cut 250 Australian jobs, will close its Brisbane office and will not pay a final dividend. In a dramatic announcement — finally addressing shareholders after a slew of broker downgrades this week — Newcrest set the scene for one of the nation's biggest corporate losses, when between $5bn and $6bn of writedowns on mines in Papua New Guinea, Australia and Africa are taken in its August full-year results report. The announcement accelerated a recent hammering of Newcrest's share price, sending the stock down $1.01, or 7.6 per cent, to a nine-year low of $12.35. That brings falls in the past three days to 19 per cent and leaves the market value of the company at $9.47bn. The market value — which was more than $30bn when chief executive Greg Robinson took the reins two years ago — is now less than the $9.6bn in scrip and cash that Newcrest paid for PNG-miner Lihir Gold in 2010.

The gold price in April suffered its biggest monthly drop in 30 years, and Newcrest has struggled to meet production guidance at the same time as gold investors in general have been preferring direct access to the metal through exchange-traded funds. Mr Robinson, who is under growing pressure from investors to turn the goldminer around, described yesterday's announcement as painful. He said it was an acceleration of a previously announced strategy to focus on its lower-cost Lihir Island mine in PNG and Cadia East mine in NSW. "Newcrest has been on this path for well over 12 months, and we've been talking about cost containment and stopping business-development projects and focusing on our core activities," he said. The 250 jobs, from corporate offices in Brisbane, Melbourne and Perth, will take about $40 million of annual costs out of the business after between $50m and $70m of one-off redundancy costs are paid. "In the last three months, we've taken out 250 people in the areas where we're not looking to create activity — I think we are done," Mr Robinson said.

The announcement came as Barrick Gold, the world's biggest goldminer, confirmed it would cut 50 or more West Australian mining and exploration jobs. The flagged Newcrest writedowns, of which $3.6bn is on goodwill from the Lihir Island mine, came with guidance that 2013-14 gold production would be between two million and 2.3 million ounces. Mr Robinson said he expected it to be at the higher end of the range, with the lower end factoring in potential delays of the Lihir expansion. This was in line with five analyst reports in recent days that apparently spontaneously downgraded previous expectations that Newcrest would produce 2.6 million tonnes in 2013-14. Mr Robinson rejected suggestions from Bell Potter analyst Charlie Aitken that the analysts were selectively briefed. "A Barcelona presentation we did at the Merrill Lynch conference (in May) really identified all these key outcomes," Mr Robinson said.

"I think what's happened is, post the gold price collapsing, the analytical community has put two and two together, and a few of them have got to that conclusion, the momentum has risen." The Barcelona presentation was posted on Newcrest's website but not released to the ASX. Mr Robinson said he was not aware of any moves from his investor relations department to point out to analysts that their expectations were too high. The Australian Securities & Investments Commission is investigating the issues around disclosure. Newcrest said it expected no free cashflow next financial year after $1bn of capital spending, which has been reduced from previous plans of a $1.5bn spend. This means there is a good chance there will be no dividend paid next year. "It will depend on price," Mr Robinson said. "At current spot prices, if we looked at cash and capital, we're (cashflow neutral). "If we really saw the next year being good, we still might pay the dividend because it's a vote of confidence in the future."

Sea bed minerals expert says time is right for rare earth mining

PACNEWS, 07/06/2013

An expert in sea bed minerals says ’heavy rare earth’ deposits in the Pacific are some of the richest in the world. The lucrative metals, used for magnets and other items in modern technology, are in great supply in Melanesia, as well as the muds around French Polynesia. Dr Allen Clark, a senior fellow at the East-West Center in Hawaii says despite risks of damage to the ecosystem, China’s market dominance and new mining capacities means the time is right for the Pacific sea bed to yield its riches.

ALEX PERROTTET: Dr Allen Clark spoke to Radio New Zealand International's Alex Perrottet:

ALLEN CLARK: Papua New Guinea down to the Solomon Islands and over to Fiji, In those areas they all have these gold-bearing deposits. And these things are truly very, very high-grade. Compared to on-land deposits they’re amongst the richest that we’ve seen, including those on land. So the economics of them pretty much dictate that you have the opportunity to go in, and they are a potential rich source of revenue and development potential for the islands.

AP: Why is this becoming a big issue now? Is it because of the discovery of them or is it because it’s more likely that countries will actually start getting licenses and mining for these minerals?

AC: I think the most important one right now is there’s been this very long, dramatic increase in base metals, particularly for nickel, cobalt, lead and zinc, and an unbelievably rapid increase in the price of gold and silver. And these happen to be the major commodities that are associated with both the polymetallic nodules and the gold-bearing mass of sulphides in Papua New Guinea and around the Pacific islands. The other one that has been particularly driving this system is a very large increasing demand for these metals largely fuelled by China. That’s also been the driver for the price increases. And I think the other thing that’s most important is that we have over the last few decades gotten tremendous experience in deep ocean exploitation from the oil and gas industry. And a lot of these capacities that have been developed by the oil and gas are largely applicable in the mining industry.

AP: There’s been a lot of talk about what might be on the sea bed around France’s Exclusive Economic Zone, particularly French Polynesia, and just what France might or might not do.

AC: I don’t think it will turn French Polynesia into a major source of rare earths competing with China by any means, but China has basically been trying to manipulate the rare earth market. And this has driven other countries to look for other areas for rare earths. And it certainly has the potential to dramatically impact their economy and the workforce, et cetera.

Newcrest tightens belt as shares dive

Peter Ker Sydney Morning Herald, June 7, 2013

Newcrest Mining expects to cut asset values by up to $6 billion in coming months, as it prepares to slash spending, cut jobs and close its Brisbane office. The miner said this morning it would cut capital spending in the 2014 financial year to $1 billion instead of $1.5 billion, nearly halve its exploration spending to $85 million, and slash corporate costs. Newcrest chief Greg Robinson is under pressure to respond to a sudden share price slump that has wiped more than 22 per cent off the value of the company in just three sessions. "I know it's a very dramatic announcement today," Mr Robinson told analysts. "Overall our strategy is maintained, although short term we are tactically reacting to these lower prices. We will continue to have an unhedged revenue stream."

Value halved

Newcrest shares were down 9.6 per cent at $12.08 this morning, after trading as high as $15.68 on Tuesday. The company's market capitalisation has dropped below $10 billion, more than halving since the beginning of the year amid the worst gold price slide in decades. The stock has lost nearly three-fourths of its value since November 2010, far outpacing a fall in the gold price, which is down around 27 per cent since peaking in late 2011. "The 2014 budget has been developed in the context of the current market environment and outlook, including a recent sharp deterioration in the gold price (the largest in 30 years), the ongoing strength of Newcrest's operating currencies relative to the US dollar, and an elevated operating cost environment," Newcrest said. Staff numbers will be cut hard and fast. Mr Robinson said between $50 million and $75 million worth of redundancies would be processed and completed within the next 23 days. Closure of the Brisbane office and other white-collar cuts will take about 20 per cent off Newcrest's corporate costs. Mr Robinson has been in Brisbane this morning breaking the news to staff. Shareholders will share the pain being felt across Newcrest's workforce, with the company advising that there would be no dividend for the year to June 30. Mr Robinson said Newcrest's gearing ratio would climb close to 30 per cent by July; double the company's long-standing, self imposed gearing target of 15 per cent.

Lihir takes hit

But the cutback regime will extend to its mining operations too. Mining operations and material movements at the Lihir mine in PNG will be reduced, and will instead focus on extracting gold from stockpiles at the mine. That move is likely to see jobs lost at the mine, which employs PNG locals as well as significant numbers of Australian fly-in fly-out workers. Other mines will also suffer cutbacks, particularly where "high cost" ounces are produced. The Telfer mine in outback Western Australia will come under particular scrutiny.

Stock downgrades

A number of Australian-based analysts have downgraded the stock in recent days, with most agreeing that three of Newcrest's major gold mines are unprofitable at recent gold prices below $US1400. The slump has exacerbated an extended decline in the share price in which Newcrest shares have more than halved in value since September, dramatically more than the slump in the gold price. The market suspicion was summed up by Goldman Sachs broker Richard Coppleson in his afternoon report on Thursday. "Many in the market find this extraordinary that in the last 24 hours, [three] brokers have suddenly downgraded the stock [two] to a sell and [one) to neutral - but what amazes everyone is that there has been no new info from the company," he wrote. The miner has already cut 150 jobs from its Melbourne and Brisbane offices earlier this year, and also runs a corporate office in Perth. Operating three corporate offices in Australia is looking increasingly untenable in what appears to be the early stages of a lower price environment for gold. The precious metal has spent most of the past 18 months trading between $US1550 per ounce and $US1900 per ounce, but has spent much of the past two months between $US1320 and $US1470 per ounce. Newcrest occupies prime real estate in Brisbane's three-year old "400 George Street" building. Newcrest is also believed to be considering cost savings at its troublesome Lihir mine in PNG, and has already flagged that its Hidden Valley mine has been losing money and is under close review.

Ok Tedi: Sir Mekere on PNGSDP’s end

The National, 7th June 2013

PNG Sustainable Development Program (PNGSDP) chairman Sir Mekere Morauta admitted that Tuesday’s annual general meeting in Port Moresby could be the last for the company. This comes after Prime Minister Peter O’Neill’s recent announcement that the Government would take ownership of the Ok Tedi mine from Jan 1, 2014. O’Neill’s vendetta with PNGSDP has been ongoing since last November when he barred its then chairman, Prof Ross Garnaut, from entering PNG, after his alleged disparaging remarks about PNG politicians’ use of public funds. This is the first time Sir Mekere has spoken on the issue. “This meeting marks a turning point in the company’s history as a model mine owner, a model development agency and a model funds manager. “Now, through unplanned circumstances forced on the company, it is moving towards the final shape designed for it by my government more than 10 years ago,” he said. “To put into context recent events concerning the company and the possible consequences, some history is necessary.

“PNGSDP was created as a central part of the Ok Tedi Mine Continuation (ninth supplemental) Agreement Act 2001, which gives the force of law to the agreed outcomes of the negotiations between the State of Papua New Guinea and BHP Billiton to allow the Ok Tedi mine to continue operations and BHP Billiton to withdraw.” Sir Mekere said the creation of PNGSDP was at the heart of the Ninth Supplemental Agreement Act’s intention that Ok Tedi Mining Ltd dividends be used wisely, transparently and accountably. “In the 10 years since it began, PNGSDP has fulfilled this mandate. “By level of expenditure, it is the second-largest development agency in the country after AusAID, and has delivered a wide range of projects to every corner of the country, to improve the quality of life of people, especially in remote and disadvantaged areas, and make a substantial contribution to economic and social development. “At this point, it is appropriate on behalf of the board to thank the company’s staff and in particular my predecessor, Garnaut, for their efforts.”

Solomon Islands: New bill to govern mining on the way

By Elliot Dawea, Solomon Star, 06 June 2013

THE Ministry of Mines, Energy and Rural Electrification is working on producing a bill, which will see the establishment of a Minerals Development Authority. The move comes in the wake of the increasing mineral exploration activities in the country. Deputy Director of Mines and Energy Joseph Ishmael told the Solomon Star the authority will be established under a Minerals Development Authority Bill they are currently working on. He said the bill will be modelled on the Papua New Guinea’s Mineral Resources Authority. Mr Ishmael said the minerals development authority will act as a regulator and ensure there is sustainability in the mining industry. “Once this bill becomes a law, it will ensure the industry operates in a responsible, efficient and effective manner,” Mr Ishmael said. “It will cater for the improvement of lives of all Solomon Islanders through the responsible management of the nation’s mineral resources. “This proposed bill will also effectively promote a healthy and sustainable mineral industry and provide a regulatory environment, which maximises mining opportunities to ensure optimum benefits for the people of Solomon Islands.” Mr Ishmael said PNG has the same authority which protects people’s rights when mining companies apply to operate on their land. He said a national consultation on mining conference will be held in Honiara next month to hear views from stakeholders on the proposed bill. He added the Government wants to see the bill becoming law as soon as possible.

O'Neill scores a win in battle for Ok Tedi

Rowan Callick, The Australian, June 06, 2013

PAPUA New Guinea's Prime Minister Peter O'Neill has won a crucial round in his battle for control of the country's biggest mine and largest taxpayer, the copper-gold resource at Ok Tedi. The 63 per cent shareholder is the PNG Sustainable Development Program, a trust set up on behalf of the people of Western Province by BHP-Billiton and the PNG government when the former quit running the mine a decade ago in the wake of environmental disaster. At SDP's annual meeting in Port Moresby on Tuesday, its chairman, former prime minister Mekere Morauta, announced that as a result of government pressure, "constructive dialogue to put in place a fair and transparent exit of SDP from Ok Tedi Mining Ltd is necessary". He noted "the government's decision to remove (SDP) from any involvement" with Ok Tedi mine, which last year made a net profit of $447 million, slightly down on 2011. This would mean SDP would cease to receive dividends from the mine, which is awaiting approval by the government to renew its lease in order to continue operating next year.
Changing the terms of the trust would require the approval of BHP Billiton.

Stephen Howes, director of the Development Policy Centre at the Australian National University, who co-wrote an independent review of SDP in 2011, said the government's move "raises serious questions about government-business relations and the security of property rights in PNG". Sir Mekere said the government's assumption of ownership would be "the trigger forced on the company to start drawing down the $1.4 billion" in a long-term fund established solely for the people of Western Province. A further $400m has been spent on projects there and elsewhere in PNG. He also said SDP "recognises that the national government may be unable or unwilling to pay a full price for its shareholding in Ok Tedi Mining Ltd", estimated to be worth about $1.1bn. After paying tribute to his predecessor as chairman, Australian economist Ross Garnaut, for playing "a pivotal foundation role", Sir Mekere said SDP had been able "to oversee very successful mining operations at Ok Tedi, to deliver sustainable development . . . and to save and protect a very substantial portion of the dividends . . . for the benefit of current and future generations". Professor Howes said shifting the ownership of Ok Tedi "will reduce expenditure effectiveness" and described it as a "a sad day for PNG".

Environmental and financial concerns about PNG government takeover of Ok Tedi

ABC Radio Australia, 6 June 2013

There are concerns in Papua New Guinea about what the PNG government's takeover of the the Ok Tedi mine will mean for the people of Western Province and for the environment. Earlier this week, former Prime Minister Sir Mekere Morauta admitted Ok Tedi's biggest shareholder the PNG Sustainable Development Program, will be willing to negotiate an exit from the mine. The move has been forced on Sir Mekere, who is Chairman of both OK Tedi and PNGSDP, by PNG's Prime Minister Peter O'Neill. Prominent PNG blogger, Martyn Namorong, told Jemima Garrett there are big risks associated with the change of ownership.

Presenter: Jemima Garrett

Speaker: PNG writer and blogger, Martyn Namorong

NAMORONG: My main concern relates to whether the PNG government is willing to pay a fair market price for PNGSDP shares, which are estimated to be worth about one-point-one-billion US dollars. And the reason I'm saying that is because that money belongs to the people of Western Province from which the province which I am from, and if the state is not willing to give the people of Western Province their one-point-one-billion dollars worth of shares, then the state is essentially stealing from the people of Western Province.

GARRETT: Sir Mekere Morauta has admitted that PNGSDP will not get that full one-point-one-billion dollar value of the mine. How much is the PNG government likely to be willing to pay?

NAMORONG: From what I've observed particularly with regards to how the state has taken over Tolukuma mine, if the same process kicks in it looks like the state might take over for only a dollar.

GARRETT: What would that mean to the people of Western Province?

NAMORONG: It would mean whilst they would have one-point-four-billion from the long-term fund, they would essentially have lost one-point-one-billion of their money to the Papua New Guinea government. This is on top of the environmental loss that they've experienced because of the government allowing for tailings disposal into the Fly River.

GARRETT: Would they also lose the income stream from the mine that has fed the Development Fund?

NAMORONG: That's unclear because the communities directly connected to Ok Tedi Mining Limited with regards to the mining incomes that they receive as opposed to PNGSDP, which is a shareholder that acts on their behalf with regards to developmentmental activity, so direct revenue from Ok Tedi, I think that's for the PNG government to inform the people of Western Province whether particularly the community mine continuation agreement, whether their packages that they negotiated for the mine life extension will be guaranteed, and for the mine landowners whether their royalty packages still will be guaranteed. If we see for example with Tolukuma mine the state has

not paid royalties to the landowners there. So it is of concern I suppose for those communities whether they will continue to benefit from the Ok Tedi mine when the state takes over.
GARRETT: The one-point-four-billion dollar long-term fund, the Papua New Guinea Sustainable Development Fund holds, is supposed to be for the people of Western Province once the mine closes as you mentioned. The rules of that are going to be relaxed. Is this the beginning of the dissolution of this fund?
NAMORONG: The directors of PNGSDP have a fiduciary duty towards the people of Western Province to defend that fund for and on behalf of them. And I would hope that none of that fund is handed over to Waigani or to other parties, but managed in the interests and solely for the benefit of the people of Western Province, because they have definitely faced the consequences of the national government decision that was made, a series of national government decisions that were made with regards to Ok Tedi. So they deserve that and the impacts of Ok Tedi are long term and it is absolutely imperative that the long term fund be managed well.
GARRETT: If the PNG government takes over Papua New Guinea Sustainable Development share it will then be in charge of the mine. What sort of record do you think it will have on environmental management of the mine?
NAMORONG: We've seen continuous problems with the Tolukuma mine and the state through Petrolmin owned Tolukuma and landowners from there have had issues with the state but that's not unique with regards to mining projects around Papua New Guinea. With the Ok Tedi situation what is critical is the maintenance of the bigger dredging project and the mine works tailing treatment which removes sulphur. And those are very expensive projects and Ok Tedi mine will be operating at 60 per cent of what this current production level. Whether the state will be a responsible shareholder and not add cost and in effect by cutting costs cause environmental damage, it's unclear, the state has not informed the people of Western Province that it will continue to maintain the high standards of environmental management that Ok Tedi currently has under PNGSDP ownership.

Ok Tedi: Rubber earns K12.5million

The National, 6th June 2013

By GYNNIE KERO
WESTERN generated K12.5 million in revenue last year from rubber exports alone, the PNG Sustainable Development (PNGSDP) said. Agriculture programme manager Potaisa Hombunaka said during the PNGSDP open day in Port Moresby on Monday the revenue of K12.518 million last year was below the 2011 revenue. Rubber export take in 2011 was K12.7 million. Hombunaka said: “The slight drop in revenue was due to low world market price and the 30% appreciation of kina last year or the phenomena of Dutch Disease.” “The export earning is estimated at more than K35 million from export of 6,000 tonnes”. He said: “The PNGSDP will grow the rubber industry in Western to plant more than 10,000ha of rubber farms beyond 2022. “Hence, PNGSDP’s current funding commitment to the rubber programme is K43 million. “PNGSDP has already spent K15 million to plant 2,260ha by its major development partner North Fly Rubber Ltd (NFRL) in Lake Murray involving 1,505 lake families. “The balance of the funds will be used for the next 10 years to:

- Establish buying depots in Lake Murray, Balimo and Suki (this should be delivered by end of this year);
- Plant 2,800ha of clonal rubber beginning January 2012 and conclude in 2018.

That is 1,070ha in Agrim (Kiunga, North Fly district); 1,148ha in Balimo, South Fly district and 582ha in Suki, South Fly district; and

- Fund the capacity of NFRL, both in terms of infrastructure and human resources to roll out this project.

Meanwhile, Western has exported 1,976 tonnes of crude rubber last year, up 1,331 tonnes, or 48%, from previous year.

Ok Tedi: PNGSDP's contributions

Post-Courier 6.6.2013

PNG Sustainable Development Program Ltd, has made significant contributions to national and economic development in PNG, says it's Chief Executive Officer Mr David Sode. Mr Sode said PNGSDP has committed K1.18 billion to deliver over 600 projects in Papua New Guinea during its ten years of operation. We have, through those projects, made a very significant contribution to improving the quality of life of all Papua New Guineans, especially those living in Western Province. "We are a unique organisation. Not just unique in Papua New Guinea, but unique in the world. There is no other organisation that is comparable: Over the past 10 years PNGSDP has distinguished itself as a model mine owner, a model development agency and a model funds manager".

In the past 10 years, PNGSDP has received a net K4.06 billion ($US1.8 billion) in dividends from Ok Tedi. It has put aside a net K2.62 billion ($US1.16 billion (two-thirds of the dividends) in the long term fund for use in Western Province after the mine closes. It has put a net K1304.62 million ($US578 million) in the development fund, which pays for current projects and programs. Of that K1304.62 million, two-thirds has been committed to national projects — K868.99 million ($US385 million) — and one-third — K435.62 million ($US193 million) — to Western Province projects. "Our record on project planning and implementation is second to none in Papua New Guinea, either as direct project funding or through our major subsidiaries — PNG Energy Developments Ltd, Western Province Sustainable Power Ltd, Cloudy Bay Sustainable Forestry Ltd and PNG Microfinance Ltd.

The most significant transformational infrastructure project to date has been the construction of a network of telecommunications towers in Western Province and adjacent areas of Sandaun Province (a commitment of K73 million), and Gulf Province (a commitment of K4 million). Looking at financial overview of the company in 2012, total income in that year was K527.1 million. The bulk of that income was generated from the Ok Tedi Mining Limited dividends up to K462.4 million. Total net assets at the end of last year was K3.2 billion. Development fund at the end of 2012 was K334 million. Money in development fund is available for annual development project spending. PNGSDP was established in 2002 with the task of applying funds coming from OTML, which are assigned for the development of PNG, in particular the people of Western Province.

France yet to signal direction on rare earth exploration in Pacific

PACNEWS, 05/06/2013

The mining of rare earth minerals in the Pacific could be a step closer, with the United Nations International Seabed Authority publishing a plan for managing the extraction of the precious metals. The metals, which are vital for manufacturers of items like cameras, computers and aeroplanes, are reportedly in strong supply in seabeds around French Polynesia. A report from Radio New Zealand International says China currently holds a lion's share of the export market in the rare minerals, but new discoveries in Greenland and the Pacific Ocean seabed could signal significant movement in the market. Last year, a pro-independence politician Richard Tuheiava called for a law change that would allow French Polynesia to explore and mine in the exclusive economic zone that is controlled by France. The emerging industry could provide relief for France with jobs and investment opportunities. In his speech after winning this year's election, President Gaston Flosse said exploration of rare earths would be on his agenda. In French President Francois Hollande's campaign he promised French Polynesia recognition of its natural resources, but he has so far not signalled which direction France will take on the issue.

Worker Alleges Papua Mine Collapse Due To 'Human Error'

Also claims employees discouraged from unionizing

WELLINGTON, New Zealand (Radio New Zealand International, June 5, 2013) – A worker from a mine in West Papua says the tunnel collapse that killed 28 people was caused by human error. The allegations come as the Indonesian government has ordered the company to halt production until its investigation report is in. It has already made several recommendations to the company, but workers claim that is not enough. Alex Perrottet reports:

The U.S.-based Freeport McMoRan receives most of its income from one of the world's biggest mines in the remote province of West Papua. It reopened the mine last week, but employee and union-member Darmawan Puteranto says it's not good enough to continue operations without a bigger commitment to improving conditions. "It's very, very extreme here, because 28 persons dying, it's not a small number, it is a big number. And with the Indonesian Government, the sanctions should be very hard." He says he is convinced there was human error involved in the collapse. He says workers who sat in the classrooms regularly reported poor conditions and said they could hear rocks falling. "I think all of the employees are worried about their working conditions right now. They are not sure anymore about their safety. I think the management should improve or modify the safety program to avoid the same thing happening tomorrow."

Freeport's CEO, Richard Adkerson, was not available for comment and the company has made it clear the accident in the training facility was well away from their production area. But on Friday a truck driver died in a separate incident within the mine area. Mr. Puteranto says pay is also an issue. He says workers at the mine earn a fraction of what colleagues earn overseas, and a tiny portion of the company's profits. But the vice chairman of the Indonesian Mining Association Tony Wenas says the comparison is unfair. "You cannot compare apples with oranges. Even though it's the same mining industry we cannot compare. The workers are not shareholders, right? It's not a sharing of profit because they are not going to also bear the loss."

He says workers don't suffer the effects of the companies' fluctuating market value, but looking after the workers should be a priority. "We expect that all mining companies put a very high standard on safety because our employees are our main asset. And, I mean, when I say 'companies,' I mean all companies in Indonesia." Mr. Puteranto claims he is the only employee that has joined the union, whose membership is dominated by contractors. He says management doesn't prohibit staff from joining, but they are intimidated. "A lot of staff is afraid to join the union because they're afraid it will affect their career, because the right to join the union is a human right, you know?" Tony Wenas says the whole industry in Indonesia needs more legal certainty with greater regulation. He says Indonesia ranked at the bottom of 96 countries in a recent policy-potential index and says that's a wake-up call for the government.

Government Plans For Nickel Tax In New Caledonia

Tax could be implemented at the start of 2014

WELLINGTON, New Zealand (Radio New Zealand International, June 5, 2013) – The government in New Caledonia is planning a tax on nickel ore. The president Harold Martin says the levy would be a strong fiscal measure, but two major operators in the country may be exempt. The proposal provides for taxes of between 2.5 and 5.5 percent on the export value of the resource, depending on its grade and whether the ore is refined before export. The tax could come into force at the beginning of next year and the revenue would be put aside for future generations, towards economic diversification, savings or in case of crisis. Mr. Martin says the country's two major nickel operators Swiss-listed Xstrata and the Brazilian operation in the south, Vale, are subject to agreements on fiscal stability but expert advice is being sought on the proposal. The draft law next goes to a vote in New Caledonia's Congress. New Caledonia has a quarter of the world's nickel reserves and it is expected to become a major global supplier of the metal in coming years.

Ok Tedi nets K913million

The National, 5th June 2013

By MALUM NALU
OK TEDI Mining Ltd (OTML) recorded a net profit of K913 million last year, down from K1.2 billion in the previous year, the company revealed yesterday. Profit before tax was K1.2 billion, down from K1.8 billion in 2011. Total sales revenue was K3.3 billion (K4.5 billion in 2011), while operating costs were K2.1 billion (K2.6 billion). Income tax was K331 million (K604 million). These figures were disclosed by OTML general manager government and external relations Musje Werror at the PNG Sustainable Development Program (PNGSDP) annual report meeting in Port Moresby. "Our revenue was affected by the lower production due to plant reliability issues, failure of the pyrite concentrate pipeline in the prior year, and our copper concentrate pipeline was blocked for almost the whole month of April 2012," Werror said. "This was as well affected by the low river level by the end of 2012, as such our last parcel of shipment did not make it through during the month.

"In general, copper and gold prices remained strong in 2012, but indicated lower against 2011, in particular copper and silver. "Our kina expenditures were impacted by the weak US dollar. "Operating costs were 21% down against the prior year due to our continued cost measures in place." TML paid total taxes of K444 million (K1.1 million), K65.4 in royalties (K85.8), K67.8 million in compensation (K69.8), and K722.9 million in dividends (K1.55 billion). "If we not include Inmet (former shareholder) in the equation, 2012 dividend will be almost the same as 2011. The Inmet dividend in 2011 represents the US$335 million lump payment for the share buyback," Werror said. The report showed a strong balance sheet with total assets of K3.4 billion, and total liabilities of K866 million, for a total equity of K2.6 billion.

Ok Tedi: Separation may mean K2.94bil for Western

The National, 5th June 2013

PNG Sustainable Development Program chairman Sir Mekere Morauata yesterday said the Government's decision to remove PNGSDP as majority owner of Ok Tedi Mining Ltd will force the company to start drawing the US$1.4 billion (K2.94 billion) of its long-term fund. "That money would be spent solely in the Western province," he said commenting on the standoff with the Government over ownership of PNGSDP and OTML. Speaking at the company's annual report meeting at the Crowne Plaza in Port Moresby, Sir Mekere stressed that constructive dialogue was necessary to put in place a fair and transparent exit of PNGSDP from OTML.

"It is in the interest of the State, PNGSDP, and OTML to come to final decisions on the future of both companies soon," Sir Mekere said. "OTML has submitted a mine-life extension (MLE) application to the State. "It is subject to approval by the State as mining regulator and separately by the two OTML shareholders – PNGSDP (63.4%) and the State of Papua New Guinea (36.6%). "The CMCA communities have already given their unanimous approval for mine life extension. "Based on the feasibility study, mine life extension is expected to provide US$4.3 billion in social and economic benefits to PNG. "Mine life extension increases the value of OTML (both State and PNGSDP shareholding) by US$660 million from US$1.812 billion."

PNGSDP spends K1.18bil on projects over 10 years

The National, 5th June 2013

PNG Sustainable Development Program (PNGSDP) has delivered 662 projects to which it has committed K1.18 billion over its 10 years of operation, chief executive David Sode said. He told an annual report meeting yesterday that PNGSDP had made a significant contribution to improving the life of all Papua New Guineans, especially those living in Western province. “We made a significant contribution to PNG,” he said.

Bougainville: Duty first, mine later

Post-Courier 5.6.2013

By ROMULUS MASIU

ANY mining company wanting to re-open and operate the Panguna Mine will have to honour customary obligations first by settling the 20,000 lives lost and blood shed on the island during the Bougainville Crisis. This was the stand taken by former combatants during the 4th Regional Veterans Association Forum at Kangu Beach, Buin District in South Bougainville. All speakers who spoke on the re-opening of the Panguna Mine agenda echoed the same sentiments, most calling for the re-opening of the mine as a priority. However, before the mine is re-opened settlement for the lives lost and blood shed must be customarily sorted out. Former combatant from Wakunai Glynn Tovirika told the forum that the re-opening of the Panguna Mine is a must as the Autonomous Bougainville Government does not have the funding capacity at the moment to carry out its obligations to provide much-needed services to its population.

However, before any mining company including Bougainville Copper Limited (BCL) come in to operate, the customary obligation must be met. “All the blood shed and lives lost during the conflict must be compensated…must be settled in our Bougainville custom. We have custom and such people who want to come and re-open the Panguna Mine must settle this outstanding issue,” Mr Tovirika told hundreds of veterans gathered in Buin last week. Mr Tovirika said Panguna Mine was central to the Bougainville Crisis thus the cultural value of this place must be upheld. “I don’t care who comes in to re-open the Panguna Mine, whether BCL or whoever, the story is the same…you have a customary obligation to abide by….and that is to pay for the blood and lives lost before you start digging our mine pit,” Mr Tovirika stated. Peter Naguo, another outspoken ex-combatant from Buin told the forum that Panguna Mine and our island is cursed by those thousands of lives lost during the fight. "Before the mine is re-opened we have a mammoth task on hand," he said.

"That is to gather all the remains of those who died and put them at their right places. If we don’t do that and open the mine, things will definitely go wrong again because the lives lost are still crying out for a proper burial." Mr Naguo added that all the reconciliations must be completed before the mine is opened. All those present shared the same sentiment that outstanding issues on the mining including lives lost, environmental damage and other customary obligations must be adhered to before the opening of the mine becomes a reality. At the back of their minds, the veterans, like the government and people of Bougainville really want the mine to be operational because the region does not have any strong base of revenue with only funding from the National Government and donors.

Bougainville Copper mine in PNG shut in 1989 on stock market

Paul Toohey, News Limited, via PNG Mine Watch 4.6.2013

IT is an extraordinary situation: 24 years after the world’s largest copper mine was closed due to a civil war on Australia’s doorstep, the majority Rio Tinto-owned Bougainville Copper Limited still floats on the Australian Stock Exchange. Former combatants still occupy ground around Bougainville's enormous open-cut Panguna mine site, which has not seen mining activity since 1989, when Papua New Guinean forces attempted to reassert control over its province and the mine, which once contributed 20 per cent of PNG's annual income. The civil war, which came about in part due to a demand from Bougainville rebels for higher mine royalties, and their anger at natural destruction, resulted in an estimated 10,000 to 15,000 deaths. Since then, Bougainville has rebranded itself the Autonomous Bougainville Government, and is moving towards an independence referendum within five years. For years, BCL has been accused of providing equipment that assisted PNG forces in attacking the rebels. BCL chairman, Peter Taylor, denies it, and remains optimistic the mine could reopen in five years. In this edited interview, Taylor talks about the obstacles to reopening the mine and what it would mean to Australia. He warns that investors may not view Bougainville's likely independence as a positive step for the mine.

Q: It's been more than two decades since the mine was operational. Yet your annual ASX filings are optimistic. Why do you see hope?
TAYLOR: I get the impression that more people in Bougainville are coming onside with reopening the mine, but having said that, there are still some – in the minority – who are opposed to the mine reopening, for a range on reasons. Some are opposed to mining on principle. Some have a family history as a result of what happened when the crisis occurred. But I think more are coming on board with the idea of getting the economy going.
Q: The mine is still in the hands of rebel forces, some of who may be slowly surrendering some of their weapons. Is that your understanding?
TAYLOR: It's all a bit muddy, this concept of rebel forces. The original group under (deceased Bougainville Revolutionary Army leader) Francis Ona has dissipated. Those who are left from the revolution days call themselves Mekamui, a local word, so they've changed from their title. I don't think rebel army is the right term. They're ex – combatants and some are simply disenfranchised. There's nowhere for them to go. I haven't been to the mine site for a long time, I just don't think the time is right for people like me to go there. But a number of Australian diplomats have been there, and contractors can go there. But there's a big difference in someone like me going there, because of the symbolism attached to that. There is a place called Morgan Junction where a group of guys extract a toll to go up the road. But I think they're opportunists trying to extract a buck for going up the road, rather than any political philosophy.
Q: Historically, the largest royalty share from the mine went to the PNG government. It distributed a 1.25 per cent royalty payment to Bougainville (five per cent of that was distributed to land owners, the remainder going to the provincial government). Have you put an offer to Bougainville that is significantly better than that?
TAYLOR: There's been no offers made by either side, and there are more than two sides, actually. You've got the Autonomous Bougainville Government, which didn't exist in the old days, so it's a new entity and people may or may not decide whether they want it to be independent. They are the principle party that deals with the landowners. There are six identified landowner groups, and three others, who aren't on the mine lease but the fringes of it. One of them is supposed to represent the ex – combatants. The Bougainville Government's idea is to get all nine groups to form a single united body that can then negotiate with the Bougainville Government and the national government (which owns 19 per cent of BCL). We really haven't got to the stage where everyone's put their wish – list on the table, but there is jostling. Six of the landowners groups have signed up officially. The people who aren't onside yet are the people around the Panguna area.
Q: Do you in – principle agree with a larger royalty, or larger royalty equivalents through better education and health facilities?
TAYLOR: I do agree that the people of Bougainville should get a larger share of the proceeds than they did in the past. How they take it is a question for them rather than for me. They've got to decide: is the royalty the way to go? Shares in the mine? Royalties upfront? We used to pay it to the national government, which would distribute it to the provincial government. The dispute wasn't

about the quantum, but the distribution.
Q: Are you satisfied that allegations that Rio/BCL provided equipment to the PNG forces during the war have been put to rest?
TAYLOR: This is the allegation in a US court case that BCL provided helicopter gunships? It's not true. BCL never owned a helicopter. We chartered them, we never had them. The helicopters that get most attention are ex – Australian military helicopters that were given to PNG on the condition they be used only for humanitarian purposes. My understanding is the PNG government ignored that and put guns on them.
Q: How would Bougainville's independence affect your operations?
TAYLOR: It's an important question for me as a potential investor. When I need to raise the money for this mine, by going to banks and investors, wanting to raise billions of dollars, they're going to say: "Tell me about Bougainville." If Bougainville is the world's newest nation, with no track record of managing projects, as opposed to PNG which has a long track record, it's going to be easier to raise the money if Bougainville doesn't go down the independence route. I wouldn't even go to the market at this stage, because I can't tell the market what they're investing in.
Q: But isn't independence an inevitability?
TAYLOR: I don't know. You'll get Bougainvilleans who'll say, "We spilt blood for independence." There is an element that will say, "We don't want to be part of Papua New Guinea." But if you're an economic rationalist, you might be better off having big brother in Port Moresby bankrolling you. And even if Bougainville votes for independence, the PNG government still has to change its constitution to allow it to happen. And there's a question as whether they'll do it.
Q: You're a mine chairman with no mine. Is your daily work a constant push to restart the mine?
TAYLOR: Absolutely. On a daily basis we're talking to PNG, Bougainville and landowners. There's process to begin ethnographic surveys of the landowners around the mine site so we actually know who our constituents are. That hasn't been done. That's just one project. And we know a lot about the ore body, but it won't be the same technology as before. We'll modernise.
Q: Have you tried to negotiate directly with the intransigent ex – combatant group? What is their bottom line?
TAYLOR: They're not organised. You're dealing with individuals who have particular wants. Some want to be included in the workforce. Some want a school. A hospital. Most of what they want are not things I find unusual. If you take away the title "combatant", it's the sort of stuff you'd expect anybody who's having a major operation like this moved into their area to be asking for.
Q: This long – lasting event so close to our shores was horrific. How did it feel to be part of it?
TAYLOR: I think it took not just the company but the Australian Government by surprise. I don't think anybody saw it coming. I've thought about it many times: "How did it actually happen?" There's no simple answer. A whole lot of things aligned. I don't believe Francis Ona, the leader of the rebel group, wanted to close the mine. He wanted a bigger share. He didn't think landowners were getting a fair cut.
Q: BCL continues to trade at around 50 cents a share when the mine has been closed 24 years. That's unusual, isn't it?
TAYLOR: I think there's more justification for the BCL share price than I do a lot of other speculative companies in the mining sector who haven't even discovered anything. We know what the value of our ore body is, based on current metal prices. The punters are saying, "Well, if we can ever commercialise that, it'll be a good return."
Q: Australia has taken the view since the time of Whitlam that there should be fewer smaller states in our region that could potentially fail. Is that your understanding?
TAYLOR: I've never heard Australia say it that way but I think it's right. There's this division throughout the region, of which first nation looks after which developing nation. If you look at Australia's patch, its got some pretty terrible examples small nations: it has this dilemma with Fiji, it's still pouring money into the Solomon Islands, it's got Bougainville and other micro states which depend almost entirely on Australian and New Zealand aid. And at the political level, all these little states have one vote at the UN, which creates another dynamic: who is going to be the influential

power, China or the West?
Q: How do you keep going, day to day, when the project is still so far off?
TAYLOR: This is not a job for someone who wants a result by Friday. In our industry, we take a long – term view. We have projects which can last 50 to 100 years. You don't want to be in a screaming rush, you've to get it right. And there's a pretty salutary lesson to be had from when we didn't get Bougainville right.
Q: BCL is a PNG company, though listed on the ASX for historical reasons. If I was a prospective PM, such as Tony Abbott, why would I care about the success of the reopening of this mine?
TAYLOR: There's not a cash flow to the Australian government. What there is, is PNG being closer to self-sufficiency so Australia doesn't have to keep providing aid. The idea is to make them economically sustainable, rather than keep having to hand out money. That's what's in it for Australia.

PNG Seeking Joint Border Projects With Indonesia

West Papua independence issue 'looms' in backdrop

WELLINGTON, New Zealand (Radio New Zealand International, June 4, 2013) – Papua New Guinea's government is eyeing joint projects with Indonesia as a way of promoting economic growth in the underdeveloped area of the two countries' common border. A team from the Ministry of State Enterprises and Investment recently went to Jakarta, where it discussed establishing partnerships with Indonesian counterparts, particularly in the development of natural resources. But, as Johnny Blades reports, as with any matter concerning this porous international border, the sensitive issue of self-determination for Indonesia's West Papuan people looms over the collaboration. Indonesia is shifting its oil and gas exploration focus to its eastern region of Papua and is considering joint operations with Papua New Guinea. The leader of the PNG government team which went to Indonesia, Dr. Clement Waine, says the first reason for their trip was to prepare the groundwork for the upcoming state visit to Indonesia by the Prime Minister, Peter O'Neill.

"The second purpose was to explore the possibilities of opening up the West Papua and on the Papua side the border areas, and explore for the petroleum, the minerals, the timber, fisheries and other natural resources over there. And that will help to open up the frontier, and I think it'll empower the people of West Papua - 'empower' in terms of the economic opportunities along their own border." John Tekwie is the former Governor of PNG's West Sepik Province, which is located on the border, as well as the country representative for the West Papua National Coalition for Liberation. He welcomes the joint development moves. "I would be so naive and mediocre to use that Papua (Indistinct) to deny my people or even the people on the other side development and change for a better life. This is an opportunity that the governments want to maybe use for the betterment of all of us."

He places great significance in the request made by Indonesia's president Susilo Bambang Yudhoyono to Peter O'Neill for PNG help to develop Papua. "Indonesia's president, for him to come forward and ask for Papua New Guinea's help, that, in itself, has never happened before in the history of these two countries, so far as West Papua is concerned. So for us and the organisation that's promoting the cause for the victims of West Papua, that kind of a gesture, that's hope, positively, that something good happens." But the Governor of PNG's Oro Province, Gary Juffa, is among those who are opposed to any joint activities with Indonesia while its military forces are amassed in Papua and linked to ongoing human rights abuses and killings of West Papuans.

"Personally, I think PNG should not enter into any trade agreement, into any arrangements for business with Indonesia until such time as the West Papua issue is resolved. These are Melanesians. There are three million Pacific Islanders that live on that half of the island, and this government has blood on their hands still wet and dripping. And here we are trying to sit at the table and feast with them? It makes no sense." John Tekwie says any resulting developments from the collaboration must not happen at the expense of the West Papuans and that lasting peace in Papua region can only come about if its indigenous people are given self-determination.

Indonesian Energy Minister Tells Freeport Not To Reopen Papua Mine

Grasberg accident still under investigation

WELLINGTON, New Zealand (Radio New Zealand International, June 3, 2013) – Indonesia's Energy and Mineral Resources Minister says Freeport McMoRan must obtain his permission before re-opening the Grasberg mine in Papua. According to the Jakarta Globe, Jero Wacik has told the company that underground mining is not yet allowed and they are waiting for the result of the investigation prompted by last month's deadly tunnel collapse. A union representing 18,000 of the more than 24,000 workers at the mine says its members will not return to work until investigations into the accident are complete. A union spokesman Virgo Solossa says the decision is in line with Freeport policy to halt operations following accidents while probes were still ongoing. The company said last week that it had already re-started operations on Tuesday. The president director of Freeport Indonesia Rozik Soetjipto says the decision is the company's whether the government gives permission or not. On Friday, another accident at the mine killed a truck driver.

Kavo backs Gulf LNG

Post-Courier 3.6.2013

By ANCILLA WRAKUALE

THE Gulf Provincial Government has thrown in its full support for the much anticipated second LNG Project in PNG. Gulf Provincial Government led by Governor Havila Kavo, Local Level Government leaders and landowners yesterday told a news conference they fully support the project. Mr Kavo said they have welcomed InterOil's move to choose ExxonMobil as their preferred partner in their bid to develop the Gulf LNG Project. He said since 2009 they have supported InterOil in its bid to develop the second LNG project in the country in Gulf Province and they remain committed to see the project progress. “As a provincial government, we acknowledged that this will help accelerate the development of the Elk/Antelope infrastructure such as pipelines, gas striping plant and other supporting infrastructure. “I understand InterOil and Pacific LNG have the option to develop a LNG project in the Gulf Province that can use gas from Petroleum Retention License (PRL) 15 and potentially other discoveries, such as InterOil's triceraptos well, or other nearby fields. “The transaction has been discussed with me and I have advised Exxon Mobil and InterOil that I am setting up a provincial working committee to work with InterOil and ExxonMobil to support the project.

Mr Kavo said for far too long the Gulf Province lacked development and they welcomed such resource projects to develop their province. The Governor and his LLG leaders including landowner representatives from the Elk/Antelope gas fields said they support their provincial government. However, the provincial government and the landowners have one message in common and that was to have all the oil and gas processed in Gulf Province. Kavo said they would like the developers to have a LNG plant facility established in Gulf Province for downstream processing so that the province gets the maximum benefit for its resources. Kavo also assured the developers that all landowners in the province have waited far too long for this LNG project and there won't be any landowner disruptions experienced in Gulf as to what is currently being experienced with the PNG LNG Project in Southern Highlands. InterOil Ltd and Pacific LNG Ltd will be working with ExxonMobil over the next 60 days towards a Final Investment Decision (FID) from the Government

Oil firm gets a permit in Western Province Post-Courier 3.6.2013
By MELISSA MARTIN

The Department of Environment and Conservation has finally approved and granted an Environmental Permit to Horizon Oil Limited to develop the Stanley Gas Project in the Western Province. The permit was signed yesterday by the Minister for Environment and Conservation John Pundari, witnessed by Horizon Oil representatives at the DEC office in Port Moresby. Mr Pundari said he had given approval after receiving the recommendation from the environment council in accordance with section 58 of the Environmental Act 2000. “One of the Permit Conditions for the Horizon Oil (Papua) Limited is to develop and implement a Biodiversity Offset Program (BOP) consistent with applicable regulations, which includes a biodiversity offset plan,’’ he said. “The BOP is a new initiative being developed by the department and will be applied as a permit condition to all new permit holders whose development activities may result in biodiversity loss to our natural resource.’’

The aim of the BOP is to ensure resource developers contribute to protect biodiversity to offset project impacts to biodiversity. Biodiversity Offset Program is the only way forward for conservation of our biodiversity and contributes back to the environment which will also have significant role in combating climate change. Papua New Guinea is a unique country in the world with the world’s third richest biodiversity in a global land mass of less than one percent. The chief company representative Kelvin Bramley said the company was pleased to have received Ministerial Approval in Principle for the Stanley Gas Project which represents an important milestone in the regulatory approval process. “We have offered our support to the Minister for this important Bio-Diversity Offset Policy initiative and we look forward to working closely with the Department and other relevant industry groups.

“And to establish a suitable framework in which to implement this policy for our collective interest,” he said. Mr Bramley said approval of the Stanley project development licence application was formally lodged in August 2012, will allow Horizon Oil and its co-venturers to commence construction and development drilling on the Stanley field. “This will provide opportunities for the people and landowner service companies in Western Province,” he added. Condensate derived from the Stanley gas field operations is expected to be sold to the Napa Napa refinery, with the high diesel yielding condensate enhancing PNG’s energy independence. Natural gas produced from the Stanley gas field will be made available to third parties, including Ok Tedi Mining Limited, to generate power for regional mining operations.

Prospects of riches in the deep

Strewn across the Pacific seabed lies a vast treasure worth thousands of billions of euros.
David Crossland The National (Abu Dhabi Media company), May 31, 2013

Manganese nodules, as seen on the ocean floor, are packed with extremely valuable minerals such as manganese, copper and nickel. Getty Images

Strewn across the Pacific seabed lies a vast treasure worth thousands of billions of euros. And it is there for the taking. It just needs to be scooped up. No drilling required. The greyish-black, potato-sized rocks, known as "nodules", do not look very inspiring. But they are packed with minerals such as manganese, copper, nickel, cobalt, zinc and rare earths that are essential raw materials for the electronics industry and products such as solar cells. The price of these metals has surged in recent years because global demand for them is growing and their supply from mining on land is becoming increasingly scarce. Demand for copper alone is projected to double over the next 20 years, with more than half of that rise coming from China and India. The biggest undersea reserves are located in a 5 million square kilometre area known as the Clarion-Clipperton Zone in the eastern Pacific.

The problem is the nodules lie at depths of up to 6,000 metres, where the water pressure is enormous. It is pitch black and close to freezing down there and the seabed at such depths still holds as many mysteries to mankind, if not more, as the moon. Only a tiny fraction of it has ever been explored. A UN official once likened the technical challenge of deep-sea mining to someone standing on top of a New York skyscraper on a windy day and trying to vacuum up marbles from the street far below with a long hose. In fact, deep-sea mining is a tad more difficult than that. It will require large, remote-controlled machines capable of combing the seabed and collecting the rocks. Not to mention a system of transporting tonnes of rock to the surface. "I think it may take up to 10 years before the collectors and their components have been so well developed and tested that they function reliably," says Carsten Rühlemann of Germany's Federal Institute for Geosciences and Natural Resources (BGR).

"The machines have to be able to work for a long time because they would take about a week to lower to the seabed and a week to raise again," says. "So if they don't function properly it will be prohibitively expensive to fix them. It will take a while for this to be commercially viable." But despite these difficulties, the prospect of profits and access to strategic raw materials is about to trigger an underwater gold rush. Critics say the world is on the threshold of a new colonial era, a dash for precious minerals that could do irreversible damage to marine ecosystems. The UN's international seabed authority (ISA), which manages sea-bed mining, has so far granted 17 licences to national organisations and companies to prospect for minerals and more are about to follow. Licence holders include companies from China, India, South Korea, Japan, eastern Europe and Russia, Germany, France and the United Kingdom, as well as the Pacific island nations Kiribati and Tonga.

Manganese nodules above ground. Getty Images

The potential for deep-sea mining is "arguably higher now than at any other time in history", the ISA said in a study released in February. The race for minerals could lead to international tensions. The United States, which has not been allocated an exploration area because it never signed the UN convention on the law of the sea, is unlikely to stand by while others exploit the riches of the oceans, especially since the most lucrative areas are close to the western coast of the US and Mexico. The ISA, therefore, will have to rise to a huge challenge. So far, its role has largely been confined to handling bids for mineral exploration. Now, it has to work out how to licence, regulate and monitor the first real seabed-mining operations and how to share the proceeds. It proposes to provide operators with "provisional mining licences" to make sure they demonstrate real mining and environmental competence before they are granted a full licence.

"Deep ocean mining is faced with a 'Catch-22' situation, whereby competence cannot be gained without actual mining at a commercial scale but, at the same time, mining should not be allowed without prior demonstration of competence," the ISA says. According to its study, the Clarion-Clipperton Zone may have more than 27 billion tonnes of nodules containing seven billion tonnes of manganese, 340 million tonnes of nickel, 290 million tonnes of copper and 78 million tonnes of cobalt. How much of that is actually accessible is unknown, however. "The technology hasn't been properly developed for use on an industrial scale although the Koreans, Indians and Chinese have made progress with test collectors," says Mr Rühlemann, the BGR's expedition leader on a German-French research trip to the Pacific last year to assess the possible environmental impact of mining. South Korea has already undertaken 30 exploratory missions to its licence area in the Pacific and has set up its own test site for automatic deep-sea mining vehicles. Last year the Jiaolong, a Chinese manned deep-sea research submarine capable of navigating horizontally along the seabed, dived to a depth of more than 7,000 metres.

Aker Wirth, a German mining technology company, has drafted a design for a 17-metre long, 250-tonne machine resembling a combine harvester that would move across the seabed on several tracks. At the front, cylindrical drums with little shovels would scoop up the nodules and feed them into a machine where they would be ground up. An enormous pump would bring them to the surface with the help of compressed air. A major boost to deep-sea mining came from Papua New Guinea granting the first deep-seabed mining licence to the Nautilus Mining Company of Canada, in its territorial Bismarck Sea. The deal showed the private sector, and the banks supporting it, that deep-seabed mining is now commercially feasible. Nautilus planned to mine for copper and gold on the seabed, not from nodules but from so-called "massive sulphide deposits" emitted from hydrothermal vents in the ocean floor where superheated water carrying metals from deep in the earth mixes with cold seawater to form metal-rich deposits. However, that project, due to start production this year, is currently on hold due to a legal dispute with the government of Papua New Guinea. Biologists argue seabed mining of nodules will harm the environment by churning up underwater clouds of sediment and displacing deep sea creatures. The operations could wipe out unique species before they had even been discovered, they say. "Collecting manganese nodules will plough up a few thousand square kilometres per year. That would have similar consequences as cutting down rainforest," says Sven Petersen, a scientist at the Helmholtz Centre for Ocean Research in Kiel, northern Germany.

"It's not as though no animals or plants live there afterwards. But they're completely different species. And it's exactly the same with deep-sea mining." Jon Copley, a biologist from the University of Southampton, says it is a joint task to look after the oceans. "I don't think we own the deep ocean in the sense that we can do what we like with it. Instead, we share responsibility for its stewardship," he told the BBC. "We don't have a good track record of achieving balance anywhere else - think of the buffalo and the rainforest - so the question is, can we get it right?" Mr Rühlemann says the environmental damage from so-called suspension clouds churned up by the mining vehicles may be less severe than feared. "I don't think suspension clouds will drift far because the currents are very slow at such depths, just 3 to 4 centimetres per second," he says. "Besides, fine-grain sediments tend to clump together quickly and sink back down to the floor. "The collectors will squash things but due to their wide chassis the pressure on the seabed would be kept to around 200 grams per square centimetre, which is about the same as a human being standing on the seabed." But the true impact won't be known until large machines are used, he sadds. "You'd have to put a machine down there and monitor what actually happens when it moves. Nobody's done that yet."

Pacific churches call for more study of seabed mining

ABC Radio Australia, 31 May 2013

The Pacific Conference of Churches is again calling for an end to seabed mining. The group of Christian churches says governments must ensure proper studies are carried out before any work starts. The group's general-secretary, the Reverend Francois Pihaatae says there hasn't been enough consultation.

Presenter: Geraldine Coutts

Speaker: Reverend Francois Pihaatae, general-secretary, Pacific Conference of Churches

PIHAATAE: During our General Assembly in Honiara, there was a big concern expressed by all communities in the region, including the members of our own respective congregation. They have grown in both volume and intensity, because of the inadequacy and even total absence of appropriate consultation and dialogue with our communities on mining-related policy committee and this process is commonly expressed challenge across the region. So that's why we, and in an environment where the voices and fear of our peoples are unheard, that's why the Pacific Conference of Churches, must stand on behalf of our communities and people in the Pacific as our responsibility also as stewarts of God's creation, that's we speak out to all those who extractive industries or big powers who are trying to explore the ocean floor for rare metals and other mineral deposits to stop all the research done for seabed mining.

COUTTS: Now, is the Pacific Conference of Churches just against deep seabed mining or at this stage, you're not necessarily against it, but you want more research before it proceeds?

PIHAATAE: Yeah. Because we have look at seabed mining as a new phenomena. IIt has not been trialed as work, and the Pacific Ocean, a central element to any and all Pacific cultures, spiritual and life in general is expected to be testing ground, eh, for this new frontier in extractive industry. So what we are looking at is the consequences, especially in the ecological arena and the knowledge, I think is still unknown. Science remains silent on that issue.

COUTTS: Is it to late to make these kinds of objections, because Fiji's already granted exploration licences, three of them. Solomon Islands and a number of other countries, Cook Islands have all expressed interest in deep seabed mining. So do you think the gates closed on argument now that it's to late, because they're all going ahead with exploration licences anyway?

PIHAATAE: I don't think it's to late. But as our mandate to stand by our communities and our people and we still hope and believe that there will be if a forum, a platform can be created for discussion and dialogue on these issues. Because if we speak against the seabed mining, it's because we have a complete examples on the mining done the land base, like in Papua New Guinea's, Solomon or Nauru, Fiji and Maohi Nui (French Polynesia). So that's why we stand against the seabed mining and it is like repeating the same damages that have been done on the land to the ocean, that's why we strongly speak against the seabed mining.

COUTTS: Now the Pacific Conference of Churches had passed a resolution to leaders meeting in Honiara last month. Was it the call to halt the progress on deep seabed mining a unanimous vote at that conference?

PIHAATAE: Yeah, it's a unanimous voices of the conference and then the question we ask ourself why this extractive industry or big powers are always using us like guinea pigs for experiments in everything and why not do it in they're own ocean? And why we always? Because our main concern is about the whole Pacific rely on ocean resources, where we our livelihood depend on it. So if that had been damaged, where do you think we will get our foods as our resources as from the ocean.

COUTTS: Well, what's the next step for the Pacific Council of Churches. Are you going to go to each government or are involved in, or planning to be involved in deep seabed mining and express your concerns directly to them?
PIHAATAE: Yeah, that will be our next step is to approach all the constituents in the Pacific and also the governments, civil societies and mining companies. We have to have a dialogue before anything is restarted and also affect our people in this new phenomena of the new development option by our governments, given the licence expenses of our ocean floor. So I think there's still a way where we need to sit down with our governments and other constituency to speak, to dialogue and how can we move forward and not impacting and damaging again the creation of God.

Pacific Conference of Churches: Halt seabed mining Post-Courier 31.5.2013

THE Pacific Conference of Churches (PCC) has renewed its call for a stop to all sea bed mining research in line with a resolution by regional church leaders in Honiara last month. PCC General Secretary Reverend Francois Pihaatae made the call after regional governments began to design laws which will allow them to engage in mining activities on and beneath the sea bed. "The PCC member churches were unequivocal that no further action should be taken by regional governments until there is empirical evidence on the effect that deep sea mining and exploration will have," Rev Pihaatae said. "These churches represent 6.25 million Pacific people who have serious concerns about the environmental and socio-economic impact of deep sea mining. "We urge governments to engage – not merely consult – with their people and ensure that proper studies are made before any work is done."

In April the representatives of 15 Pacific governments met in Nuku'alofa, Tonga to discuss development and resource management issues linked to seabed mining. Recent indications show that at least two multinationals – one Korean and a Unite States-based firm – want to conduct exploration in Fiji's Exclusive Economic Zone (EEZ). The Tonga meeting was facilitated by the joint Secretariat of the Pacific Community-European Union Deep Sea Minerals Project. Representatives of the Cook Islands, Federated States of Micronesia, Fiji, Kiribati, the Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, the Solomon Islands, Timor Leste, Tonga, Tuvalu and Vanuatu attended the meeting.

Fiji: Deep sea mining could challenge sugar and tourism
Report by: Roland Koroi, Fiji Broadcasting Corporation, 31.12.2013

Deep sea mining has the potential to become one of the biggest driving forces of the economy if it does go ahead. SPC SOPAC Director Michael Petterson says while the benefits are huge, deep sea mining must be given a precautionary approach. Petterson says Fiji has what it takes to be able to take full advantage of deep sea mining. "I think Fiji is an example of a Pacific country that theoretically, that can take a big advantage from deep sea mining. And yes the potential is there for deep sea mining to become a major element or the major element of an economy." SOPAC's proposal for a legislative and regulatory framework for deep sea mineral exploration and mining has received widespread criticism from NGO's across the Pacific. Petterson says such opposition is good as it ensures responsibility from governments and mining companies.

PNG economy slumps Post-Courier 31.5.2013
By ANCILLA WRAKUALE

THE growth of PNG's economy is expected to slow to 4% for this year; partly due to the PNG

LNG project having already reached its peak levels of investment, says the UN Resident Co-ordinator Dr William Adu-Krow. Dr Adu-Krow was speaking yesterday at the Bank of Papua New Guinea at the launch of economic and social survey of Asia and the Pacific 2013. He said the economic slowdown was also attributed to the reduction in global market prices of gold and copper in 2012. In addition, prices of other commodities, such as timber, coffee, cocoa, palm oil and copra which comprise 20% of the country's exports, also declined, and this could have a negative impact on incomes of the rural poor. Among the various challenges being faced by the Pacific island developing economies including PNG is their narrow base and high dependence on subsistence agriculture.

The report said diversification of these economies will always remain a challenge. However, the subsistence agricultural sector can be further developed, and its productivity should be enhanced. The involvement of the private sector and the role of Government as a facilitator in improving agricultural productivity are important. Pacific island developing economies need to invest heavily in physical infrastructure (roads, ports, water and electricity) and in research and development in agriculture. PNG has vast growth potential, but unlocking this requires the development of appropriate institutional environments, including reforming the investment and communication technologies sector. The economic reforms that lead to productivity increases, such as opening internal telecommunications and airline services for competition, opening trade and investment channels and improving education and training, become even more critical for PNG if the country wants to exploit fully its growth potential.

Dr Adu-Krow also said one of the largest social problems facing PNG is the high level of youth unemployment, in particular in urban areas. "So economic performance will depend on how they are able to address youth issues. About 20% of the total population in the subregion is aged between 15 and 24. The majority of the youth that are unemployed are also not skilled, and many do not have secondary or even primary education", he said. Meanwhile, the Governor of Bank of Papua New Guinea, Mr Loi Bakani said the government needs to diversify the economy and divert from the extractive industry that makes up the larger part of the GDP. He said the GDP is slowing down as the construction phase of the multi-billion gas project slows down because the GDP is largely dependant on resources projects like LNG and others. "The GDP for PNG is following a dangerous trend by continuing to depend on resource projects to generate GDP," he said.

LNG to power mining

The National, 31st May 2013

By GYNNIE KERO

THE natural gas from the Stanley gas field will generate power for regional mining operations and rural electrification in Western, Horizon Oil says. Horizon revealed this yesterday in Port Moresby following the approval of the Stanley project development licence application by Environment and Conservation Minister John Pundari. "We are very pleased to have received ministerial approval in Principle for the Stanley Gas Project which represents an important milestone in the regulatory approval process. Condensate from the Stanley gas field is expected to be sold to the Napanapa refinery, with the high diesel yielding condensate enhancing PNG's energy independence. Conversion by Ok Tedi Mining Ltd (OTML) to gas-fired power, displacing expensive diesel-fired generators could bring about estimated savings in energy costs to Ok Tedi of about A$1 billion (K2.1 billion) over 20 years.

An alternative: Deep-sea tailings placement

Tracy Shimmield, AustralianMining, 30 May, 2013

Deep-sea mine tailings placement (DSTP) is an alternative to land-based mine-waste disposal, whereby mineral ore is converted into slurry and transported via a pipeline to processing plants located at the coast, with the resultant waste being discharged into very deep water offshore. Specific topographical and hydrodynamic conditions must exist if the mine tailings are to sink to the seabed and remain there. Although not always appropriate, when compared to the capital and operational costs of on-land impoundments, this type of tailings disposal can be very economical. DSTP is therefore gaining favour in the light of catastrophic dam failures and in the face of land-availability, land-use value and land-ownership disputes, which are prevalent in some countries.

The DSTP method

Submarine tailings disposal (STD) has been utilised at over 13 coastal mining sites around the world to date (some have now ceased operations). However, most of these have involved disposal into shallow or coastal waters, resulting in severe environmental damage and tarnishing the reputation of STD as environmentally viable waste management option. 'Deep' STP should be distinguished by the discharge of tailings slurry into deeper waters, - well below the mixed layer and the reach of sunlight in the water column (the so-called 'euphotic zone'), with tailings settling below a depth of 1000m or more. Mines that have, or are still utilising DSTP include Island Copper and Kitsault Mines in Canada, Black Angel in Greenland, Cayeli Bakir in Turkey, Batu Hijau in Indonesia, and Misima, Lihir and Ramu mines in Papua New Guinea.

If DSTP methodology is engineered correctly, tailings slurry should form a turbidity current which flows coherently, with minimal dispersion, until it reaches the edge of a steepening, or more ideally an underwater 'drop-off'. From here, the mixture continues in a gravity-assisted descent along the seafloor for as long as it remains denser than the surrounding water. The slope of the seabed must be steep enough to maintain the flow of tailings down the slope, allowing the tailings to move to deeper areas rather than accumulating at the outfall site. As the tailings slurry descends, it becomes diluted and dissipates with increasing distance from the pipeline due to entrainment of seawater and frictional losses.

For DSTP to be successful there should be very little or no risk at the deposition site of hazardous amounts of tailings 'upwelling' back into shallow waters, where toxic components may enter the food chain. For this reason, feasibility studies and site selection require a detailed knowledge of both the seafloor topography and the regional hydrography. The need for robust environmental baselines to be conducted early, as part of feasibility studies is of paramount importance to both risk-assessment and site-selection exercises, which must be conducted by mining companies as part of the Environmental Impact Assessment process.

Best practice for DSTP

Best practice in the application of DSTP centers on appropriate site-selection for tailings discharge. Consideration of the following environmental attributes can help to de-risk the process of deep-sea tailings placement for mines where DSTP is a viable option:

· *Accessibility to the coast*: tailings can be piped overland providing the topography is suitable (in some instances tailings are piped up to 150km).

· *Suitable bathymetry and physical oceanography*: steep-sided submarine slopes, canyons, or naturally-excised deep-water channels near to the coast.

· *The pipeline discharge depth:* should be greater than the maximum depth of the surface mixed layer, euphotic zone, and the upwelling zone to maximise stable deposition on the seafloor.

· *Absence of upwelling or seasonal overturning:* to prevent tailings re-suspension into surface waters.

· *Siting in a low energy environment:* to reduce the likelihood of pipe breaks and reduce the formation of subsurface tailings plumes and re-suspension of deposited tailings.
· *Deep water receiving environment:* should be a soft bottom depositional area.
· *Low productivity environment*: to reduce the potential impact on marine resources, such as fisheries/shellfish.
Given the above criteria, suitable sites for DSTP exist principally on oceanic islands and archipelagos where very deep water occurs close to shore, such as mine sites in Indonesia, the Philippines and Papua New Guinea. However, suitable sites also exist off several mainland coastlines worldwide, including Australia.

International Protocol and National Policy Development
Australia regulates the disposal of waste at sea under the Environment Protection Act 1981 (the Sea Dumping Act) by:
· Prohibiting ocean disposal of waste considered too harmful to be released in the marine environment, and
· Regulating permitted waste disposal to ensure environmental impacts are minimised.

The Sea Dumping Act also fulfils Australia's international obligations under the London Convention and Protocol: *The Convention on the Prevention of Marine Pollution by Dumping of Waste and Other Matter*, *1972* (London Convention) and its updated version, the *1996 Protocol to the Convention on the Prevention of Marine Pollution by Dumping of Waste and Other Matter*, (London Protocol) are the primary international instruments to protect the world’s oceans from pollution. There are currently 42 parties to the London Protocol. This includes Australia, New Zealand and in 2012 the Philippines, but not yet Indonesia and Papua New Guinea (PNG is a signatory of the London Convention however). Unlike the London Convention, which lists materials that may not be dumped, the London Protocol prohibits all dumping, except for certain wastes named on a "reverse list”.

The Protocol does allow for marine disposal of ‘inert, inorganic geological material,’ but this does not include mine waste, as tailings have not been shown to be ‘inert’. Technically however, neither the London Convention nor Protocol deals with discharges from land, only with ‘dumping’ at sea. For this reason, government authorities must themselves evaluate tailings management alternatives, setting-out the terms of any permits to discharge tailings into the marine environment. Since environmental legislation, regulations, and permitting processes vary from country to country, this means that different decision-making processes, reviewing different levels of scientific evidence exist across the permitting process worldwide.

SRSL has undertaken a number of environmental impact studies of DSTP, which include Misima (now closed) and Lihir (operational) mines in Papua New Guinea (2007-2010), as well as several environmental baseline surveys of Basamuk (2008-2012), the site of the now operational Ramu Nickel mine processing plant. The aim of these projects has been to investigate the effects of DSTP in a bid to sustain PNG’s economic performance through mineral production and exports, alleviate poverty, increase employment opportunities and mitigate mine-induced environmental impacts.
In so doing, SRSL was funded by the European Commission (8th European Development Fund, 2007-2010) to produce ‘best-practice’ guidelines for DSTP on behalf of the Department of Environment and Conservation and the Mineral Resource Authority in PNG. The general guidelines that were produced by SRSL in 2010 have since been accepted by the PNG government and are presently being included as regulation within PNG’s legislation. The International Marine Organisation (IMO) and the Scientific Group of the London Protocol have also ‘acknowledged’ the guidelines.

Environmental Impacts and Site-Specific Guidelines

The potential environmental impacts of DSTP are irrefutably significant but at the same time extremely site-dependent; the result of complex and interacting biogeochemical, ecological, topographical and oceanographic conditions. Under some of these conditions, DSTP may be the waste management option with the least impact out of several alternative tailings placement strategies available. In other situations DSTP would be environmentally irresponsible. For example, DSTP operations in areas experiencing oceanographic upwelling have the potential to impact shallow coastal waters, reefs and fisheries. As with land-based tailings storage, the principal environmental impact of deep-sea tailings discharge is the alteration of the physical environment at the location where the tailings are deposited (smothering organisms residing within the trajectory of the tailings density plume and inhabiting the final deposition area). In the deep sea, secondary effects relate to the toxicity of metals and process chemicals for deep-sea organisms, and the progressive concentration of these toxins up food-chain.

For this reason, chemical and biological characterisation of sample mine tailings and their potential impacts on water, sediment quality, biological resources and ecosystems are fundamental aspects of the environmental impact assessment process for DSTP. Independent scientific studies of current DSTP practices play an important role in supporting regulatory authorities in the production of site-specific guidelines, to be imposed upon DSTP operations at the time of permitting. In recent years, SRSL has authored independent site-specific guidelines relating to a number of mines. These guidelines have enabled regulatory bodies to tailor their permitting processes to the unique character of a proposed site and its specific marine environment, through stipulating the most relevant Environmental Monitoring Program (EMP) requirements. As DSTP continues to be practiced, a growing body of scientific knowledge on the physical and biogeochemical effects of tailings in the marine environment is emerging. Several long-term monitoring studies, including those undertaken by SRSL, reveal recolonisation of mine tailings deposits on the ocean floor in relatively short timescales after mine closure (one to ten years, depending upon local conditions). Full ‘recovery’ however, has not been demonstrated, even after 10 years. This is largely due to different species and community structures in re-colonised areas compared to un-impacted sites. Marine scientists at SRSL continue to analyse the substantial data set resulting from surveys conducted in PNG and are set to publish new findings later this year addressing long-term environmental impacts of DSTP; information which is expected to be of significant interest to the mining industry.

Conclusions

The fundamental objective of any waste management strategy should be the safe, stable, and economical storage of tailings, while presenting negligible public health, safety and social impacts, and minimal environmental damage. The case for DSTP as a disposal option can only be justified following full analysis and risk-assessment of all disposal options available. Nevertheless, greater awareness of potential environmental impacts and better informed site-selection by mining companies can help reduce risk. Combining this best practice approach with implementation of site-specific guidelines by regulatory authorities should drive improvements in DSTP standards worldwide.

All at sea: the challenges of regulating the seabed mining industry

Mining-technology.com, 30 May 2013, Sarah Blackman

The International Seabed Authority is considering how to license the first seabed mining operations amid a surge of interest from investors. The economic benefits of extracting polymetalic nodules are well-known, but how can a regime be developed to ensure environmentally and culturally responsible exploitation?

Licences to mine the ocean floor could be awarded as early as 2016, according to a United Nations report, which puts forward the eagerly-awaited first plan for managing the extraction of polymetalic 'nodules'.

Seabed mining has been on the radar for decades, but high production costs, low commodity prices and limited available technologies have put projects on hold. Now, with a surge of interest from state-owned and private mining companies, the UN's International Seabed Authority (ISA) is finally considering how to license the first marine mining operations and develop a fiscal regime that will ensure the fair distribution of profits to host countries and their commercial exploiters.

Seabed mining: a 'rekindled' interest

"The UN's International Seabed Authority (ISA) is finally considering how to license the first marine mining operations." This month, UK Seabed Resources, a newly-formed subsidiary of US defence and engineering group Lockheed Martin, became the latest company to join the rush for polymetallic nodules (PNs) - small rocks rich in manganese, rare earths, nickel and cobalt - from the sea floor, when it obtained a licence to explore a 58,000 sq km area of the Pacific Ocean. Speaking in London, Prime Minister David Cameron said the firm, along with the Department for Business, Innovation and Skills, will help the UK position itself at the forefront of the industry, which could be worth £40bn to the British economy during the next 30 years. It's not the first time Lockheed has spearheaded an effort to recover PNs from the seabed - the group claims to have discovered mineral riches off the US coast after a bizarre hunt in the 1970s for a lost Russian submarine paid for by US billionaire Howard Hughes. But the dash for deep-sea metals ended when commodity prices imploded.

From the early 2000s, a sharp rise in prices, combined with a dramatic increase in demand for metal; a decline in the tonnage of land-based nickel, copper and cobalt sulphide deposits; and technological advances 'rekindled' an interest in the exploitation of PN resources, according to a new technical study published by the ISA. Equally important is the impact of Papua New Guinea granting the first deep seabed mining licence, in its territorial Bismarck Sea, to the Nautilus Mining Company of Canada in 2011, the study notes. "This has demonstrated that the private sector, and the financial institutions that support it, believe that deep seabed mining can be commercially viable." China's monopoly on the global production of rare-earth minerals - and its decision to restrict exports in 2009 - has also fuelled the search for the raw materials, essential for electronics, from non-terrestrial sources.

In March 2013, Japanese scientists from Tokyo University and Japan's Agency for Marine-Earth Science said they had found vast reserves of highly-concentrated rare earth metals on the Pacific Seabed. Professor Yasuhiro Kato said a single ship drilling in a target zone close to the island of

Minami-Torishima could meet Japan's demands for a year. "We don't need to mine it intensively," he said. "All we need is enough to force China to lower its prices." The number of exploration licences issued now stands at 17, with Japan, Korea, China and France prospecting minerals in the Pacific, Atlantic and Indian Oceans. But with the first contracts due to expire in 2016, the ISA is looking towards the development of a regulatory framework for PN exploitation.

Environmental impacts of PN exploitation
In July 2011, the Council of the ISA requested during its seventeenth session that the ISA Secretary General prepare a work plan for the formulation of regulations for the exploitation of PNs from the ocean floor, known as 'the Area'. In complying with this request, the ISA faces the challenge of developing a framework that ensures sustainable exploitation of seabed mineral resources. "The ISA faces the challenge of developing a framework that ensures sustainable exploitation of seabed mineral resources." In its technical study published this month, the authority recognises the "inevitable environmental damage" mining will cause, but addresses the need to analyse "all environmental data" collected during exploratory projects to date, to aid an understanding of the environmental impact of all aspects of exploitation.

Activists including 'Kiwis against Seabed Mining' believe that suction dredging akin to open-cast mining, where the entire top surface of the seabed is removed to depths of up to 20 metres, will wipe out organisms, including mussels, worms and crustaceans, which in turn support larger marine animals in the food chain. Papua New Guinea-based 'Act Now!' also stresses that experimental seabed mining will destroy underwater hydrothermal vents that contain unique eco-systems. Many would-be PN exploiters, however, are developing remote controlled technologies designed to minimise the stirring up of fine particles from the seabed. "Potential approaches include outfitting the nodule collection apparatus with skirts and water flow designs to minimise fine particle disturbances and ensure that any stirred up particles are pumped up the pipe with the nodules and not released into the surrounding water," explains UK Seabed Resources spokesperson Philip Rood. "Overall, minimising environmental impact is a core objective in the nodule collector design and will be a key factor in how the apparatus moves, collects nodules and transfers nodules to the surface."

A fair fiscal regime for seabed mining
The ISA also recognises the need for mining regulations and standards to benefit 'mankind as whole' and that host country policies do not give an unfair advantage to commercial exploiters.
It is hoped that the industry will learn from decades of negative social impacts from terrestrial mining operations, where legislations have given states free controlling stakes in mineral projects and corrupt government officials have frittered away mining profits at the expense of the wider public. The ISA also recognises the need for mining regulations and standards to benefit 'mankind as whole'." Papua New Guinea was one of the first countries to issue an exploration licence for companies to address the feasibility of resources development in its exclusive economic zone, but corrupt rent seekers in the country have long prevented ordinary citizens from benefitting from minerals and metals extracted onshore, according to the Human Rights Watch.

Adding fuel to the fire, maritime territorial disputes previously reserved for oil deposits could also be opened up, as miners begin to unlock mineral resources from the seabed. The ISA has only scratched the surface of what may be involved in preparing a fiscal policy that would set fiscal rates based on comparable land-based minerals, identify a tax and cost accounting code on which fiscal calculations can be made; and develop a system that does not burden the ISA or mining investors. The authority hopes to ensure that whatever resource rent legislation is adapted is simple, equitable and transparent. But the implementation of such regimes may be too big a challenge for certain governments. For now at least, a rough framework for the extraction of polymetalic nodules is in place, and extensive exploration efforts by the industry may soon begin to pay off.

Nautilus still committed Post-Courier 30.5.2013
By ANCILLA WRAKUALE

NAUTILUS Minerals says it remains committed to Papua New Guinea and the Solwara 1 Project, a high grade copper-gold project located in the Bismarck Sea between East New Britain and New Ireland Provinces. Nautilus Minerals PNG Country Manager Mr Mel Togolo yesterday told a media information session, that deep sea resource production was a result of the world's demand for metal as land resources are becoming stretched and grades in land based mines declining. "The world's demand for metals continue to rise as more and more people acquire better income and buy things like fridges, houses, cars," he said. Mr Togolo said because it will be deep sea mining, Nautilus will be using advanced technology to extract metals from the sea floor. Extracting of minerals will occur at depths 1600 metres.

He said the extraction site is away from where fish such as tuna and any other edible fish exist within the top 400 metres water depth so they won't be affected. Mr Togolo said there will be minimum impact on the fish because materials going up and coming down to the sea floor will be in an enclosed pipe. He said once the ore is separated from the sea water, the same water will be filtered and goes back to the sea floor through the same enclosed pipe, hence minimal marine impact. Togolo explained that there won't be any tailings discharged as well as no blasting. "Tailings only result as a result of processing. We are not processing in the country, we will process overseas", Togolo said. He said the five advantages of the Solwara 1 project include:

* MINIMAL infrastructure;
* MINIMAL overburden;
* MINIMAL waste;
* LIMITED social disturbance; and
* INCREASED worker safety because everything will be controlled from a drilling control room.

Meanwhile, Togolo said they are getting good support from the National Government, including New Ireland Provincial Government, and they look forward to having discussions with East New Britain Government soon. He said the National Government is very supportive as they see this as another way to add value to what PNG already has in terms of mining and they are now sorting out commercial issues with the Government, but otherwise the company already has the approval from the Government to go ahead through its Environment and Mining Licences. Mr Togolo said they are getting world class companies around the world to supply them with equipment and technology for the project and they will assemble everything probably in Singapore and have the vessel shipped to the project site in the Bismarck Sea. He said they estimate the commissioning of the project to take place 20-24 months from now.

Papua Mine Reopens After Tunnel Collapse Investigated

Freeport expects loss of $2 million a day from 2-week closure

WELLINGTON, New Zealand (Radio New Zealand International, May 30, 2013) – The operators of the Grasberg mine in Indonesia's Papua region have restarted operations, after the government completed its preliminary investigation into the fatal tunnel collapse two weeks ago. Inspectors from the Ministry of Energy and Mineral Resources have given the company Freeport McMoRan several recommendations regarding their operations. The company says it is carrying out maintenance on its underground operations and hopes production will be sped up after being closed for two weeks. The company is estimated to lose nearly US$2 million for each day of closure. The collapse happened in a training facility some distance from the mine operations, and killed 28 workers who were undergoing safety training.

Foreign Interests Licensed To Explore Fiji's Seabed

Korean institute, Nautilus, Bluewater to conduct drilling

WELLINGTON, New Zealand (Radio New Zealand International, May 29, 2013) – The head of Fiji's Mineral Resources department says it will monitor the activities of three foreign mining companies, which have been granted licenses to explore Fiji's seabed for minerals. The department has given a total of 17 exploration licenses to the Korea Institute of Ocean Science and Technology, Nautilus Minerals and Bluewater Minerals to carry out test drilling for minerals, such as gold, copper and zinc. The Director of the Mineral Resources department, Malakai Finau, says the government will ensure the companies comply with its Environmental Management Act, which aims to protect the country's Exclusive Economic Zone. "What we do is we identify the risks and then we require them to mitigate against environmental risks that we identify and that's one of the ways in which we protect the environment from potential environmental impacts of advanced exploration." Malakai Finau says an advantage of granting the exploration licenses is the government will get updated information on Fiji's seabed minerals.

Bougainville Mine Reopening Consultations Postponed

Minister says more preparation needed to ensure inclusivity

By Jemima Garrett
MELBOURNE, Australia (Radio Australia, May 29, 2013) – The Autonomous Government of Bougainville has postponed the first consultation with landowners over re-opening the Panguna copper mine, to make sure all parties are ready and able to attend. The talks will be the first since a civil war shut down the Rio Tinto mine more than 20 years ago. They were due to have started this week in Arawa but will now be held over three consecutive weeks starting in the third week of June. Autonomous Bougainville Government (ABG) community development minister, Melchior Dare, told Radio Australia's Pacific Beat program better preparation is needed to ensure the forums are inclusive. "ABG would like to see that more representation at these three last forums by those who would like to attend," he said. Venues for the mining forums include the east coast town of Kieta, the western centre of Bana and the Panguna mine site.
[PIR editor's note: Radio New Zealand International reports that Panguna landowner Lawrence Daveona, who heads the now-defunct Bougainville Landowners' Association, says discussions on re-opening the mine are not reaching local and national audiences in Bougainville.]

Sinivit: Locals have one 'voice'

The National, 29th May 2013

By ELIZABETH VUVU
LANDOWNERS of the Sinivit gold mine in East New Britain will now have one political voice to air their concerns. This follows the elections of the recently formed Sinivit landowners association yesterday. The ENB provincial administration, Mineral Resources Authority (MRA) and provincial electoral office conducted the election of directors of the Sinivit landowners association yesterday at Gaulim and Riet. Counting will be conducted at the Sinivit LLG chambers. The election was a result of resolutions of a review of the mine project's memorandum of agreement that took place early this month in Kokopo. The provincial administration team led by deputy administrator corporate affairs Ephreddie Jubilee, MRA delegation, the new project coordinator of Sinivit Gold mine, MarikeTako, ENB election manager Joab Voivoi visited Reit and Gaulim this week in preparation for the polling exercise to take place. Tako said there would only be one political voice to represent the seven sub-clans of the mining area. "The provincial administration and MRA involved PNG

Electoral Commission to ensure the elections of directors was done legally and in a more transparent way," he said.

He added that a second review of the agreement would take place in two weeks. They had to form one voice for the landowners and elect one body. Another election for the Uramot Landowner Investment Company would also be conducted in due course. "With the review of MoA, transparency is being strengthened so people are aware of benefits they were entitled to like the special support grant which they have not been getting until now and we are looking at making sure this happens next year," Tako said. "We are now making a submission on behalf of the provincial administration to the National Planning Department to allocate this money from 2007 to 2012," he said. He also said the 50% of their royalties were still parked with MRA and the Department of Finance and they would be preparing a trust deed to regulate these monies. The other 50% royalties were earlier this year.

Exxon prefers PNG to Australia
The National, 29th May 2013

PAPUA New Guinea is an attractive investment destination compared with Australia, which has high labour costs and low productivity, Exxon's Middle East and Australian vice president Mark Nolan says. He told reporters in Brisbane on Monday that ExxonMobil prefers to use natural gas fields in PNG owned by InterOil to expand the country's US$19 billion PNG LNG gas export project, rather than build a second export facility. Last week, Exxon began talks with InterOil to invest in the latter's gas assets in PNG. However, it did not specify at the time whether the assets would underpin a new LNG plant, or support an expansion of the gas project that was already under construction. He said: "We are interested in it because it could potentially provide an expansion of our existing facility." The PNG LNG project, which counts Oil Search Ltd and Santos Ltd as shareholders, is currently being built with two gas processing units, known as trains.

Exxon and partners have already found more resources in PNG that could underpin an expansion of the project to three trains, including the recent P'nyang discovery. Exxon has estimated that it would need another four trillion or five trillion cubic feet (tcf) of natural gas to add another train to PNG LNG. "The resource will determine the size of the project, and, at the end of the day, the market will as well," Nolan said. Meanwhile, ExxonMobil in PNG told The National yesterday the agreement on Gulf LNG project remained unclear as it was in initial stages. "It is too early to see, we have only just begun exclusive negotiations with InterOil last week so the finer details on the agreement have not yet been confirmed," the company spokesperson said. Meanwhile, Prime Minister Peter O'Neill has welcomed decision by InterOil last week to start talks with ExxonMobil as a potential partner to develop its Elk and Antelope gas reservoirs.

Hidden Valley MOA Future Fund needs to be reviewed Post-Courier 29.5.2013
By HAIVETA KIVIA

The Hidden Valley Development Foundation will be established in a new Memorandum of Agreement to be signed by all stake holders in the project for the Hidden Valley Mine project. The mine's operator, Morobe Mining Joint Venture's General Manager- External Relations and Sustainability David Wissink in his presentation, highlighted that MMJV will contribute 0.25% of its net revenue to the foundation, which will be the vehicle to carry out development projects in the Bulolo District, and in particular in the mine impacted area of Nauti, Winima and Keumbu. On next year's projection the 0.25% would amount to about K2.3 million; in the next five years, according to current projects, 0.25% would amount to over K18 million. Morobe Provincial Government will also contribute financially towards the foundation from its share of royalties it receives from the developer. MPG is receiving 1% of the 2% royalties paid by the developer and at this stage it stands at K9 million annually.

Mr Wissink also highlighted that currently the Future Generation Fund of the landowners stands at K1 million and at current projections in the next five years, the fund should raise to over K6 million. He told the Post-Courier that the landowners should give a little more thought on the future fund. If they increase its percentage, when the mine closes, the needs of the future generations will be taken care of - and future business interests can be accessed through this fund. Nakuwi Land Association Chairman, the umbrella landowner association of the project, Rex Mauri said they will seriously look at the future fund and its governing system to make it more efficient and end any unnecessary disagreements. “We will ask for the future fund to be split into three separate future funds for the Nauti, Winima and Keumbu.

So that in future, there won’t be disagreements and each landowner faction will be solely responsible for its future fund and how they should invest it and grow it,” he said. He highlighted this fact to his fellow landowners because business opportunities will see them advance and not the monetary royalties that they receive from the project. “The sad fact is that monetary royalties which trickle down the line get smaller and smaller and by the time it gets to an individual beneficiary the royalty is very small indeed, so we can’t really rely on it,” he said. He said the need to get landowner companies into business activities, contracts and sub-contracts in the mine is the way forward.

Australian miners, disclose what you pay our neighbours

By Ainsley Elbra, The Conversation, 28 May 2013

Australian neighbours such as Timor Leste – asset rich, but also very poor – are keen to ensure the money paid by Australian extractive companies is fully disclosed.

Australian neighbours such as Timor Leste – asset rich, but also very poor – are keen to ensure the money paid by Australian extractive companies is fully disclosed. Australian mining firms remain at the forefront of natural resource exploration and extraction in some of our nearest – and poorest – neighbours. Timor Leste, Papua New Guinea and the Solomon Islands are host to numerous Australian domiciled or ASX listed extractive companies, all of whom operate under both Australian corporation law, as well as the individual regulation and legislation of host states. But as it currently stands, Australian mining firms are not required to disclose payments to governments, unless legislated by the countries in which they are operating. Conversely, large mining firms headquartered in the US, EU, UK and South Korea are required by their governments to disclose what they pay for the rights to explore and extract natural resources.

This level of disclosure is in line with the aims of the Extractive Industries Transparency Initiative, of which Timor Leste and the Solomons are both signatories. PNG has also signalled its intention to join the initiative by the end of 2013. In EITI implementing countries both the government and companies publish the details of taxation and royalty payments with the hope of creating a climate of transparency and accountability. One of the greatest challenges facing these states in implementing any kind of transparency legislation is the mismatch in resources (both financial and legal) between small Pacific Island states and large mineral extraction firms. In a partial response, the United States has added a measure into its Dodd–Frank Wall Street Reform and Consumer Protection Act which demands all SEC listed oil, gas and mining firms publish the taxation and royalty payments they make to overseas governments. Not only do payments have to be publicised but they must be done so at a country and project level. Similarly, the European Union has recently agreed on amendments to their Accounting Directive which will be voted on in July. The amendments make the same demands of EU domiciled companies (even those not listed on a stock exchange) and extend them to the forestry sector. These legislative changes are in addition to those made in the UK and South Korea.

Australia's tardiness on this issue is not going unnoticed. The recent EITI Global Conference saw 1,400 delegates gather in Sydney to discuss experiences with and ways to improve the transparency initiative. A notable feature amid the busy agenda was the recurring suggestion that countries where large resource players are headquartered, or listed, should be obligated to take responsibility for these firms' actions. The calls for this kind of legislation to be implemented outside the United States and EU came from mining and mineral ministers of countries as diverse as Ethiopia, Timor Leste and Germany as well as from global coalition, Publish What You Pay. There was little doubt many of these comments were pointedly directed at Australia (and for similar reasons, Canada), two countries whose mining companies continue to break new ground all over the world yet remain free from such legislation.

Yet it is clear from Timor Leste and Solomon Islands delegations that they desire more open and transparent relationships with Australian mine and gas firms, which play a crucial role in these economies. Australia has the opportunity to assist not only in achieving the aims of the EITI, but in securing accountable and responsible leadership in its nearest neighbours – an opportunity it has not yet fully harnessed. If Australian mining companies were required, by law, to publish the fiduciary details of their relationships with governments around the world, much of the challenge in EITI implementation for small Pacific Island states would have been effectively achieved. This would not only circumvent the negotiating issues noted earlier, but would free up the limited resources of each in-country EITI team to focus on the publication and dissemination of the information collected as part of the transparency process.

As is stands, Australia remains out of step with the rest of the international community in demanding transparency and disclosure of its companies operating in overseas jurisdictions. The benefits of an open and transparent mining sector in developing states are clear, and include increased stability along with reduced poverty. This is an opportunity for Australia to play a positive role in its region. Legislating requirements for ASX-listed firms to publish what they pay foreign governments would not only reduce the burden on our under-resourced neighbours, but would contribute to assurances that the money spent by mining firms in these countries reached those who most need it. As I was told by a member of the Timorese delegation – "Timor Leste is a very rich country, but if you come and have a look, we are also very poor". Australia has an opportunity, if not an obligation, to ensure its mining firms aren't contributing to this paradox.

Westpapua: Police to focus on negligence in deadly Big Gossan collapse
Nethy Dharma Somba and Amahl S. Azwar, The Jakarta Post, Jayapura, May 28 2013

The Papua Police are focusing on whether negligence was the cause of the fatal tunnel collapse at Freeport McMoran Copper & Gold Inc's mine in Papua. "If it were caused by nature, there's nothing we can do. But if there was negligence or intent, it will be a crime," Papua Police spokesman Sr. Comr. I Gede Sumerta Jaya said in Jayapura, Papua, on Monday. Police have invited a geologist from Hasanuddin University in Makassar, South Sulawesi, to assist in the investigation led by Papua Police chief of detectives Sr. Comr. Bambang Priambada. Police have questioned 12 witnesses, including Freeport executives and survivors of the disaster, since last Thursday. Among the 12 witnesses were vice president for underground operations Sujatmoko, vice president for occupational health and safety Solihin, vice president for geoservice Wahyu Sunyoto, Roys Vittorio of the quality management service division and quality management service superintendent Muhammad Roys.

A number of investigations, including one by the police and one by the Energy and Mineral Resources Ministry, are being carried out at Freeport's underground training facility—the scene of the tragedy—2.7 kilometers from the Grasberg open-pit mine. Twenty eight Freeport employees died and 10 others were injured when they were trapped beneath the May 14 collapse. The evacuation and cleanup process took more than a week. Freeport has ceased operations at both the Grasberg mine and the Deep Ore Zone (DOZ) mine, an underground block a few kilometers from Grasberg. The Grasberg and DOZ mines produce 140,000 tons and 80,000 tons of ore respectively every day. Freeport is one of the country's biggest taxpayers and as a direct result of the closure the government is losing US$1.82 million in state revenue every day during the suspension of operation.

Deputy Energy and Mineral Resources Minister Susilo Siswoutomo said Freeport would resume its operations only after officials from the ministry concluded that it was safe for the company to carry on business. A subsequent investigation will probably take one to two months. The government-led team of local mining experts is led by Ridho Wattimena, head of the mining engineering graduate program at Bandung Institute of Technology in Bandung, West Java. "Based on our preliminary investigation, we believe that the collapse was caused by natural factors — perhaps there were cracks caused by erosion in the limestone of the tunnel's ceiling," he told The Jakarta Post on Monday, adding the early conclusion would require a more thorough analysis.

"[Freeport] will only be allowed to recommence operations once our mining inspector's assessment concludes that it is safe," said Susilo over the phone. Freeport Indonesia technical affairs director Rudy Seba said workers had returned to the field to ensure that all equipment was working safely. "Up until now, however, we have not begun production," he said in a text message to the Post. The deaths of so many on May 14 was not the first time Freeport has been at the centre of multiple fatalities. In December 2009, a worker died and four others were injured in another collapse. In May 2008, at least 20 Papuan gold miners, who was outsourced workers not employed by Freeport, were buried when the mine's tailings heap collapsed on them after two days of heavy rain.

Nautilus meets NIP Governor, leaders Post-Courier 28.5.2013

Nautilus Minerals President and Chief Executive Officer Mike Johnson was in New Ireland Province last week, where he met up with the Governor Sir Julius Chan and the Provincial Executive Council. A briefing took place at the Kavieng Hotel last week Tuesday and it was the first high level meeting between Nautilus Minerals Limited, the developer of the Solwara I deep-sea mining project and the New Ireland Provincial Government. "To meaningfully talk of development of any kind in New Ireland, we must involve our people, making sure of a win- win for everyone" emphasized the New Ireland Governor Sir Julius Chan during an open dialogue with Nautilus Executives. The meeting marks a watershed in the relationship between Nautilus Minerals and the New Ireland Government. For the first time Nautilus has at the most senior level addressed the issues and requirements of the Government and people of New Ireland. The outcome of this meeting will see the establishment of a Working Group consisting of representatives from the company and the New Ireland Government.

The Working group will address many issues including, identification of a series of high impact projects that would benefit New Ireland, and particularly the people of the West Coast, with focus on road works and most importantly Bridges. New Ireland Officials expressed concern that the project must be implemented with full care and due diligence for possible environmental problems and has requested Nautilus ensure safeguards are in place to immediately address any environmental problems. The Working group will ensure an independent internationally recognized environmental specialist conducts regular assessments of environmental issues and review of the EIS. New Ireland Provincial Administrator Amani Monovi concluded the meeting by saying; “This has been a productive exchange, and the possibility that New Ireland could be at the forefront of technology is promising. As long as we continue through the newly established working group to openly and transparently consult, we can ensure that benefits are shared by all parties.”

Formal Talks About Reopening Bougainville Mine Begin

Landowners to be consulted about future of Panguna

By Jemima Garrett for Pacific Beat
MELBOURNE, Australia (Radio Australia, May 27, 2013) – Formal talks will begin today on reopening the Rio Tinto-owned copper mine on Papua New Guinea's island of Bougainville. It is the first time landowners will be formally consulted about the mine's future. Rio Tinto's Panguna copper mine was the spark that lit the civil war but now it is being touted as the island's best chance for development. The Autonomous Bougainville Government (ABG) is holding a series of Mining Forums to consult the island's population before starting negotiations for the reopening of the mine. Hundreds of landowners from the Panguna area are expected for the two-day meeting which gets underway in Arawa on Monday. The consultations come after three years of lead-up talks and is part of a series of forums across the island.

The government has held three previous mining forums. The deputy chairperson of the Panguna and Affected Resource Owners Association, Theresia Jaintong, says many people in the community will be attending. "All the landowners and all the Council of Elders, the chiefs, the women, the churches, the disabled, the youths, everybody will be there," she said. "It is the way forward for the Panguna mine to be reopened and also the people must speak. "We will encourage them to speak positively about what they think, and with a lot of common sense, looking into the future for the younger generation." AGB Mining Minister Michael Oni has told Radio Australia more consultations will take place over the next few months.

Local impacts

The Panguna copper mine was opened under a colonial era agreement, with little regard for local residents. Bougainvilleans are still suffering from the impact of the mine and its closure during the civil war. This time as they consider re-opening the mine, locals are making sure they are involved in the decision process. Mr Oni says he is hoping for a positive outcome for the Bouganvillean people, government and infrastructure. "I am expecting that proper consultation must occur," he said. "Also there should be some kind of...future generation fund to be allocated to support the people, especially children." Ms Jaintong says many people are still misplaced from their villages after the

war ended 12 years ago. "Part of our land we are just occupying in the meantime before this process taking place so we can be re-integrated back into the village some way or the other," she said.
The Panguna mine was the PNG Government's major source of revenue when the country became independent in 1975 but landowners were unhappy with the way benefits were shared.
This anger eventually developed into a decade-long civil war which brought Bougainville to its knees and left more than 10,000 people dead.

Gulf gas talks set Post-Courier 27.5.2013
ExxonMobil and InterOil in talks to develop the Elk and Antelope natural gas reservoirs

Prime Minister Peter O'Neill has welcomed the decision by InterOil to start talks with ExxonMobil as a potential partner to develop its Elk and Antelope gas reservoirs. "This is an important announcement for the development of these assets, and I'm certain all stakeholders will welcome this. "As a stakeholder, the government is pleased that InterOil and its partners are taking the next significant step towards the development of our vast natural gas resource. "When the full potential of the gas reservoirs in the Gulf Province are realised, PNG will have in place a stable revenue flow from these resources for the next 30 to 50 years," the Prime Minister said. According to government estimates, PNG GDP (Gross Domestic Product) has been growing at an average of 11 per cent a year and with the construction phase of the PNG LNG project reaching 80 percent completion, GDP growth is expected to slow down to 6-8 per cent this year (2013), before rising significantly when LNG exports begin in late 2014 or early 2015.

From the two trains at the current processing site for gas, an ACIL-Tasman cash flow projection says that total cash flow to the PNG government and landowners over 30 years would be around US$31 billion or about K110 billion. This means that a third and fourth trains would bring in around US$47 billion and US$62 billion, equivalent to K220 billion, over 50-60 years. InterOil announced on Friday that it had entered into "exclusive negotiations" with ExxonMobil to develop the Elk and Antelope fields. InterOil advised the Prime Minister of the steps it was taking before it advised the market (stock exchange) on Friday (PNG time). The Prime Minister told a gathering on Friday evening the potential entry of ExxonMobil to those assets in Gulf could significantly lift production at the PNG LNG processing facility outside Port Moresby. "At the moment we are building two trains (or processing units) at the processing site for gas from the Hela and Southern Highlands provinces. The revenue from the export of LNG from these two trains would double the size of our economy (GDP).

"If the talks are successful and ExxonMobil gains access to gas from Elk and Antelope, we will certainly add one, possibly two, more trains and our GDP would triple in size. "This means PNG will have a stable revenue flow from its gas resources for the next 50 years or so." The Prime Minister said with global LNG demand likely to rise to 500 tonnes a year by 2025, as estimated by market experts, his government has worked hard to ensure PNG benefits fully by promoting PNG as a stable supplier of natural gas in a stable political environment with a robust and growing economy. He recently travelled to China and Japan, where most of our big buyers are located, to meet heads of governments there and held talks with investors seeking to enter and develop PNG's vast natural resources potential. Prime Minister O'Neill is planning to travel to Indonesia next month and later Korea, Malaysia and Singapore. "I'm pleased that oil and gas global majors like ExxonMobil and Total see PNG as a stable supplier of energy (gas) to the world market. Their long term investment here is proof of that. "As a government, we will continue to provide a stable political climate, a fair tax regime, and sound development policies so that our people fully benefit from the development of these resources," he said.

Why NZ Super dumped Barrick Gold
TIM HUNTER, Fairfax, 26/05/2013


Fairfax
Concerns at the treatment of workers and the environment at the Barrick Gold's mines has lentsDanted to the NZ Super Fund removing them from its portfolio.

From the Porgera goldmine in the highlands of Papua New Guinea around 14,500 tonnes of waste is discharged into the Porgera River every day. The tailings are the byproduct of production that last year totalled 436,000 ounces of gold worth about US$650 million at today's prices and equivalent to about 1kg for every 4 tonnes of tailings. These days tailings from goldmines are normally stored behind dams, but in the wet, mountainous terrain at Porgera there was no way a dam would last. According to the mine's 95 per cent owner Barrick Gold, "any structure to store fine-grained and saturated materials that was close enough to the mine to be feasible would fail, the only question being when". So the river was the only solution. It means Porgera is today one of just four mines in the world to unload its tailings straight into a river - all of them on the island of New Guinea, three on the Papua side, one on the Indonesian side. The reason so few mines use riverine tailings disposal is simple - the method is associated with huge damage to the environment as minerals, chemicals and silt contaminate river systems. Barrick, which bills itself as "the world's leading gold company", has tried to mitigate the effects, for example by commissioning a processing plant in 2009 to cut the amount of cyanide in the tailings.

Nevertheless, Porgera still dumps cyanide, arsenic, mercury, lead and other minerals into the river. Barrick says levels of toxicity at a testing site 165km downstream are within international guidelines, but this month New Zealand's Super Fund cited riverine disposal in its decision to stop investing in Barrick Gold. There was "no practical remedy for the environmental impact of riverine tailings", it said, while Barrick's progress on resolving security concerns had been slow. Those security concerns were not specified, but you don't have to look hard to see what the issues might be. As is common with goldmines in remote places, Porgera employs a private army of security personnel to protect its property. These guards have been accused of brutal behaviour towards local people, including killings, gang rapes and beatings. Barrick has been criticised for its response, which offered health services, financial assistance and trauma counselling to the rape victims in return for an agreement not to sue for damages. There have also been reports of police evicting locals and destroying at least 50 homes within the mine lease area in 2009, with the support of Porgera mine. The action was part of an official crackdown on law and order. According to Barrick "the area had also been used by some individuals as a staging ground for incursions onto mine property, to engage in illegal mining or for other illicit activities".

Whether it is the fault of greedy locals trespassing dangerously on mine property or the paranoia of a security obsessed Canadian corporate, the ambiguity surrounding violence at Porgera is not unusual for mining operations in remote places. A more extreme example occurred in March at the North Mara mine in Tanzania, owned by Barrick's 74 per cent-owned subsidiary African Barrick Gold, where thousands of people reportedly invaded the open pit, apparently to steal ore, and two were killed in the security operation. It was the latest of numerous clashes over several years in which at least 19 locals have died. As well as the killings, there have been allegations of sexual assaults by police and security guards and complaints of health problems caused by mine pollution. What is unusual, however, is the response of the Super Fund in publicly denouncing Barrick as socially irresponsible. Within the last year the Super Fund has terminated its investments in eight companies in addition to Barrick. The targets of its complaints were involved in various activities including illegal construction in the Palestinian Occupied Territories, corruption, and lax safety standards in Japan's nuclear power plants.

Anne-Maree O'Connor, who manages the fund's responsible investment activities, notes an explicit part of its mandate is "avoiding prejudice to New Zealand's reputation as a responsible member of the world community". So far, she says, excluding some companies on grounds of social responsibility has not had any material impact on returns, but "we believe if these risks are not managed well these issues will have a negative impact [on companies] compared to their peers". Her preferred way to exert influence is to engage with companies as a shareholder, if possible in concert with other shareholders, but even if a company is willing to engage - as Barrick was - the process may have no useful outcome. Excluding a company from the fund's portfolios "sends a message that we believe it's part of board and management responsibility to manage those risks". Or in other words, the money is not worth the hassle. Barrick's response has been to express regret at its former shareholder's attitude.

"We would have welcomed an opportunity to share the progress we have made in addressing these issues with the Fund, but our offer to do so was declined," said a spokesman. "We have engaged extensively with other funds, we've invited them to visit Porgera so they can see first-hand the steps we are taking to address these issues. In nearly every case, they have been satisfied by the company's commitment and the actions we are taking." Perhaps the Super Fund takes a stricter view than its peers. It was a founding signatory of the United Nations Principles of Responsible Investment in 2006, a group that now comprises 1188 investors and fund managers. However, not every signatory draws the line at Barrick Gold. Also card-carrying UNPRI supporters are giant US fund manager BlackRock, and Canadian fund managers Fiera Capital and Hexavest. According to regulatory filings, Fiera and Hexavest each owned about US$60m worth of Barrick stock last month, dwarfing the Super Fund's $1.9m holding. Neither Fiera nor Hexavest appear to have made any public comment on Barrick in the context of the UNPRI.

A February filing from BlackRock, Barrick's largest institutional shareholder, indicated its funds had increased their holdings in Barrick from 6.8 per cent to 8.8 per cent in the previous 12 months. Asked why its policy appeared different from fellow PRI signatory the NZ Super Fund, a spokesman said: "Unfortunately, BlackRock does not provide stock specific commentary and as such won't be able to help with this request." However, three weeks ago BlackRock's commodities manager Evy Hambro told an audience in London that gold miners risked becoming "a barbarous relic" unless they changed their approach. Speaking as Barrick shares bounced around a 20-year low, Hambro said "gold mining managements have done a poor job of delivering value" and high gold prices were obscuring rising costs in the industry. High costs were certainly apparent at Porgera and North Mara. Last year Barrick reported cash costs per ounce of production at US$955 and US$965 respectively. Those levels put them among the highest cost mines in Barrick's portfolio. The link between ethical risk and high cost seems supported by Barrick's experience, but it is clear that even institutions overtly supporting the UN's big social responsibility ideas may be more interested in the costs than the ethical risks. © Fairfax NZ News

Mining for Development Conference in Sydney Post-Courier 24.5.2013

REPRESENTATIVES from more than 60 countries, including Papua New Guinea, are attending two conferences in Australia this week examining Mining for Development (M4D) and the Extractive Industries Transparency Initiative (EITI). The M4D conference in Sydney from May 20-21 examined how mining can lead to better social outcomes, including health and education services, how conflict with local communities can be avoided and the importance of women in decision making. Australia has a long track record of extracting natural resources and is using this experience through the International Mining for Development Centre to help developing countries make their mining industries more sustainable and efficient. PNG has rich mineral endowments including gold, copper, nickel and oil, and is host to a number of world scale mining and resource projects.

The mining and petroleum sector accounts for the bulk of PNG’s exports, amounting to 25 per cent of government revenue and 19 per cent of GDP. At the request of the Government of PNG, Australia is providing technical expertise to help PNG ensure the transparent and effective management of resource revenue flows through the establishment of PNG’s Sovereign Wealth Fund. Since committing to explore the Extractive Industries Transparency Initiative (EITI) in late 2009, the PNG Government has made huge progress in working through the options and elements of EITI. Australia congratulates the PNG Government’s decision to seek candidate status in EITI. The EITI was established by former UK Prime Minister, Tony Blair, in 2002 and 37 countries have signed up to date. The EITI conference will host representatives from more than 90 countries, including heads of state and resource ministers.

Following the M4D Conference, the EITI global conference from May 23- 24 brings together governments, NGOs and representatives from some of the world’s largest mining companies to encourage more transparency in the payments mining companies make to foreign governments. Australia is one of the top three donors to EITI. The Chair of EITI, Rt Hon Clare Short said: “Australia is demonstrating that extraction of natural resources can be an important vehicle for economic growth where coupled with transparency and good governance. “Australia’s commitment to improving governance in this sector is evident by the launch of the Mining for Development initiative and its strong support of the global EITI transparency standard. “Australia is also leading by example and implementing an EITI pilot. We greatly appreciate the support from the Australian Government in hosting our 6th Global Conference,” Ms Short said.

Promising future for PNG Post-Courier 24.5.2013
By ISAAC NICHOLAS

PAPUA New Guinea is enjoying solid economic growth and the future looks bright despite serious development challenges facing the country, Treasurer Don Polye told Parliament yesterday. He said the PNG economy has grown by 170 percent over the last 10 years and 73 percent in real terms in the same period. Mr Polye revealed this in his ‘Update on the PNG Economy’ statement. He said based on the first quarter (three months) of the year, the 2013 budget is broadly on track. “Revenue collections to date show broadly offsetting influences – some taxes such as GST, personal tax and company tax being higher than forecast, with others such as mining and petroleum taxes and dividend withholding taxes and a range of international taxes being lower than expected,” the Treasurer told Parliament. He said the decline in commodity prices in the first quarter would be expected to reduce 2013 revenues by some K275 million.

“However, the stronger growth forecast will have a positive impact on other forms of tax collection, and currently this is expected to raise taxes by almost exactly the same amount,” Mr Polye said. “I believe that any variations will be minimal and manageable. The biggest overall impact on revenues at this stage is the decreased likelihood of asset sales raising the K100 million expected at the time of the budget. “I am of the view that the O’Neill-Dion Government will soon execute the asset sales strategy, not only to raise revenue but also to dispose off liabilities to the State.” Minister Polye said the PNG economy had grown by 170 percent over the last 10 years, or by 74 percent in real terms after allowing for price changes. He said many people would think that the growth in the resources sector had played a major role in the significant economic growth, but this was not so as actual output from mining and quarrying sector had declined over the last 10 years.

The Minister said the oil and gas extraction sector grew by 19 percent in nominal terms and after allowing for price changes and the impact of inflation the sector actually decrease by 50 percent in real terms since 2002. “But by 2017, the total size of the minerals, quarrying, oil and gas sector will still only represent 27 percent of the total economy,” Treasurer Pole told Parliament. “So where has the growth of 74 percent, after allowing for inflation, occurred in the economy? “I would be very proud today if most of this growth had occurred in the agriculture, forestry and fishing parts of the economy. This is the source of livelihood for the vast majority of our people. “However, the growth rate in this sector has actually been somewhat disappointing. Indeed the overall growth has only been 37 percent in real terms – less than half the overall rate of the economy. This is a major challenge.” He said the strong growth was in transport and communication.

Towards Transparency in Oil, Gas and Mining

The World Bank, May 23, 2013

- Natural resources are a large source of revenue for many countries, however, without good management local communities may not feel the benefits.
- The Extractive Industries Transparency Initiative (EITI), the global standard for transparency of revenues from natural resources, is holding its 2013 Global Conference in Sydney.
- The World Bank is a supporter of EITI which promotes transparency and accountability in resource rich countries.

This week the EITI, Extractive Industries Transparency Initiative, the global standard for transparency of revenues from natural resources, is holding its 2013 Global Conference in Sydney, Australia. Launched in 2003, the EITI promotes and supports improved governance and transparency in resource-rich countries. The focus of the conference has particular resonance in some of Australia’s resource-rich neighbours, Solomon Islands, Timor-Leste and Papua New Guinea. Timor-Leste was the first country in the Asia-Pacific and the third in the world to become compliant with the EITI. Solomon Islands was the first country in the Oceana to become an EITI candidate country and Papua New Guinea has signaled its commitment to implement the EITI. Solomon Islands Prime Minister, the Hon. Gordon Darcy Lilo, was one of the keynote speakers at the opening session of the biennial EITI global conference, which has attracted delegates from about 100 countries around the globe to Sydney to share best practices on natural resource management.

In his address, the Prime Minister said it was “crucial for the benefits from extractives to be managed in the best possible way” and to let “revenues be a positive force for the people.” He also stressed that establishing the consultative, consensus building and transparency mechanisms associated with EITI would also help reduce the risk of conflict and repeated the “unfortunate legacies of the past.” “The road ahead is challenging, but not impossible,” he told the conference delegates. The Prime Minister also noted the support of the World Bank. Signing onto the EITI runs in parallel to initiatives taken to modernize the mining sector, in collaboration with the World Bank. The government is currently in talks with the Bank to provide ongoing support to update its mining law and regulatory framework to promote the development of an industry that is environmentally and socially responsible.

“The key challenge for all countries to is help turn natural resources like oil, gas and minerals, into a powerful force for inclusive and sustainable growth, “ said Franz Drees-Gross, the World Bank’s Country Director for the Pacific. “ Greater transparency can not only help reduce the risk of conflict over resources, but also help create better deals, which are managed better for more development impact. “ Chair of the EITI, Clare Short, told the conference 39 countries will be now implementing the EITI standard, which requires full disclosure of taxes, royalties and other fees from the country’s oil, gas and mining sectors. The two day conference is expected to hear a report from the board by Alfredo Pires, Secretary of State for Natural Resources, Timor-Leste, as well as a pledge from Don Pomb Poyle, Treasurer, Papua New Guinea on how the country plans to implement EITI.

What’s it all about?

The EITI is made up of governments, companies and civil society groups that endorse and promote the transparent management of a country’s extractive industries, such as oil, gas and mining. At the conference, a strengthened EITI standard has been adopted. Natural resources are a large source of revenue for many countries around the world, however, without good management the local community may not feel the benefits and sustainable practices may not happen, leaving the country without a large source of income. Moreover, conflict and corruption can, and often does, arise. In the Solomon Islands, for example, resource related problems were found to be a contributor towards the country’s tensions between 1998 and 2003. The World Bank promotes the EITI as part of its response to the Extractive Industries Review as well as through broader programs aimed at improvements in natural resource management, good governance and anti-corruption. “By signing onto EITI, countries are sending a clear message that they want to increase transparency and accountability when it comes to their natural resources,” said Paulo de Sa, manager of the World Bank’s Oil, Gas and Mining Unit.

“This transparency is fundamental to helping ensure that the benefits of a country’s natural resources can help developing nations in their quest to reduce poverty and boost shared prosperity.” The World Bank’s oil, gas, and mining unit provides countries with technical assistance and grants to implement the EITI principles of revenue transparency and accountability, and to support capacity building for civil society. Funds for this purpose have been contributed to a multi-donor trust fund (MDTF) managed by the Bank and supported by 15 donor countries including Australia, Belgium, Canada, Denmark, the European Commission, Finland, France, Germany, Japan, the Netherlands, Norway, Spain, Switzerland, the UK and the US.

Just a beginning

In Papua New Guinea, mining and petroleum alone make up for one-third of its tax revenue, 80 percent of the total national export income and 24 percent of the GDP. The World Bank is supporting Papua New Guinea’s moves to commit to EITI, as Jerry Bagita, Operations Manager for Transparency International (TI) PNG noted “in many respects the World Bank has been very supportive of TIPNG efforts to drive the EITI agenda on behalf of the wider society in PNG and for this we are very grateful.” A staunch supporter of the EITI standard, The World Bank continues to work alongside many other activities across the Pacific to improve compliance such as a US$230,000 grant from the EITI multi-donor trust fund to support Timor-Leste’s admission to the EITI in 2010. It may just be the beginning but these are important steps as Timor-Leste, Solomon Islands, and PNG look to ensure their oil, mining and gas industries are transparent, sustainable and beneficial for their communities.

Solomons Prime Minister commits to transparent mining

ABC Radio Australia, 23 May 2013, By Jemima Garrett

Solomon Islands prime minister Gordon Darcy Lilo says he's committed to developing the country's mining sector transparently and sustainably. Mr Darcy Lilo was in Sydney on Thursday to give a a keynote address at the Extractive Industries Transparency Initiative's (EITI) sixth global conference. His country was the first Pacific nation to sign up to the EITI, a global anti-corruption initiative for the mining industry. Mr Darcy Lilo has told Radio Australia's Pacific Beat the move has led to improvements in the way Solomon Islanders view the local mining industry. "We have promised them and have shown them the commitment to disclose revenue flows, for instance, marketing contracts and even sharing with them the details of the social expenditures that would never be disclosed in the past," he said. "That brings a lot of confidence from our people to be more willing to come forward and cooperate." Mr Darcy Lilo said it was the Solomon Islands' experience of conflict a decade ago that prompted it to sign the EITI. "To avoid further conflict an overarching internationally accepted framework is necessary," he said. Mr Darcy Lilo said transparency and accountability will be crucial as the Solomon Islands' economy moves from logging to mining. He welcomed the EITI's new standard that requires publication of local level payments as well as those at the national level.

West-Papua: ‘No signs of danger prior to incident’

Amahl S. Azwar and Margareth S. Aritonang, The Jakarta Post, May 23 2013

Prior consultations: Freeport McMoran Copper and Gold Inc chief executive officer (CEO) Richard C. Adkerson (right) talks to PT Freeport Indonesia president director Rozik B. Soetjipto at the Energy and Mineral Resources Ministry before meeting Energy and Mineral Resources Minister Jero Wacik in Jakarta on Wednesday. (JP/Jerry Adiguna)

After the remains of all the workers buried in a collapsed tunnel at the training facility at the Freeport Indonesia mine were removed from the site, the visiting CEO of Freeport-McMoRan Copper & Gold Inc. said on Wednesday that the accident had been impossible to predict. Freeport-McMoRan president and CEO Richard C. Adkerson said in Jakarta on Wednesday that his company did not consider the facility used to train underground workers near the Big Gossan site in Timika, Papua, as “a dangerous place”. He said the mining giant did not see any signs of danger before the incident took place. Of the 38 workers trapped in the tunnel that collapsed on May 14, 28 died while 10 suffered minor to major injuries. The evacuation process was concluded on Tuesday evening. “[…] Had I been there that day I would have joined our workers in that mine because we had no concerns or fears about its safety,” Adkerson told reporters after meeting Energy and Mineral Resources Minister Jero Wacik at the latter’s office. The training facility, according to Adkerson, was not part of Freeport-McMoRan’s mining operations. The facility was built in 1998 at the same time as the development of the Big Gossan mine, which is still in the exploration stage and 500 kilometers away from the training facility.

The top executive considered the training facility a “good one” as it was continuously utilized as the general training facility for workers years after its establishment. “So that’s why we need to understand why this [incident] happened. We did not consider it a dangerous place. If we had any indication of danger we would never have had people there,” he said. Currently, he said, the Phoenix, Arizona-based mining company would continue with its investigation to determine the cause of the incident as well as cooperate with the government. Meanwhile, Jero told reporters that the government had formed a team consisting of local mining experts under the leadership of Ridho Wattimena, currently the head of the mining engineering graduate program at the Bandung Institute of Technology (ITB). “If [Freeport] is found to be responsible for the incident, of course, there will be punishment,” he said without going into detail.

Operations at the Grasberg mine, the country’s largest gold and copper mine, were halted after the accident. Rozik B. Soetjipto, the president director of PT Freeport Indonesia, the local arm of Freeport-McMoRan, said the mine usually produced 220,000 tons of ore per day with around 140,000 tons from open pit mining while the remaining 80,000 tons came from underground operations. Rozik said the company was in the dark as to when the Grasberg mine would resume operations, explaining that it would concentrate on the investigation and paying compensation to the victims and their relatives. Both the Indonesian government and Freeport have yet to announce preliminary findings of the cause of the accident eight days after it occurred.

Separately, House of Representatives Deputy Speaker Priyo Budi Santoso said Freeport had to take responsibility for the victims of the collapsed tunnel regardless of the result of the ensuing investigation, adding that the House would closely monitor the matter. “I don’t want to speculate what caused the disaster. Freeport must be accountable before the law if the investigation later concludes that the company was responsible for it [the collapse],” the Golkar Party politician said in Jakarta on Wednesday. “I hope the company will nonetheless take responsibility for the victims even if the investigation concludes that it was purely a natural disaster.” It is not the first time such an incident has occurred at Freeport’s operations in Indonesia. In December 2009, a worker died and four others were injured in a landslide, while in May 2008, at least 20 Papuan gold miners were buried when the mine’s tailings pile collapsed on them after two days of heavy rain.

Pacific warned on risk of increased mining-related conflict

ABC Radio Australia, 22 May 2013

A surge in mining-related conflict is likely to occur in developing countries over the next decade as new projects come on stream. The warning comes from one of Papua New Guinea's most respected leaders. Former PNG lawyer and diplomat Dame Meg Taylor, set up the World Bank group's mining grievance process and for the past 15 years has worked as the Bank's Vice President, Compliance Adviser and Ombudsman resolving conflict and trying to prevent it on projects in which the bank has an investment. Dame Meg told Jemima Garrett, PNG and other Pacific countries are part, of a wider group of developing countries that are at risk of seeing more conflict.

Australia: Blow for Newcrest - exploration licence quashed
By Michael West, The Age, May 22, 2013

Claims allege Newcrest continued to mine without a proper mining licence. *Photo: Rob Homer*

In a stunning decision, a NSW court has quashed an exploration licence held by Australia's largest goldminer Newcrest. The licence application in question was made during the stewardship of disgraced mining minister Ian Macdonald in 2008 and renewal was granted in 2011. Amid the revelations of mates-deals by the Independent Commission Against Corruption, this judgement by Justice Nicola Pain in the Land and Environment Court - which was released today - sends a message that the judiciary is prepared to go one step further than ICAC, and the government for that matter, and determine who should hold mining and exploration leases. Newcrest shares slumped on the news, falling 83 cents, or 5.3 per cent, to $14.80, after earlier trading only slightly lower.

The decision represents a blow to Newcrest. Justice Pain has found in favour of Gold and Copper Resources, a small exploration company run by Brian Locke, and quashed the Mining Minister's decision to renew Newcrest's exploration licence 3856 (EL3856). This licence, EL3856, encompasses some 70 per cent of Newcrest's wholly-owned exploration area in NSW and it surrounds its Cadia Valley Operations mining leases. Cadia is the biggest underground mine in Australia. It contains some $200 billion worth of gold. Newcrest has spent $2 billion in its development. A spokesperson for Newcrest said only one of Gold and Copper's four claims was established in the judgement. "Overall, the ruling was positive for Newcrest," she said. "GCR was not able to establish its claim of false and misleading conduct in the renewal." At 1.30pm, Newcrest was considering putting out a statement.

Gold and Copper's managing director Brian Locke said, "We walked out with the decision quashed. End of story". The lease EL3856 has already been the subject of other proceedings in the NSW Supreme Court where Gold and Copper had been pursuing Newcrest for breach of confidentiality. In that case, following the breakdown of joint venture talks between the two parties, Newcrest made false statements in its renewal application that it had access to technology which was the exclusive right of Gold and Copper. Justice James Stevenson found in that case that Newcrest's "making of the statements was a breach of the confidentiality agreement". Although he concluded that no loss was suffered by Gold and Copper. Stevenson also found that Newcrest's statements were "false, and thus misleading or deceptive, of Newcrest to so represent”. Newcrest has been playing down the Gold and Copper actions as immaterial. That line no longer looks credible. Gold and Copper has another five legal actions in train. The next two are not over exploration leases however. They concern the Cadia ore body itself.

The next claim alleges that Newcrest continued to mine without a proper mining licence. For a Mining Licence to be awarded it should be preceded by an Exploration Licence. As Newcrest has already spent $2 billion developing Cadia, and as Gold and Copper is winning in the courts, the actions may now be taken a little more seriously. Newcrest told the ASX last October “none of the claims has merit” and “this exploration tenure is not material to Newcrest’s mining operations”. Yet EL3856 runs straight through the Cadia East Zone of Influence identified in Newcrest’s Environmental Assessment and alongside the Cadia East Subsidence Zone (that is the area of the surface that caves in as the underground mine propagates). Futher, EL3856 is the underlying authority needed by Newcrest to allow it to get its Cadia East Mining Lease Applications (MLAs) approved. Considering these MLAs were contemplated in the Cadia East Project Approval, without them it could be contended that Newcrest was not operating legally.

The broader implications for the mining industry are just as potent. As if the credibility of mining ministers and the NSW mines department was not already in tatters as a result of the explosive ICAC testimonies, now the courts have weighed in. As yet, and while ICAC plays out, the government has been loath to commit to any remedy for this mess. It is too early. And it may leave it to the courts even when ICAC’s report is handed down in coming weeks. In the meantime however the credibility of the NSW mines process is unlikely to be helped by the ensuing Gold and Copper claims, some of which concern licences which were granted when the mines minister was none other than Edward Moses Obeid OAM.

Solomon Islanders must prepare for mining industry

ABC Radio Australia, 22 May 2013

There are fears more mining in Solomon Islands could bring with it more mining-related conflict. Solomon Islands is one of many countries across the Pacific and the rest of the developing world that have seen a boom in mineral exploration and are now preparing to move into the development phase. With the experience of neighbouring Bougainville where mining led to a decade-long civil war, governments and civil society organisations are aware of the potential of resource projects to spark bloodshed. Doris Puiahi, is the Manager of the Inclusive Natural Resource Management Program run by the Solomon Islands NGO, Live and Learn Environmental Education. She told Jemima Garrett Solomon Islanders need to learn from their years of experience with logging.

Fiji to Conduct Deep Sea Mining Tests

FARS NEWS Agency, 22 May 2013

TEHRAN (FNA)- Deep sea test drilling in Fiji's exclusive economic zone for seafloor massive sulphides (SMS) is likely to begin in the next few years to see the level of minerals in Fiji's waters, a government official said Wednesday. Mineral Resources Director Malakai Finau said Fiji has the potential of minerals under the seabed within Fiji's exclusive economic zone which has been established over the years through past research. Korea Ocean Research and Development Institute (KORDI), which has been issued with a research and exploration license, has reported findings of high grade mineral potential locations in the Western waters of Fiji's exclusive economic zone, according to Fiji's Ministry of Information. KORDI Minerals Limited Director Jang Wan Bang said test drilling will begin in the next two years for further research.

Cook Islands sand mining project stopped
PACNEWS, 22/05/2013

The Cook Islands National Environment Service (NES) has stopped a sand mining project after a dug-up area near the coastline was refilled with red soil. The company involved T&M Heather says red soil already goes into streams on the island every time it rains and they have used compacted red soil for many years. However, Phillip Strickland from NES told Cook Islands News that the red soil will pollute the lagoon damaging coral and it is in breach of environmental rules. He says the holes need to be filled with dredging material - mostly coral sands and gravel dug up from the harbour. The company has responded that it prefers to use that dredging material which is cheap for driveways and landscaping so local residents are not hit with a big bill. It has also asked NES for proof that the red soil will harm the environment. Meanwhile, a group of Cook Islanders facing hefty legal fees over a land court case have come up with a novel way to raise money. There are seven parties involved in a dispute over 60 hectares of land - and one of them has set up a trust club to run a raffle to cover the legal bill. The trust say it has sold over 80% of tickets and has so far generated over NZD$30,000 to meet costs. The group say the target is to raise NZD$50,000.

Indonesia and PNG plan joint exploration in border areas
Amahl S. Azwar, The Jakarta Post, May 22 2013

Indonesia has agreed to team up with neighboring Papua New Guinea (PNG) to explore potential oil and gas reserves in border areas as the former shifts its oil and gas exploration focus to the eastern part of the archipelago. Energy and Mineral Resources Minister Jero Wacik said after a meeting with PNG Public Enterprises and State Investment Minister Ben Micah on Tuesday that the two countries would work together by establishing joint operations to explore oil and gas reserves. Indonesia’s Papua province, located in the eastern part of the nation, shares a 760-kilometer land border with PNG. The two nations currently have a few territorial disputes along the border, in areas with poor infrastructure. “The border possesses a huge amount of unexplored oil and gas reserves, according to data obtained by our team. Economically, it would be easier to jointly explore these untapped resources,” Jero said in Jakarta. “This is also important to maintain security along our border.” Jero did not go into detail on which blocks the two countries planned to develop, but said they would also focus on building more infrastructure in border areas to support the energy and mining partnership. Separately, Micah said his country also hoped its national petroleum companies would form a joint venture with oil and gas firm PT Pertamina to jointly develop hydrocarbon reserves in the areas.

PNG has two state-owned oil and gas firms, namely National Petroleum Company of Papua New Guinea (NPCP), which focuses on LNG and oil projects, and Petromin PNG Holdings Ltd., which controls the nation’s petroleum and mining assets. According to Micah, a number of major oil and gas companies, including France’s Total SA and Royal Dutch Shell, were currently exploring oil and gas resources in PNG. US-based ExxonMobil’s latest Asia Pacific liquefied natural gas (LNG) project is in New Guinea. Pertamina CEO Karen Agustiawan, who was also present at Tuesday’s meeting, said her company would sign a joint study agreement with PNG’s national oil and gas company to develop resources. “We are also interested in entering PNG,” she said. According to interim upstream watchdog SKKMigas, one of the blocks located near the Indonesia-PNG border is the Warim block, for which American oil and gas firm ConocoPhillips won the contract in 1989.

ConocoPhillips drilled six wells and spent US$98 million on exploration activities from 1990 to 1998 before the government declared the area a protected forest. SKKMigas exploration chief Nugrahani said in a text message on Tuesday that ConocoPhillips had been offered a contract renewal, which would enable the contractor to explore the Warim block for another five years. “They will be given 15 years to exploit the block should they find profitable hydrocarbon reserves," she said. Indonesia, which left the Organization of Petroleum Exporting Countries (OPEC) in 2008, has set its sights on the eastern part of the archipelago for exploration following the maturation of major onshore oil and gas blocks in the western part.

Shock move by Hidden Valley landowners

The National, 22nd May 2013

By PISAI GUMAR

LANDOWNER leaders of the Hidden Valley mine in Bulolo, Morobe, have boycotted the memorandum of agreement (MoA) review. They have also disassociated themselves from the Nakuwi Association, saying it was defunct since 2009. "Therefore, Nakuwi Association and its chairman Rex Mauri cannot represent Nauti, Kuembu and Winima resource owners in the MoA review, including any business dealings," chairman of the Nauti MoA working committee Kotsie Kepas said. He said the association's election in 2009 was unsuccessful and current executives, including Mauri, were holding office illegally. He urged project developer Morobe Mining Joint Ventures (MMJV) and the national and provincial governments to consider Nauti's position paper for the MoA review.

Meanwhile, Mauri dismissed the statement by Kepas, saying: "Nauti's have their own internal unresolved issues among themselves in relation to elect a person to represent Nauti community in Nakuwi Association after the death of deputy chairman late Peter Askai." He added that Jeffery Yami represented the Nauti landowners in the Nakuwi Association. "Nakuwi is the legal body and signatory to the MoA with various stakeholders and investors; if Nauti demands more than it has to create its own MoA," Mauri said. He said the association had negotiated additional benefits for the landowners of the Hidden Valley project.

Morobe small scale miners learn skills

The National, 22nd May 2013

SMALL-scale mining can become a very successful business if alluvial miners know proper techniques of mining and managing their income. This was highlighted during the graduation of 16 small scale miners at the Mineral Resources Authority's small scale mining training centre in Wau, Morobe, last Friday. The 14 participants from the Wafi-Golpu area in Huon-Gulf district and two from Werewere village in Bulolo district were urged to become successful business entrepreneurs upon the completion of the level two course. The centre's manager Al Comparativo said: "This is a challenge for you because you've finished level two and not level one. "So you've gone from step one to step two, which means you can really do semi-mechanised mining with the use of dredges and other equipment.

"That certificate is for you as a small scale miner that you have to put into action to become a successful business person." Comparativo challenged them to one day come back to the Small Scale Mining Training (SSMT) office to ask for assistance in buying a dredge or other equipment, adding that that this would be evidence of their commitment and dedication to succeed as miners and SSMT would be happy to assist. The training was made possible through sponsorship from Morobe Mining Joint Ventures (MMJV) and would be the third batch of level two SSMT trainees graduating. MMJV's education supervisor for Wafi-Golpu, Philip Chanei, reiterated the importance of implementing what they had learnt.

Deep sea mining rush a step closer to reality
Vicky Validakis, Mining Australia, 21 May, 2013

The United Nations has published its first plan for deep sea mining and says companies could apply for mining licenses as soon as 2016. After a technical study by the International Seabed Authority, the UN body managing the industry, it is taking steps on how to move from bids handling mining exploration to considering how to license the first operations. To date, the ISA has issued 17 exploration permits and another seven are being processed. They cover vast areas of the Pacific, Atlantic and Indian Oceans, BBC reported. The ISA's legal counsel, Michael Lodge, told the BBC: "We are at the threshold of a new era of deep seabed mining." The report comes amid what a spokesman describes as "an unprecedented surge" of interest from state-owned and private mining companies. It is in the process of deciding how to handle the licensing for mining operations as well as how to share the proceeds, a portion of which are to go to developing countries.

The extraction of 'nodules' – small mineral-rich rocks from the seabed, has been around as a concept for decades but mining them has only recently become viable with advancements in technology. An assessment of the Pacific Ocean has estimated more than 27 billion tonnes of rocks could be lying on its floor, including 290 million tonnes of copper and 340 million tonnes of nickel. However, mining in the deep sea is a contentious issue. Conservation experts have long warned that mining the seabed will be highly destructive and will have disastrous long-term impacts for marine life. The ISA study itself recognises that mining will cause "inevitable environmental damage". A key factor in the ISA's report is the need for environmental safeguards. The document calls for monitoring of the seabed during mining operation however critics are sceptical if activity in the ocean depths can be policed.

Seabed mining also remains a contentious issue in Australia. After a spike in the number of seabed exploration applications off the Northern Territory coast, the state banned seabed mining until at least 2015, during which an assessment on the impact of underwater mining will be carried out. However Northern Territory Mines and Energy Minister said the moratorium on seabed mining could be lifted before 2015 following discussions with traditional owners about their concerns over seabed mining applications. The land owners, the Anindilyakwa Land Council, say operations between the island and mainland threaten sacred sites, with The Northern Land Council head Kim Hill adding that there is a lack of research regarding the method. "It is an international concern and it is a concern for all Australians," Hill told the ABC. "Importantly, it is a concern for traditional owners." Last year, former Greens leader Bob Brown called for an investigation into Pacific seabed mining. "The Australian Greens are calling for scrutiny of what deep seabed mining means for the health of our oceans and our own country's natural marine resources and fisheries into the future," Brown said at the time.

21 Confirmed Dead In Papua Freeport Mine Collapse
Spokesperson says hopes for more survivors ‘virtually nil’

WELLINGTON, New Zealand (Radio New Zealand International, May 21, 2013) – 21 mine workers are now confirmed dead as rescue work continues at the Grasberg mine in the Indonesian province of Papua. A tunnel collapse on Wednesday trapped 38 miners and ten were rescued. The workers were attending safety training in classrooms at the time of the tunnel collapse. Freeport McMoRan, the company which owns and operates the mine, says rescuers have pulled four more bodies out today to bring the total number of deceased to 21, while there are seven still unaccounted for. The company says it is providing assistance to families of the victims, including food, accommodation and transportation. A spokesperson for Freeport say due to debris and falling rocks blocking access, the response team faces difficulties reaching the remaining workers, and hopes for any further survivors are virtually nil.

Deep Sea Mining: Economic Bonanza or Environmental Boondoggle?
By Christopher Werth, The World, May 20, 2013

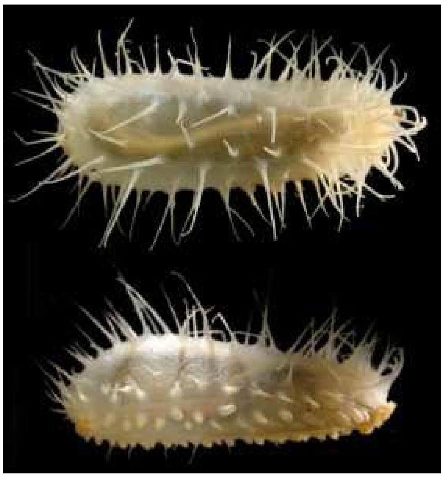
This computer generated image from Lockheed Martin suggests how the company could mine manganese nodules from the sea floor, using underwater vehicles that vacuum up nodules and transport them to a ship on the ocean surface. (Source: Lockheed Martin)

The World couldn’t afford to send me out to sea for this story. But for Adrian Glover, a marine biologist at London’s Natural History Museum, the furthest depths of the seas are familiar territory. He shows me a photograph of a flat, seemingly barren terrain nearly two and a half miles down – part of what’s called the abyssal Pacific Ocean floor, off the coast of the United States. Glover says it’s an area almost the size of the US, and the sea floor there is carpeted in potato-sized accretions known as manganese nodules. He hands me what looks like a lump of coal, but is surprisingly light and crumbly. “They’re peculiar things,” Glover says. “They were first studied in the 1960’s, and people quickly realized that they’re rich in minerals.” Including not just manganese but also copper, cobalt, nickel and rare earths – materials essential these days in the production of everything from high-grade steel to smart phones and tablet computers. Stephen Ball of Lockheed Martin says the global appetite for these sorts of minerals is growing all the time.

Manganese nodules from the Central Pacific Abyss litter the top of a sediment sample from the deep seabed. (Photo: Adrian Glover, The Natural History Museum, London)

Lockheed is a defense contractor that hopes to be among the first to get into the deep-sea mining game. And the company has a long, strange history in the development of the industry. It's an elaborate tale that involves a top-secret CIA mission during the Cold War, and the eccentric American billionaire Howard Hughes. The short version of the story begins when Hughes was hired to go look for a lost nuclear-armed Soviet submarine that sank in the deep Pacific in 1968. Ball says Lockheed worked with Hughes to help raise the submarine in the 70's to collect intelligence on the Soviet military. The connection to deep-sea mining is that the official story at the time was that the mission was actually a search for manganese nodules. Ball says the effort actually did involve surveying the ocean floor, which ended up giving the company detailed data on the nodules.

It's only now – with rising mineral prices and new technologies – that mining the deep sea finally looks economically viable. And earlier this year, the International Seabed Authority granted a British subsidiary of Lockheed an exploration license for a huge stretch of the Pacific. The company's plan calls for vehicles to rove across the sea floor scooping up nodules like a vacuum cleaner and sending them up pipes to ships on the surface. But of course this type of mining has never been done before, and it raises a raft of environmental concerns. To begin with, although the bottom of the deep ocean looks barren, it's actually teeming with life. And Rod Fujita, of the Environmental Defense Fund, says no one knows how long it would take these ecosystems to bounce back from mining. "The recovery rates are likely to be very, very, very long," Fujita says, "because biological productivity is very low, and growth rates are very low down there." In fact, some ecologists are very blunt on the matter.



Although the areas of the deep sea where manganese nodules are found may look barren, they're actually abundant with life, such as sea cucumbers like the one pictured here. (Photo: Adrian Glover, The Natural History Museum, London)

George Woodwell, of the Woods Hole Research Center in Massachusetts, calls deep-sea mining "just plain crazy." Woodwell says the operations would be highly destructive and could disrupt the chemistry of large parts of the oceans at a time when they're already under stress from climate change. Lockheed Martin says it takes environmental concerns seriously. In line with international rules, the company says it's collaborating with scientists like Adrian Glover at London's Natural History Museum to study its patch of the sea floor before it mines. In fact, some marine biologists see teaming up with industry now as an opportunity to lay effective ground rules before full-scale mining gets underway. Cindy Lee Van Dover of Duke University says the people involved "have to get it right. We don't want a hundred years from now conservation scientists to say, 'Oh my god, what they were they thinking?'"

Van Dover has worked with a company that plans to mine another type of mineral-rich deep-sea ecosystem known as hydrothermal vents. She's conflicted about the work, calling herself a tree hugger who's spent her life studying the deep sea animals. But she says she has to be pragmatic. She says the question it not "is it right or wrong? It's, I think it's going to happen. And I think it can happen in a way that we can get the minerals and still protect those animals." If it is going to happen, it's because there could be lots of money to be made—more than 60 billion dollars over thirty years for UK businesses alone, according Lockheed Martin. The company hopes to realize that bonanza in the next decade and plans to begin environmental research in the Pacific this summer.

Mining Transparency conference in Sydney to focus on the Pacific

ABC Radio Australia, 22 January 2013

The international charity organisation, Oxfam says Pacific Island nations can protect themselves from some of the dangers of being involved with powerful international mining companies by signing up to a new international transparency initiative. Resource companies are looking at new projects in Fiji, Tonga and Solomon Islands, countries which have little experience with mining, as well as in Papua New Guinea where a minerals boom has been underway for some time. Oxfam Australia's Mining Advocacy Co-ordinator, Serena Lilywhite, told Jemima Garrett the Extractive Industries Transparency Initiative can help small countries keep mining companies honest.
Correspondent: Jemima Garrett
Speaker: Serena Lilywhite, Mining Advocacy Co-ordinator, Oxfam Australia
LILYWHITE: It is a global initiative to encourage all companies to disclose exactly what they pay to governments in the way of taxes revenues and royalties, from oil, gas and mining projects, and equally, for the governments of those countries to disclose what they receive from the companies themselves. So, in other words, it is a system of checks and balances to try and ensure a much higher level of transparency and understanding of the revenue flows in the extractive sector.
GARRETT: So how does it help small countries cope with powerful mining companies?
LILYWHITE: One of the advantages of the initiative is that by shining a light on those revenue flows, it helps the citizens or the communities that are directly impacted by the mining, get a better understanding of exactly how much money is flowing into the government's coffers, if you like, and it enables them, to then hold their own government to account and to ask questions as to exactly how that money is being spent and to ensure that they are getting a fair share of their natural resources. And they have an opportunity to ensure that the revenues that do flow are being used on the sorts of essential services that they need, such as schools, hospitals, decent roads and basic infrastructure, clean water for example.
GARRETT: Corruption is often a problem in developing countries. Does the Extractive Industries Transparency Initiative help governments deal with that sort of problem?
LILYWHITE: It does! It is not the complete answer to the challenges of corruption but, certainly, by having a much higher level of understanding and exposing exactly how the revenues are flowing, that does enable the citizens to ask questions of their government about where money is flowing and

also put pressure on them to introduce mechanisms, or rules and laws, that are going to assist in combating corruption, and so it is an important step in combating bribery and corruption.
GARRETT: Sydney will play host to a global Extractive Industries Transparency Initiative Conference in May. What will that look at exactly?
LILYWHITE: One of the important things, or one of the opportunities, of the Extractive Industry Transparency Conference being held in Sydney, is that it is a really great opportunity for attention to be given to the Pacific. Often Australia's mining activities in the Pacific region don't necessarily get the same level of attention as they do, for example, in the countries of Africa, so playing host to the EITI Conference, in Sydney, is a really good opportunity to ensure that the impact of Australian companies, as well as other foreign companies in the Pacific, is given attention and that we can really start to ask questions of our own mining companies as they operate in countries like the Solomons and PNG, about exactly what deals they are negotiating with the governments of those countries, what level of disclosure there is around the revenues and the taxes that they are paying. And, also, we hope that it will be an opportunity for representatives from Pacific Island countries to come to Sydney to participate in that conference and to tell their story about what it means to live in a community or to live in a village, where there is a large mining, oil or gas project, how that impacts on their livelihoods and that is an important part of the story, not just the corruption and revenue flow aspect.
GARRETT: Australia hasn't signed up yet to the Extractive Industries Transparency Initiative but it is piloting the Initiative. How is that going?
LILYWHITE: Well, Oxfam would, of course, welcome the Australian government to go straight into an EITI process. Instead, we have a pilot process underway. What that means is that the Australian government is considering whether or not it should fully sign on to the Extractive Industry Transparency Initiative or whether, in fact, it is something better suited to a developing country. It is our view that EITI is really important in Australia, not just so Australian citizens have a good idea of our own revenue flows and get a fair share of our own natural resource wealth but, as a mining giant, and as a mining giant in the Pacific region, it is a really good opportunity for the Australian government, as well as Australian mining companies, to lead by example, and send a clear signal that they are really serious about conducting their mining activities in the region to the highest possible standards, and that includes disclosing all payments they make to governments.

Australia hosts mining transparency conference

Jemima Garrett, ABC Radio Australia, 20 May 2013

Australia's Government is this week hosting two international conferences which aim to improve mining transparency and governance.

Australia's Government is hosting two international conferences which aim to improve mining transparency and governance. (Credit: Reuters)

Australia's Government is this week hosting two international conferences which aim to improve mining transparency and governance. The International Mining for Development Conference, which has just opened in Sydney, is part of a $127 million initiative. Parliamentary Secretary to Australia's Prime Minister, Andrew Leigh, told more than 600 delegates from 69 countries that Australia wants to be part of the solution to mining-related problems facing developing countries. "Australia stands willing and able to help other countries however we can, whether through efforts to improve the lot of indigenous communities, ensure protection of the environment and worker safety or improved governance," he said. Delegates from some countries said that even with royalties received from mining on their land, life doesn't necessarily improve.

Head of Papua New Guinea's Family and Sexual Action Committee, Ume Wainetti, said the royalties sometimes amounted to "a lot of money", but when shared amongst individuals it was "not much to live on." "Many women on the island sell firewood, even husbands prostitute them when they don't make enough money," she said. Head of the British Government's Aid Agency, Mark Lowcock, welcomed Australia's hosting later this week of the Global Conference of the Extractive Industries Transparency Initiative. "In order to lift millions of people out of poverty, we need to find ways to make sure that transparency and accountability are the norm everywhere," Mr Lowcock said.

He said Britain hoped Australia would use its upcoming role in the G20 to increase the momentum for improved mining governance and transparency. "We very much hope that you will be able to take forward this work during your leadership, not least given your expertise in this key sector. Outside the conference venue, protesters from Aid-Watch made it clear they do not support the Mining for Development initiative. Director of Aid-Watch, Thulsi Narayanasamy, said the group received support from around 50 delegates who came to speak to them after the conference. "What's been interesting is that today, here, the delegates have come outside saying 'But we though that Australians really love mining'," she said. "They were quite surprise actually to hear that actually this isn't the case."

Hidden Valley Mine, landowners review MoU Post-Courier 20.5.2013

By HAIVETA KIVIA

THE Hidden Valley Joint Venture memorandum of agreement review concluded in Lae last Friday. Independent observer Dr Beno Boeha described the review as transparent and open and applauded the efforts of the operator, Morobe Mining Joint Venture, Morobe Provincial Government and the landowners of Nauti, Keumbu and Winima for conducting a successful review. Chairman of Nakuwi Landowners Association Rex Mauri and the umbrella landowner association of the three principal land owning villages of Winima, Nauti and Kembu of the mine also expressed satisfaction, with Friday's deliberations focused on business interests and spin-off benefits to the landowners and the community at large. Mr Mauri briefly touched on the issue at the end of Thursday's sessions about how he could get a contract to deliver cargo for the LNG Project and yet was unable to get a business opportunity in his own Hidden Valley mine.

In the meeting, the current royalty-sharing agreement and the proposed agreement to be included in the new MoA to be signed later in the year, was also questioned by a faction of the Nauti landowners. The Nauti faction wanted 75 percent of royalties, leaving 25 percent for Morobe Provincial Government and Winima and Keumbu landowners. But Mr Mauri and State and Morobe Provincial Government representatives said it was impossible because the landowners could only share 50 percent out of the two percent royalties paid by MMJV to Morobe Provincial Government, which equates to around K9 million. The landowners agreed to Nauti getting 22 percent, Winima and Keumbu 10 percent each, Nakuwi Landowners Association and Future Generation Fund four and one percent respectively. The 50 percent to be controlled by Morobe Administration will come in the form of development grants and projects, mostly in the landowner areas of Watut and Wau LLGs with seven percent each, Wau-Bulolo Urban LLG with four percent and Bulolo District receiving 39 percent. MMJV’s General Manager for External Relations and Sustainability, David Wissink also highlighted that currently Future Generation Fund of the landowners stands at K1 million and at current projections, it could increase to K6.8 million in the next five years.

Mr Wissink told the Post-Courier that the landowners should give a little more thought to the Future Generation Fund and increase its percentage so that after the mine closure, the needs of the future generation and future business interests could be accessible through this fund. Nakuwi Landowners Association chairman Mr Mauri also indicated that they would seriously look at the future fund and improve on its make-up and contributions and governing system to cut out bottlenecks and disagreements. “We will look at the future fund and propose for it to be split into three separate future funds, one each for the Nauti, Winima and Keumbu landowners,” he said. “This will stop disagreements in the future as each landowner faction will be responsible for its own future fund and how they should invest it and grow it.’’ The MoA will also look at setting up the Hidden Valley Development Foundation where development grants will be parked for infrastructure and development projects in the mine affected areas and corridors. MMJV is proposing to park 0.25 percent of its net revenue into this development vehicle. At current projections, there will be about K2.3 million in this fund in 2014. The landowners and MPG will also contribute to the foundation.

Treasure hunters dig for gold at church mission

The National, 20th May 2013

A GROUP of men from the Morobe patrol post in Huon Gulf are digging a hole in front of the Zaka Lutheran circuit building hoping to uncover “hidden treasure”. The men claimed that gold bullions were buried at the Zaka mission station by German missionary Karl Mailender when the Second World War began. They believed that the gold was collected along the Waria alluvial plain by Mailender during his evangelism missions upstream in Mougomi. Maya Oiye, a former Sapa village councillor went to the site and saw four men from his village. Oiye said the men were armed and warned church circuit president Pr Francis Siki and secretary Phil Hetri not to reveal what they were doing to the Sapa, Dona, Kobo, Zare and Aingse communities. “Armed guards were posted outside their (Siki and Hetri) houses to make sure they stayed indoors when the men were digging,” he said. Metal detectors were used to identify the location and the digging started. Siki said his grandparents, who “respected the Gospel” offered the land to church. “It allowed Mailender to settle and carry out the evangelism work,” Oiye said. “There was no gold or treasure of any sort buried there and this is typical cult mentality.”

Pundari lauds InterOil refinery for efficient ecology handling

The National, 20th May 2013

RESOURCE companies in the country should ensure they apply sound management system in their operations, Environment and Conservation Minister John Pundari says. He said this during a tour of InterOil’s refinery facility at Napanapa, outside of Port Moresby last week. During a briefing with the company, Pundari was impressed with InterOil’s environmental management and monitoring practices. He said the refinery facility was small, however, it uses some of the world’s recognised standards that are less harmful to the environment. “This is small refinery but it introduces some of the world’s best standards as far as water treatment is concerned. InterOil says it puts more emphasis on waste management and monitoring activities while using state of the art facilities. The company is also investing about US$250,000 on incinerator for treating solid and liquid wastes.

West Papua Mine Rescuers Lose Hope For More Survivors

Toll at Freeport collapse: 8 dead, 20 missing

WELLINGTON, New Zealand (Radio New Zealand International, May 19, 2013) – The owners of a mine in the West Papua province of Indonesia say rockfalls are hampering rescue efforts after last week's tunnell collapse, which has now killed at least eight workers. Freeport McMoRan says hopes are fading of finding alive any of the 20 still missing. Freeport closed the world's second largest copper mine on Wednesday, a day after a tunnel fell in on 38 workers undergoing training. Several of the 10 rescued are still in hospital. The company is using a device to detect vibrations to find out if any of those trapped are still alive, but says it has not had any signs of life in the last 72 hours.

Goilala leader: Don't disrupt work at Tolukuma Gold Mine

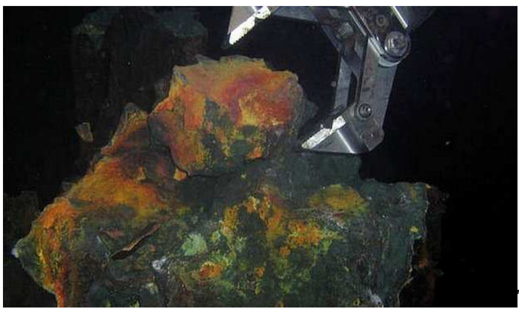
The National, 19th April 2013

THE Tolukuma Gold Mine (TGM) is the only lifeline for the people of Goilala and should not be sabotaged, Yulai Landowners association (YLA) chairman George Gusi says. YLA is the principal landowner group within TGM. Gusi said: "I do not want the landowners to interfere with the mining administration. "I do not want some mining employees to influence the landowners to demonstrate against the general operations of the mine for their own personal interest. "The mine is the only source of income for the Yulai people who were once living in a very least developed area. "Today TGM is both a revenue source for the country and the people of Yulai and Goilala," he said. Gusi stressed that the landowners and the employees were beneficiaries of the mine. He also expressed his gratitude to the National Government for its support of development plans in consultation with the TGM management.

Gusi thanked Goilala MP Daniel Mona, Central Governor Kila Haoda and Woitape local level government president Maria Mark for backing up TGM. "I want to also make it clear that the people of Yulai who are the impacted landowners of the mine are supporting TGM in whatever measures they take to address the issues on hand. "We will support the TGM management to ensure that the mine's operation returns to normalcy. "We are also aware of the false information about TGM being spread by certain group with vested interest. "We will continue to work with the current TGM management headed by chief executive officer Sam Inguba and support them to ensure that benefits trickled down to the stakeholders." "I always fight for the safety of the mine because that is the only project that is currently providing service to my people by way of education, transportation, communication, employment and others socioeconomic benefits," Gusi stressed. Once all issues are settled, Gusi said YLA will pursue the benefits due the landowners.

Deep sea mining 'gold rush' moves closer

BBC News, 18 May 2013



The idea of exploiting precious metals on the ocean floor has been considered for decades

The prospect of a deep sea "gold rush" opening a controversial new frontier for mining on the ocean floor has moved a step closer. The United Nations has published its first plan for managing the extraction of so-called "nodules" - small mineral-rich rocks - from the seabed. A technical study was carried out by the UN's International Seabed Authority - the body overseeing deep sea mining. It says companies could apply for licences from as soon as 2016. „I don't think we own the deep ocean in the sense that we can do what we like with it", Dr Jon Copley University of Southampton. The idea of exploiting the gold, copper, manganese, cobalt and other metals of the ocean floor has been considered for decades but only recently became feasible with high commodity prices and new technology. Conservation experts have long warned that mining the seabed will be highly destructive and could have disastrous long-term consequences for marine life.

The ISA study itself recognizes that mining will cause "inevitable environmental damage". But the report comes amid what a spokesman describes as "an unprecedented surge" of interest from state-owned and private mining companies. The number of licences issued to prospect for minerals now stands at 17 with another seven due to be granted and more are likely to follow. They cover vast areas of the Pacific, Atlantic and Indian Oceans. One of the most recent to be granted was to UK Seabed Resources, a subsidiary of the British arm of Lockheed Martin, the American defence giant. Under the UN Convention on the Law of the Sea, the ISA was set up to encourage and manage seabed mining for the wider benefit of humanity - with a share of any profits going to developing countries.

The chimneys of hydrothermal vents contain many metals in high abundance

Now the ISA is taking the significant step of moving from simply handling bids for mineral exploration to considering how to license the first real mining operations and how to share the proceeds. The ISA's legal counsel, Michael Lodge, told the BBC: "We are at the threshold of a new era of deep seabed mining." The lure is obvious. An assessment of the eastern Pacific - a five million sq km area known as the Clarion-Clipperton Zone - concluded that more than 27 billion tonnes of nodules could be lying on the sand. Those rocks would contain a staggering seven billion tonnes of manganese, 340 million tonnes of nickel, 290 million tonnes of copper and 78 million tonnes of cobalt - although it's not known how much of this is accessible. A map shows the spread of licensed areas across the zone. Link: http://www.isa.org.jm/files/images/maps/CCZ-Sep2012-Official.jpg

Right incentives

According to the planning study, the ISA faces the challenge of trying to ensure that nodule mining's benefits will reach beyond the companies themselves while also fostering commercially viable operations. The plan relies on providing operators with the right incentives to risk what would be expensive investments without losing the chance for developing countries to get a slice of the proceeds. But the ISA identifies what it calls a "Catch-22" in this brand new industry as it tries to assess which companies are skilled enough to carry out the work. "Competence cannot be gained," it says, "without actual mining at a commercial scale, but at the same time mining should not be allowed without prior demonstration of competence."

A key factor in the ISA's thinking is the need for environmental safeguards, so the document calls for monitoring of the seabed during any mining operation - though critics wonder if activity in the ocean depths can be policed. The prospect of deep sea mining has already sparked a vigorous debate among marine scientists, as I found earlier this year on a visit to the British research ship, James Cook, exploring the hydrothermal vents of the Cayman Trough. The expedition's chief scientist, Dr Jon Copley, a biologist from the University of Southampton, urged caution. "I don't think we own the deep ocean in the sense that we can do what we like with it," he said. "Instead we share responsibility for its stewardship. "We don't have a good track record of achieving balance anywhere else - think of the buffalo and the rainforest - so the question is, can we get it right?"

Extinction risk
And Prof Paul Tyler, also a biologist, of the National Oceanography Centre, warned that unique species would be at risk. "If you wipe out that area by mining, those animals have to do one of two things: they disperse and colonise another hydrothermal vent somewhere or they die. "And what happens when they die is that the vent will become biologically extinct." However, marine chemist Prof Rachel Mills, of the University of Southampton, called for a wider debate about mining generally on the grounds that we all use minerals and that mines on land are far larger than any would be on the seabed. She has carried out research for Nautilus Minerals, a Canadian firm planning to mine hydrothermal vents off Papua New Guinea. "Everything we are surrounded by, the way we live, relies on mineral resources and we don't often ask where they come from," she said. "We need to ask whether there is sustainable mining on land and whether there is sustainable mining in the seas. "I actually think it is the same moral questions we ask whether it's from the Andes or down in the Bismarck Sea." This debate is set to intensify as the reality of the first mining operations comes closer.

Australian mining companies fall short on Indigenous peoples rights

Oxfam Australia via ACT NOW!, May 18, 2013

The vast majority of Australian mining, oil and gas companies have no clear public commitment to gain the consent of Indigenous peoples before commencing projects on their land, according to a new report. Launched ahead of next week’s global conferences on mining, which will be held in Sydney, *The Right to Decide: Company Commitments and Community Consent* report, found only one Australian company had policies and a position to consider Indigenous peoples’ rights, including their ablility to participate in decisions that affect them, their land and natural resources. Oxfam Australia’s Chief Executive Dr Helen Szoke said while some companies were improving their policies and disclosure on approaches towards Indigenous peoples’ rights, the report findings revealed much more was needed. “This is a critical issue for the Australian mining industry,” Dr Szoke said. “Australian companies are not only trying to access minerals on Indigenous peoples’ land here in Australia, but are increasingly venturing overseas to do the same.”

Dr Szoke said the Australian mining sector – like the global mining sector – was facing growing calls from Indigenous peoples to respect their rights to land and their right to determine how it was used. “Without the consent of affected people, mining companies will find it more and more difficult to access land for mine development and operation,” Dr Szoke said. “Projects risk being delayed or shut down if communities directly affected are not involved in decision-making, do not give their consent, or are denied the opportunity to share in the benefits from these projects.” Mining projects in developing countries can cause harm in a number of ways, including environmental degradation – leading to devastating effects on peoples' ability to feed themselves and make a living – contamination of water sources for drinking, farming and fishing, deterioration of health including malnutrition, declining social cohesion, and destruction of places of cultural and spiritual significance.

Dr Szoke said the UN-enshrined principle of 'Free, Prior and Informed Consent' required Indigenous peoples and local communities to be adequately informed about mining, oil and gas projects in a timely manner and given the opportunity to approve or reject projects before they started. According to investor research group Corporate Analysis Enhanced Responsibility (CAER), which worked with Oxfam to develop the report, companies needed to understand the potential legal, reputational and financial risks of attempting to operate without this consent. CAER CEO Duncan Paterson said: "They also increasingly run the risk of losing investor support, since investors know that without consent, projects may be delayed or disrupted, adding unforeseen costs. "Investors are becoming savvy when deciding where to put their money. Key human rights principles such as the right of Indigenous peoples to consent to the use of their land will play a greater role in where they choose to invest." The report reviews the statements and guidelines of 53 mining, oil and gas companies among the top 200 listed companies on the Australian Securities Exchange, and finds only Rio Tinto has a clear public commitment to the Free, Prior and Informed Consent of Indigenous peoples. The report also finds only 14 companies have published a commitment to uphold human rights throughout their operations, which is particularly concerning given the extractives sector accounts for two-thirds of the alleged human rights abuses by private corporations, reported by NGOs.

Challenges of Fijian mining sector

By Dr TK Jayaraman, Fiji Sun, May 18, 2013

The mining sector is now emerging as the new engine of growth in developing economies in all the regions. Pacific region is no exception. Papua New Guinea (PNG) is a leading example, Fiji with its copper, bauxite and manganese minerals in Namosi and Waisoi areas are the next to join the list. The Revenue Watch Institute (RWI) is a non-profit organisation striving for effective accountable management of oil, gas and mineral resources. The organisation in its report of May 15 said 32 out of 58 countries that rely on mineral revenues did not meet "basic standards of resource governance". These countries produce 85 per cent of the world's oil and 80 per cent of copper. The RWI calls for full public disclosure of contracts between governments and extracting companies and greater transparency on revenues.

Papua New Guinea is increasingly getting aware of the need for wise use of natural resources and equal distribution of wealth to all. There are new policy initiatives. These include downstream processing, mine waste management, mine closure, sustainable development, study into state equity options, state fiscal provision, royalty options and compensation rate review and dispute resolution. Its mining sector contributes 57 per cent of Papua New Guinea's export revenue for the last 15 years. It is the largest contributor to the economy since 1967. While agriculture contributes 23 per cent of the country's export earnings, minerals contribute more: crude oil: 15 per cent, copper: 19 per cent and gold: 37 per cent. The mining industry and its contributions to economic growth, in developed and developing economies and the role of mining and future implications for Fiji are the focus of attention in different forums.

FNU conference paper

On May 8, Fiji National University (FNU) opened its three-day Conference on Finance and Investment in Fiji with an important paper on Australia's mining experiences and neglect of its own non-mining sector. There are important lessons for Fiji.

Australian failure

Raj Prasad in his paper pointed out to the failure by successive governments in Australia to promote value-added manufacturing activities. Australia, which was the biggest supplier of coal, iron ore and natural gas to China, failed to establish processing industries. Mr Prasad gave an example: The 20-litre oil drums are made from Australian iron ore, which are processed in China; the metal is then shipped to Singapore and pressed in drums; and empty drums were shipped to Australia for food industry. That was responsible for shrinking manufacturing base and loss of technology, aside from environmental degradation caused by uncontrolled mining activities. Mr Prasad had a piece of advice for policy makers of Fiji:

l Build a rigorous legislative framework;
l Draw on global experience to frame proper legislation; and
l Ensure the existence of a framework before issuing licences.

The multinationals would respect sitting legislations rather than new impositions. Since Fiji wants to develop its mining sector, the country should develop the ability to counter-balance the might of multinationals. It should implement an effective resources rent tax. Mr Prasad called for hiring an independent panel of mining experts for preparing and reviewing financial feasibility to provide guidance on environmental protection. He wanted establishing a supervising and monitoring unit for observance of proper accounting procedures with built-in criminal and civil penalty provisions for non-compliance.

The African case

Same concerns in regard to mining were expressed by a report released in Africa just about the same time. On May 10, a panel chaired by the former UN Secretary General Kofi Annan called for end to 'unconscionable' exploitation of Africa's mineral resources. Other members included Sir Bob Geldof, the chief executive of the Prudential, Tidjane Thiam and Ms Linah Mohohlo, Governor of Botswana's central bank. The Report is an annual feature, known as Africa Progress Report. The 2013 Report said how the economic benefits of extracting natural resources such as oil and iron ore often fail to flow through to the local population. Mr Annan writes in his foreword to the Report: "Africa loses twice as much in illicit financial outflows as it receives in international aid".

Mr Annan says some companies, often supported by dishonest officials, are using unethical tax avoidance, transfer pricing and anonymous company ownership to maximize their profits, while millions of Africans go without adequate nutrition, health and education. A number of resource-rich African states including Equatorial Guinea and Angola recorded high economic growth rates in recent years due to mining activities, but little trickled down. There is widening inequality. The Report emphasises that industrialised countries should "enforce corporate transparency for making it clear to Africans who owns the companies involved in mining deals". Mr Annan wants "a crackdown on the international tax rules that allow multinationals to shift profits from one country to another with impunity".

Strengthening capacity

The Report stresses the need for African governments improving their governance and strengthening national capacity to manage their mineral industries. Putting transparency and accountability at the heart of their natural resource policies will ensure and secure fair share of natural resource revenue for their citizens for spreading benefits of revenue via equitable public spending.

Government stake

While launching the Report, Botswana's central bank governor Moholo stressed African governments should own at least a 50 per cent stake in any new mining venture. This is in order to ensure the country receives more of the revenue that flows from a project than the mining company receives. Further, the governor made it clear that central banks should handle the revenue flows from mining. “The country, or the government, must receive more of the revenue flows out of a project than the company does”. Further, there should be definite dates ending the tax holidays often granted for a project to start. Governor Moholo declared: “The state’s role is far greater than just being a partner that extracts profits and collects taxes”.

Fiji: Chief backs mining

By Maika Bolatiki, Fiji Sun, May 17, 2013

The Naitavuni district chief, Ratu Leone Codro, will support the Prime Minister, Commodore Voreqe Bainimarama’s decision on mining in Namosi and Naitasiri province. Speaking to the Fiji Sun at his chiefly residence at Nasevou Village, on the Namosi-Naitasiri border on Wednesday, Ratu Leone said currently the people of Naitavuni had benefited from the work of the Namosi Joint Venture. On Wednesday NJV gave $500 to the school manager. This was in response to a request from the women because they were fundraising to collect $1000 for a school project. With the 10 clans (mataqali) in the Naitavuni district, Ratu Leone said seven were involved and another three would soon be engaged. The Naitavuni chief said they would also support the Prime Minister’s decision on mining in the Waisoi area. A release by the joint-venture said the Waisoi area was bounded by the Wainavadu River valley in the North, the Waidina River in the East and South and by the Korobasabasaga Range in the West.

The Waisoi project, if approved and developed would include open-pit mining to produce a copper concentrate with gold by-products for export. The key mine infrastructure would include two open pits, tailings and waste rock storage facilities, a power station and processing plant, administration camp, a bulk handling facility and access roads. The joint-venture estimates a mine life of approximately 20-25 years, depending on the annual production rate. The estimated mine life would also depend on the extent to which the amount of mineral reserves that can be extracted may change in the future subject to ongoing exploration and economic factors. The mine would be constructed and operated under strict environmental conditions imposed by the Government. Environment, social and cultural heritage management plans would be developed for the construction and operational stages, as well as a mine rehabilitation plan in consultation with the Government and local community. Ratu Leone said his fears about waste products had been allayed.

Mining the deep blue frontier

By Peter Huck, New Zealand Herald, May 17, 2013

Photo / Thinkstock

Even by Howard Hughes' eccentric standards, the great manganese nodule hunt was a bizarre episode. News that the reclusive billionaire was intent on recovering metallic nodules - potato-sized rocks rich in manganese, copper, nickel, cobalt and rare earths - from the ocean floor northwest of Hawaii stoked hopes of a mining bonanza. Private companies launched probes to see if mining at the limits of technology was commercially feasible. In fact, the quest was an elaborate Cold War ruse, concocted by the CIA with Hughes' help, as a cover for US efforts to salvage a Soviet submarine, K-129, which sank in 1968. The wreck was salvaged in 1974. As for the deep-sea metals rush, it ended when nickel prices imploded. Four decades later deep-sea minerals are back in the news, following a sensational claim in July 2011 by a scientific team from the University of Tokyo.

Writing in the journal *Nature Geoscience*, the scientists, backed by the Japan Agency for Marine-Earth Science and Technology, said rare earth minerals had been found in mud on the ocean floor. Between 80 and 100 billion tonnes of rare earths - used in magnets, batteries and electronic components for smartphones, wind turbines, fuel cells, hybrid cars, catalytic converters and other high-tech gadgetry - were found at depths of 3500m to 6000m, east and west of Hawaii and east of Tahiti. "The deposits have a heavy concentration of rare earths," team leader Yasuhiro Kato told Reuters. "Just one square kilometre of deposits will be able to provide one-fifth of the current global annual consumption." Given that the US Geological Survey estimates world reserves of rare earths at 110 million tonnes, the amount found deep beneath the ocean seemed a game-changer. The Industrial Mineral Corporation of Australia (IMCA) says total world production of rare earths was 100,000 tonnes last year. Consumption was 115,000 tonnes. The shortfall was filled from stockpiles or by illegal exports from China, which produces over 95 per cent of the global supply. By 2020 IMCA predicts global demand will be 220,000 tonnes.

The Japanese paper is being treated cautiously by scientists. "It might not be possible [to extract rare earths]. You'd need a high concentration," says Dr Richard Wysoczanski, a marine geophysicist with the National Institute of Water and Atmospheric Research (Niwa). "But having said that, the mud is easy to process. It's about getting it all to the surface." Nonetheless, the Japanese announcement - and Kato's claim that nodules rich in heavy rare earths could be "readily recovered" - has fuelled business and government interest. And much of that interest is focused on the Pacific Ocean. Deep-sea technology has made big strides since the 1970s. Submersibles can dive to extraordinary depths and robots can retrieve material. Scientists have mapped wondrous subterranean landscapes and located deep hydrothermal vents, where mineral-rich water, superheated by magma in the earth's core, bubbles up into the sea. Such vents are found in the Kermadec Arc, a chain of active subterranean volcanoes northeast of the North Island.

The Kermadec vents may harbour rare earths. And Wysoczanski says rare earths could also be found in mud around manganese deposits known to exist in the Great South Basin south of the South Island, albeit at depths of 4000m in an ocean renowned for extreme weather. Last November Niwa announced a joint venture with the US National Oceanic and Atmospheric Administration, with New Zealand piggybacking on US budgets and equipment to investigate marine areas such as the Kermadec seamounts. Could the Pacific be on the verge of a rare earths boom? Maybe. But the risks are high and the odds are long. A key question is whether deep-sea mining for rare earths is profitable, compared to open-pit mines in China, the US and Australia, or the prospect of more in Canada, Greenland, Russia, Sweden, Brazil and Vietnam.

Rare earths are not, in fact, particularly rare. However, they are not often found in high concentrations and can be difficult to mine and refine. The average percentage of rare earths taken from China's Bayan Obo iron ore mine - the rare earths are a by-product - is 6 to 7 per cent, explains Gareth Hatch, co-founder of Illinois-based Technology Metal Research. Rare earths separated from clay in southern China have an even lower yield, just a few hundred grams per tonne. "Light" rare earths, such as cerium, used in glass manufacture, are more concentrated and worth less. "Heavy" rare earths, like dysprosium, used in magnets and a vital component in hybrid cars such as Toyota's Prius, are less concentrated and worth more. Kato reported that some deep-sea deposits had twice the levels of dysprosium as found in China's clay mines.

Price and availability are everything for minerals with increasing strategic value. Back in 1992 Communist Party leader Deng Xiaoping declared: "The Middle East has oil. China has rare earths." According to Forbes magazine, China increased rare earth production 40 per cent annually from 1978 to 1989, undercutting the US. As rare earths are crucial to missile, laser and radar systems, the US is pushing to develop its own supplies, following a dispute over China's quota system. The US, Japan and the EU accused Beijing of reducing exports to favour domestic industries, and filed a World Trade Organisation complaint in March last year. Despite slumps in 2009, as the global recession kicked in, and in 2011, rare earths are a hot commodity. Last year usage in China alone was estimated at 80,000 tonnes, leaving Molycorp's Mountain Pass mine in California - recently reopened - and Lynas Corporation's Mt Weld mine in Western Australia (with final processing in Malaysia) to pick up the slack.

Will the Japanese discovery precipitate deep-sea mining for rare earths (Japan also claims to have found deposits in its own Exclusive Economic Zone)? No one is sure. The International Seabed Authority - the body established to regulate mining beyond Exclusive Economic Zones - says interest in deep-sea mining "has increased rapidly and significantly after decades of being 'on hold'". The IPA has issued 13 licences to private companies, state-owned organisations and Governments, including India, China, Russia and Japan. Six are pending. There are two ways to recover marine rare earths. Slurry can be pumped through pipes from the seabed to a stationary platform or ship and "dewatered". Further processing would then be done on land. Or robot bulldozers can scoop material into skips, which are then hauled to the surface. "They're very doable," says Wysoczanski. "It's just a matter of cost."

Speaking in Auckland last December at a meeting of Pacific Island states from the Pacific Economic Co-operation Council, Kato said marine rare earth concentrations were up to 10 times those on land. He estimated a single mining ship could extract 15,000 tonnes of mud each day, making US$150 million plus in a year ($182 million). On the surface it is a beguiling vision. But probe deeper, perhaps in stormy waters remote from help, such as parts of New Zealand's EEZ, and it is fraught with technical, environmental and financial risks. Vital as they are, demand for rare earths is expected to be only $2 billion to $3 billion by 2014, just 1 per cent of the present market for iron ore. "There's just no way those projects are economic, first at current rare earth prices, and second, when you have so many other projects, literally hundreds, on land that are so much easier to exploit," says Hatch.

The mining majors, BHP Billiton, Rio Tinto and Vale, appear uninterested in rare earths. Why would they sink their money into high-risk seafloor ventures? "Rare earths would have to be astronomically high in price. And that would probably kill demand anyway. I just don't see it. I really don't." Nonetheless, interest is growing. "I don't think there is a boom. There's no deep-sea mining. It's more a process," says Robert Makgill, environmental law director with Auckland-based North South Environmental Law. "It's certainly an industry in which a lot of interest has been shown." Makgill has been involved with an EU-funded effort to help Sopac, or the Secretariat of the Pacific Community (Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor Leste, Tonga, Tuvalu and Vanuatu) develop "a legal framework to allow for deep-sea mineral exploration and mining".

Given the tiny economies of most Sopac members, this is potentially huge. "It's a big carrot for some of these Pacific Island states," says Makgill. "They don't have industry. They don't have a lot of primary resources. And this is one way for them to obtain some wealth so they can provide some decent infrastructure for their country. It really is a question of how effectively they can regulate those activities." It is a prospect that needs big outside players: investors with capital, mining companies with expertise and technology, and legal experts who can write guidelines. The move to establish a regulatory authority, licensing regime, environmental safeguards and more is led by British lawyer Hannah Lily. Certainly, deep-sea mining would have significant impacts, not least the interest they would attract from powerful states.

First cab off the rank is Canada-based Nautilus Minerals, which has a project - Solwara 1 - at 1500m in the Bismarck Archipelago in PNG waters. Tonga and Nauru have applied to the ISA for exploration licences. Neptune Minerals, a US company, holds licences for Vanuatu, the Federated States of Micronesia and New Zealand, and since 2005 has been exploring massive seafloor sulphide deposits which may yield lead, zinc, copper and rare earths along the Kermadec Arc. Belgium's G-TEC Sea Mineral Resources, backed by their government, has also signed an exploration licence with the ISA for the central Pacific. And there is renewed interest in the Clarion Clipperton Zone, where the US salvaged K-129. In March the Guardian reported that British Prime Minister David Cameron wanted to "put Britain at the forefront of a new international seabed mining industry that could be worth £40 billion ($74 billion) to Britain's economy over the next 30 years." Lockheed Martin would lead the charge, said Cameron, allowing Britain to compete with China and Russia "in the global race". The Prime Minister told a business group that a government-private consortium involving UK Seabed Resources - a Lockheed Martin subsidiary - has an exploration licence for 58,000sq km of the Clarion Clipperton Zone. The US has never ratified the UN Convention on the Law of the Sea, but Britain has, so a British-based company can apply for an ISA licence to explore international waters.

Seaboard Resources will use data generated by the sub hunt in a venture that Lockheed Martin acknowledged as "a complex engineering challenge". In March, Foreign Policy in Focus, published by the Institute for Policy Studies, a US think tank, reported that Lockheed was negotiating with Fiji's military regime "to fast-track and sponsor deep seabed mining". The report claimed the giant company was consulted well before other stakeholders and that a draft decree of the agreement "criminalised protest of the Fiji International Seabed Sponsorship Authority, which could be read as providing a blanket of coverage for Lockheed Martin to pursue experimental deep seabed mining without public protest". A robust regulatory framework allows for transparency. "That's probably the big question," says Makgill. "What kind of regulatory framework will you put in place?" And once adopted, law must be administered. "There are some big questions surrounding this. And it does need to be watched carefully."

Take the environmental price. The rare earths industry produces heavy metals and radioactive waste. Processing deposits from mud, using acid leaching, is easier. But big pitfalls remain. Critically, life in the ocean deep is sulphur-, not oxygen-based, provoking concerns about damage to fish stocks if sulphite particles enter food chains, driving acidification. For Pacific states that depend on fishing and tourism, this is a serious threat. There are also fears that mining could trigger ocean floor landslides, damage hydrothermal vents or release radiation. Then there's waste. Where do small states store waste? How do they manage the process? Wysoczanski says "more than half" of Niwa research on mining hydrothermal vents is focused on the potential impacts on biodiversity of toxic chemicals or of particulates - fine rock particles - in the water.

"They can effectively clog up organisms. Especially those that don't move. So it can wipe out vast areas. We just don't know yet." Wysoczanski is sceptical of Kato's claim that 1sq km of seabed could furnish a fifth of annual global rare earth demand. "I suspect it would be larger. And that's the problem." As arguments over oil exploration in New Zealand suggest, finding best practice rules for inherently risky deep-sea mining is not easy. "It's a hugely unknown environment," says Makgill. "Scientifically, any activities we undertake in those environments really are dependent on a precautionary approach and effective management." In the meantime, any deep-sea rare earth bonanza remains at the exploratory stage. Its future might depend as much on how China handles quotas, as on the technical, legal and financial challenges of mining the deep blue.

ANZ: PNG leads pacific in hard exports

Post-Courier 17.5.2013

PAPUA New Guinea’s formal economy depends heavily on mining and exporting hard and energy commodities such as gold, oil, natural gas, copper, silver and timber according to Australian New Zealand Bank Quarterly report. The Report revealed that incomes in PNG rise and fall with the prices that these commodities fetch on the international market. With the steep and steady rise in these hard and energy commodity prices over the last decade, PNG’s terms of trade improvements mean that it’s gross domestic income outperformed that of its peers in the Pacific region, which are more focused on exporting soft commodities. Recently, hard and energy commodity prices have experienced large negative shocks with Gold, crude oil, and most base metals prices all decreased sharply in March and April this year and though commodity markets have stabilized somewhat, the lower prices have generated some concern about what impact this may have on the export volumes of commodity exporters.

In the report countries like PNG where this constitutes the majority of industrial activity, commodity export volumes have significant implications for real Gross Domestic Product (GDP) growth and intuitively, producers in a small market like PNG to have more incentive to ramp up production when global prices are high. However, we find little evidence that short term export price fluctuations systemically affect PNG’s export volumes and Data on the actual prices that PNG exporters face and their export volumes are scarce, but the World Bank is able to provide annual indices for export prices and volumes. Over the period from 2000 to 2011, the growth of export volumes had the same sign as the percent change in prices only 7 out of 11 years. The correlation between the two growth rates is even negative at -0.5 compared to 2012 despite the strength in commodity prices, volumes were down for gold, copper and crude oil according to the Bank of PNG’s Quarterly Economic Bulletin. Overall, the data suggest that the short term fluctuations in PNG’s export volumes may be driven more by domestic developments (eg. supply constraints) than international price movements.

Environment unit for Madang Provincial Government

Post-Courier 17.5.2013

THE National Government will assist the Madang Provincial Government (MPG) by providing advice on recruiting suitable environmental officers and providing training to these officers. This was an undertaking which the national government made to the MPG in the Ramu Nickel Mine Project Memorandum of Agreement (MoA) which was reviewed last week in Madang. The National Government through the Department of Environment & Conservation (DEC) has undertaken to provide technical advice in identifying suitable persons to be recruited and trained. Goro Arigae of the DEC said that he had already begun discussions on this matter with the MPG. He said he had advised MPG that they would need two people, one a marine specialist and the other a terrestrial biologist or a chemistry graduate. Mr Arigae also said DEC would also provide hands on training and specialist training for these people in the long term. He said DEC may have an officer on site which would add to their capabilities.

The MPG has undertaken to establish an office space within the provincial government building which will accommodate the environmental unit. The need for environmental officers within the provincial government structure arises from concerns from landowners of Ramu Nickel Mine Project that their environment should be monitored consistently to avoid damages. The idea is that to be able to effectively monitor the environment, MPG should have its own environmental officers to monitor the potential of any environmental impacts of mining by Ramu Nickel Mine Ltd. Acting Managing Director of the Mineral Resources Authority (MRA) Philip Samar said the establishment of this office within the MPG structure would assist the National Government's processes and systems in managing the Ramu Nickel Project, both from the DEC and the MRA perspective. Madang Governor Hon Jim Kas said his government was committed towards establishing the environment unit and that it (MPG) would consider its budget to see how much money it could commit towards establishing the unit and recruiting officers.

Environment audit report recommends a shutdown of Gold Ridge mining operations
Islands Business, 16 May 2013

HONIARA, Solomon Islands --- An independent environment audit into Solomon Islands Gold Ridge Tailings Dam recommends that the Gold Ridge Mining Limited (GRML) should shut down its operations, install the water treatment plant and discontinue any further extraction of water from Chovohio River. The audit report compiled by an independent environment auditor for Metapona Downstream Association, Kolobisi Tailings Dam Association and Gold ridge community and landowners council representatives recommends that the retained water is of good quality resembling those of the Tinahulu in terms of trace metal concentration. The report recommends that GRML shut off pumps 1 and 2 from Chovohio River and pump in 'return water' to fill the tanks at the processing plant adding that the untreated water could be pumped to the returning water dam.

In addition, the water collection pond at the processing plant should be cleared off the silts and clay that is accumulated should be discharged. The pond should also be filled to its capacity which means the pumping rate should be increased from the current 234 cubic meters per hour. It states the ore contains about 20 percent moisture which is a positive addition of water into the processing plant and eventually to the Tailings Storage Facility. The report says the amount of ore feed into the processing plant should be reduced by 20 percent during the crucial period of 10 weeks from now. It says if GRML does not implement any of these measures then it should shut down its operations immediately.

Ramu: Landowners share 2% to royalties with two groups
The National, 16th May 2013

THE coastal pipeline landowners (CPLO) of the Ramu nickel project have decided to share 2% of their royalties with two other groups within their area. The CPLOs will give 1% each to WassMatau and local churches. The 2% comes from CPLO association and landowners who initially had 2% and 8% respectively. The CPLOs have a total of 12% share of royalties out of the 68% for all landowners in the project area. The balance of the royalties goes to the Madang provincial government and local level governments involved with the project. Mineral Resources Authority acting managing director Philip Samar said it was good to see royalties being shared equally among landowners and community groups. "The gesture of sharing is consistent with the MRA's vision, which is to improve the lives of all Papua New Guineans through the responsible management of the nation's mineral resources," he said. "This is exactly what's happening especially in the case of Ramu mine project landowners", Samar said. The National Government has applauded the CPLO of the Ramu Nickel mine proejct for sharing royalties with two other groups within their area.

Papua Mine Operations Stopped After Cave-In Deaths

Indonesian police say situation at mine still 'volatile'

WELLINGTON, New Zealand (Radio New Zealand International, May 15, 2013) – Rescue work is continuing at the giant Freeport-McMoran gold and copper mine in Indonesia's Papua province after a tunnel collapsed on Tuesday, trapping more than 20 workers. Police say four miners died and 10 others were evacuated after the tunnel caved in at the Grasberg mine. Police add the situation at the mine is still thought to be volatile. The company says Freeport has suspended all operations at the mine out of respect for the workers killed. The head of Freeport's Indonesia unit says it is a temporary suspension out of sympathy for the victims but also due to some safety considerations around underground operations. He adds the accident has had no effect on the open mining pit at Grasberg. Freeport, which is handling the rescue operation, said in a statement on Tuesday that the rescue process is difficult and will take some time to complete. About 40 workers were undergoing safety training at the time of the tunnel's collapse. The condition of the 10 people who were rescued is not known.

Barrick loses $2m investments

Post-Courier 15.5.2013

NEW Zealand's $22 million Superannuation Fund has pulled $2 million worth of investment out of Canadian-based mining giant Barrick Gold, citing its human rights and environmental record. Their reasons were attributed to concerns over mines in Tanzania and PNG – the Porgera Mine. They said the mines have experienced a series of security-related environmental and community problems over a long period of time. The Fund's manger responsible for investment, Anne-Maree O'Connor said the mining giant didn't meet the human rights and environmental standard of UN Global Compact. "Barrick's mines in Papua New Guinea and Tanzania have experienced a series of security-related, environmental and community problems over a lengthy time period," she said. While the company had taken steps to make improvements, there was no practical remedy for the environmental impact of riverine tailings, and the fund's view was that progress on resolving community grievances and security issues had been slow, Ms O'Connor said.

The use of riverine tailings - disposing of mine wastes into rivers - breached international norms. The Super Fund has sold the $1.8m of Barrick Gold shares and $78,824 in shares of African Barrick Gold shares from its global equity portfolio, it said in a statement. Its decision follows a move by the Norwegian Pension Fund in 2009 to drop Barrick Gold on ethical grounds. The Norwegian fund cited Barrick's involvement in the Porgera gold mine in Papua New Guinea, Mining Journal Online reported at the time. Corporate Affairs and Communications Manager for Barrick Australia Pacific, Celina Watt said responsible mining is an absolute priority for Barrick.

She said this was reflected by the fact that Barrick was ranked as a leader in social and environmental responsibility for five consecutive years by Dow Jones Sustainability Index. "We operate in some very complex environments, including Papua New Guinea and Tanzania where many of the most challenging issues pre-date Barrick's arrival. "Barrick and ABG have implemented a series of initiatives to improve environmental performance, and to strengthen relationships with local communities. "At Porgera, the company has improved the tailings management system, achieving a reduction of metal concentrations and the diversion of a portion of the mine's tailings for storage underground. "We would have welcomed an opportunity to share the progress we have made in addressing these issues with the Fund, but our offer to do so was declined. "Our human rights and environmental policies are extremely strong," Watt said.

OK Tedi might take Tolukuma Post-Courier 15.5.2013
By TODAGIA KELOLA

TOLUKUMA mine in the Central Province is likely to be taken over by OK Tedi Mining Limited. This was revealed by Central Province Governor Kila Haoda yesterday, when asked by reporters on his trip to Tolukuma mine on Monday. Governor Haoda said Tolukuma, despite being in the Central Province, has not done enough for the landowners and his trip to the mine on Monday was to get firsthand knowledge on what the company has done for his people and what they had in store for them. Governor Haoda had called the news conference yesterday to rebut allegations by some Goilala people employees of Tolukuma and their local MP Daniel Mona who had questioned why he bypassed them and went to Tolukuma. They had alleged that the governor had “by passed” their local MP and went into Tolukuma with “purported” executives of Petromin, despite being briefed of existing issues between Tolukuma mine and Petromin.

“The governor has to explain why he went to Tolukuma last week with Petromin staff without consulting our local MP. He knows very well that our local MP has been opposing Petromin and that was why they were told to turn back at Tolukuma helipad,” said a spokesman for the landowners. Governor Haoda said he had gone there because he was their Governor and that those who are claiming to be landowners are actually not real landowners. On the question of Petromin and the Government’s decision to dismantle Petromin, who currently runs the Tolukuma Mines, Governor Haoda said the O’Neill Government is considering Ok Tedi to take charge of the mine. “I am confident that once Ok Tedi takes over, the provincial Government and Landowners will greatly benefit.”

Porgera: Government to hold mine review Post-Courier 15.5.2013
By JACOB POK

PRIME Minister Peter O’Neill says his government will look into fast tracking the mining agreement review of the Porgera Gold Mine. Mr O’Neill said during question time in Parliament yesterday that the mining review of Porgera Gold mine had been long overdue and he would ensure the review take place without delay through close consultation with the Mining Minister and stake holders. Mr O’Neill said this when responding to question raised by Laigaip-Porgera MP Nixon Mangape. Mr Mangape said the Porgera mine review had been well overdue for nearly 25 years and the government had not taken any steps to review the mining agreement. He said the review was important for his people and the country as a whole and urged the government to consider and review the mining agreement.

Mr Mangape also called on the government to declare a State of Emergency in the Porgera mine area due to continuous environmental damage caused by the mine waste. He said the environmental damage had been affecting the livelihoods of people living within the mining area and surroundings. “There are two mine waste dumps located on both sides surrounding the mining township and these have been causing damage to the environment and health risk for the inhabitants,” Mr Mangape said, adding that the government should declare a SoE in the district to rectify the issues in the mining township. In respond, Mr O’Neill said the government would look into all issues and address them during the mining review. He assured Mr Mangape that he would talk with the Mining Minister to fast track the mining review in order for all the issues to be addressed.

Mining: End to 'fly in fly out' mooted Post-Courier 15.5.2013
By JACOB POK

FORMER Prime Minister Grand Chief Sir Michael Somare has urged the government to put an end to the "Fly in fly out" arrangements for expatriates and qualified national employees working in resource sectors of PNG. The East Sepik governor supported the call by Laigaip-Porgera MP Nixon Mangape during Question Time in Parliament yesterday. Sir Michael said the government should implement some strict policies on investors and mining developers in the resource sector to build decent townships in mining areas in PNG and put an end to the "fly in fly out" arrangements for the employees. "The government must set up new policy for every developer and investors to build proper towns or cities in the mining areas so that it will discourage people from moving out to other places and overcrowding," Sir Michael said. Laigaip-Porgera MP Mr Mangape said the Porgera Township had been deserted with no economic activities when workers, both national and expatriates were put on "fly in fly out" arrangements.

He said the workers did not spend their monies in Porgera but spent elsewhere and that had been affecting business activities in the Porgera district. In responds, Prime Minister Peter O'Neill said the government had been firmly looking into the issue to put an end to the "Fly in fly out" arrangements. He said the government was serious on many issues affecting the resource sectors and would ensure new policies are implemented for the good of the people and the country. "We need to have stable and consistent policies so that every landowners, investors and stakeholders would comply and follow. We don't want investors from outside to see us as a country that is inconsistent with our policies," Mr O'Neill said, adding that the government is therefore looking into ensuring that any further polices and guidelines will be properly debated to ensure they are firm and consistent for the betterment of the current and future growth of the country.

Rubber business expands in Western

The National, 15th May 2013

THE Lake Murray Village rubber project in Western is the next biggest business after Ok Tedi mine as more than 3,500 growers from 21 villages have registered with North Fly Rubber Ltd. "We have 10,000 families involved in rubber activities, There are some groups that are planting rubber while other groups are producing and selling the product," NFRL managing director Boo Kui Chew said. "When the project started in 1993, the average annual income was roughly around K100,000 but in the last three years our farmers have earned around K21 million. "You can clearly see the impact this project has on the rural community. "The most important thing everyone needs to know is that farmers or primary producers get the least amount of money while the processer or middle-man ends up with quite a lot. "That is why we have set this company as a cooperative so that every farmer in this province is a shareholder. If they produce a lot of rubber, they earn a lot of money."

Complex challenges for PM O'Neill in mining

Steering govt through rocky rival interests
By Rowan Callick, Islands Business, May 2013

Early in the term of Papua New Guinea's new government—which has ensured, by a constitutional amendment, that it will be in power at least until this time in 2015 – it is facing some complex challenges, especially around the country's biggest revenue earner, mining. There's a common view, even in PNG which has more than a century's history of the industry, that mining is merely about digging rocks up and shipping them to eager buyers. But it is as difficult to build and maintain a mining industry as it is easy to lose one. Independent PNG has been substantially built on its re-

sources, the source of about 80 percent of its export earnings—chiefly, until liquefied natural gas (LNG) starts producing revenue in a couple of years, from minerals. The big persisting dangers for PNG include:
• Spending the money before it's been earned and thus building debt;
• The usual "Dutch disease" challenge of preventing resources from crushing the rest of the economy by inflating prices, especially damaging agriculture which is by far PNG's chief source of employment and of family incomes, and of course; and
• The debilitating battles between rival groups, including elements in various levels of government and within landowner groups, over the spoils from mining.

The dominant source of such resource revenue—and by far the biggest taxpayer in the country—has in recent years been Ok Tedi Mining Ltd. In 2011, it provided the government with about $US550 million—about 16 percent of its total income. Recently, the government has banned leading Australian economist and public intellectual Ross Garnaut from entering PNG, even though he was the chairman of Ok Tedi, the country's highest tax paying company. It sought, by ratchetting up tensions around the mine and its governance, to place direct pressure on BHP-Billiton, which a decade ago withdrew from the operation due to environmental embarrassments, and set up a trust to run the mine.

Relax rules

The government appears to want BHP to agree to change the constitutional arrangements that hold substantial dividends back until the mine closes—now worth about $US1.5 billion. It also wants BHP to relax the rules that constrain its access to funds available annually for local development. Garnaut has stood aside this year for former prime minister Sir Mekere Morauta, who now chairs not only Ok Tedi Mining Ltd but also PNG Sustainable Development Program Ltd, the chief shareholder in Ok Tedi, which manages the holding in trust for the people of the mine area of Western Province and of PNG more broadly. PNG Finance Minister, James Marape, has recently sought to redirect some of the funds provided annually for local development, which have recently been used to buy boats and aircraft for local use to a new lobby group. Hundreds of millions of dollars are now coming into play in this dispute, as the government places pressure on Ok Tedi in one area after another—including the ultimate sanction of refusing to allow an extension of the mine after its current approvals end this year. It is almost unthinkable that the mine would then permanently close.

The thriving mining township, Tabubil, is being redeveloped as a centre for training and tertiary education, and for health work and research. But this transformation is far from complete. In the meantime, Tabubil continues to provide jobs and incomes for large number of families, and local people benefit from spin-offs and infrastructure work. So despite the mine's many problems, starting with the collapse of its tailings dam causing mine waste to be flushed down the river system, permanent closure is most unlikely. The far more probable course, is that the government would invite in a new operator. But from where? Although copper is today's most-sought mineral, there is not a long list of aspirants. A Chinese buyer is most likely, given the country's eager appetite for access to the resources its industrial growth requires. But Ramu Nickel, which recently began production, is operated by Chinese government corporation MCC. And it enjoys a surprising ten-year tax holiday, agreed by the Somare government in the face of opposition from within the bureaucracy.

This would thus mark the starting point in any negotiation with Beijing. It is hard to imagine any other Chinese state owned enterprise accepting less than a ten-year tax holiday—which then raises the question of how this would benefit PNG, especially given the usual practice of Chinese corporations importing much of their own labour for such projects. Just 100 km from Ok Tedi lies another huge copper/gold resource, Frieda River. But unfortunately for PNG, this is mostly owned by Xstrata—which eventually produced just before Christmas, after some postponements, a feasibility study.

But some outstanding work remains. Xstrata is destined for imminent merger with Glencore, which is a Swiss based resource trading giant. And Glencore will not want a bar of even such a vast, promising resource as Frieda. Its chief executive Ivan Glasenberg, who will head the merged entity, said recently: “We are afraid of greenfields”—new mines, which are considered risky and sometimes have capital over-runs.” Glasenberg is a trader not comfortable with waiting for five years for a return. The Xstrata-Glencore merger is awaiting approval from regulators in China—which could itself prove a beneficiary, with the promising greenfields Frieda project coming into play.

Brisbane-based Highlands Pacific, a minor partner at Ramu and Frieda, and also an explorer with promising assets close to Ok Tedi, is looking on with hope mingled with anxiety. Meanwhile, over in Bougainville, the prospect of reopening the vast copper mine there—which featured at the centre of the decade-long civil war from which the autonomous province is still steadily recovering—hangs over any consideration of economic rejuvenation. President John Momis is calling on his considerable experience to urge all sides to take this prospect slowly. Any rapid change in the position on reopening the mine—which is still mainly owned by Rio Tinto Ltd—would play in to the referendum on Bougainville’s future that is due in a couple of years. But Bougainville will seek to insist, whatever happens constitutionally, that any future mine revenue stays in the province and doesn’t come through Port Moresby. Besides these tangles, PNG is fortunate in having landed the firm focus of Melbourne-based Newcrest, the world’s third largest gold miner. Half of Newcrest’s resources now lie in PNG and the company has the technical and strategic skills, the capital, and crucially, the combination of commitment and understanding of how PNG operates, to realise those assets steadily.

And Mines Minister Byron Chan wants to change the laws to give the lion’s share of mining revenues directly to the landowners—although rival landowner groups frequently challenge each other over “true” ownership, when the unique opportunity arises to realise their core asset, access to their land. The bottom line for PNG is that its government has to understand that, despite all the zeroes on the kina figures anticipated from LNG alone, success in managing a massive resources sector is not guaranteed, and that those revenues can dwindle almost overnight, leaving it with no obvious replacement. Prime Minister Peter O’Neill thus still has to steer his ship of government through dangerous seas full of rocky rival interest groups. His core challenge is to help create, preserve and invest the wealth released by resource exploitation, rather than simply dividing up the spoils.

4 Workers Rescued After Cave-In At Papua Mine

30 others reportedly still trapped at Freeport mine

WELLINGTON, New Zealand (Radio New Zealand International, May 14, 2013) – Four workers have been pulled alive from a tunnel that caved in at Freeport McMoran’s Grasberg gold and copper mine in Indonesia’s Papua province. But the local police say about 30 people are still trapped underground and they don’t know what condition they are in. The mine is high in the mountains of Papua province. Freeport-McMoRan says the rescue operation is difficult and will take some time. The company did not disclose the nationalities of those trapped, although the vast majority of the more than 24,000 workers at the mine are Indonesian. Neither police nor Freeport have said why the accident happened.

MCC spillover at Ramu mine site
PNG Mine Watch 14.5.2013


Pools of polluted water are found all around the mine site

These photos, from the MCC operated Ramu mine site at Kurumbukari (KBK) in Madang Province, show why local people are asking questions and becoming more and more concerned at the lack of answers. The spillover from what is called "the pit", where MCC store what local people refer to as 'the tailings', is now flowing out through garden areas and running into the Ramu River.


The "pit" area where water runs off from every time it rains

People in the area are saying anyone who complains about the spillover and its impacts are told to "shut up" or they won't "partake in the benefits". This attitude and the destruction is causing tensions and fueling strong calls for talks about resuming the Ramu River court case which is still pending in the Madang court. This spillover problem, along with the Chromite issue in Madang town, are making more and more people concerned. On top of that landowners are starting to ask where are the benefits they were told they were going to be receiving. Things aren't going well at what MCC and Highlands Pacific describe as their "WORLD CLASS" operation...


Vegetation die-back in flooded garden areas


The once clear and clean Ramu river


Deposits from the polluted river left on rocks


Close up view of the water local people are expected to drink, cook with and wash in

Parties to Ramu nickel project to sign new deal

The National, 14th May 2013

A NEW agreement will be signed later this month between parties to the Ramu Nickel project following the review on royalties, support grants and infrastructure development. The Mineral resources Authority (MRA) says the parties, which included the state, landowners, the Madang provincial government (MPG) and Ramu NiCo Ltd who met in Madang last week, have signed a draft memorandum of agreement (MoA). Acting managing director Philip Samar said he was elated that the parties could compromise on the various issues although they had to sacrifice on some other things. He lauded the landowner associations for their understanding, respect and commitment to the process. The issues in the draft MoA included royalties, special support grants and infrastructure development.

“The endorsement of the draft MoA by the parties signifies that they have agreed to the various amendments they made to the initial MoA document they signed in 2000. The draft document will be presented to the State Solicitor’s Office for legal clearance and advice before it is submitted to the National Executive Council (NEC) for endorsement and implementation of the various undertakings by the parties. The landowner associations are Kurumbukari, Maigari Inland Pipeline, Coastal Pipeline and Basamuk. Speaking on behalf of the four Coastal pipeline landowners association chairman Steven Saud said: “Landowners were happy that the review meeting was a success.” He said they have discussed the issues they wanted to be addressed, including equity participation and royalties.

Ramu: New spin offs to benefit Lancos

Post-Courier 14.5.2013

RAMU Nickel Mine has announced that it would off-load 14 new business spin off activities to landowner companies worth millions of Kina beginning this year. This announcement was made by the company in its presentation at the review of the Ramu Mine Project Memorandum of Agreement (MoA). The new business activities would be in addition to 15 existing activities off loaded to landowner companies Kurumbukari Ltd, Wass Matau Ltd and Maigari Ltd. The new business activities will include:

* Chromite Transportation;
* Fuel Cartage;
* Road Maintenance;
* Rehabilitation Work; and
* Construction of relocation houses.

All landowner companies, including Basamuk Enterprise Ltd, will be contracted to deliver on these activities by providing trucks to transport Chromite and fuel and also provide other machinery for civil works. Existing business activities which KBK, Wass Matau Ltd and Maigari Ltd are contracted to deliver include:
* Transport of general cargo - KBK;
* Civil Works - KBK;
* Civil Works – Maigair Ltd; and
* Civil Works – Wass Matau.

Spokesperson for the four landowner associations and chairman for Coastal Pipeline Landowner Association Steven Saud expressed satisfaction, adding that this was one of the positive outcomes that had come out from the review meeting. Mr Saud also commended Ramu NiCo Limited for taking necessary steps to discuss with PNG Power to find ways to supply power to communities near its (Ramu NiCo Ltd) establishments. He said if discussions between PNG Power and Ramu NiCo Ltd turned out positive, landowners would be happy as they would receive power. He said this would be an indicator of change in the livelihoods of his people. Acting Managing Director of the Mineral Resources Authority (MRA) Philip Samar, said MRA as the facilitator and administrator of all MoAs in which issues such as business spin offs for landowners are captured, was happy to see that landowners were getting maximum benefit from their resources.

Ok Tedi: Health patrols launched Post-Courier 14.5.2013
By KOLOPU WAIMA

Ship-borne health patrols planned and funded by PNG Sustainable Development Program Ltd have been officially launched at Maka village, on the shores of Lake Murray in Western Province last Friday. About 17,000 people in 21 villages in the area will benefit from the return of desperately needed health services. The patrols are being carried out on a hired vessel, MV Sylvan, using health services providers Callan Services, which is part of the Catholic Church, and the Oil Search Health Foundation, as well as Government health staff based at Boboa Health Centre. “The patrols are part of our continuing commitment to the health and wellbeing of the people in this remote and disadvantaged area,” said PNGSDP CEO David Sode. “Our highly skilled health workers will conduct a variety of tests and will carry out a wide range of treatments during these patrols. The immediate focus is on women and children’s health issues, particularly immunisation.

“Callan Services will survey the eye health needs of villagers and we expect that a surgical team will visit Lake Murray in the next couple of months to undertake cataract surgery at each community. “This is a transformation of health service delivery around Lake Murray, which had all but ceased in recent years, with the six aid posts in the area closed and staff at Boboa Health Centre being unable to visit villages through lack of transport and other resources.” PNGSDP arranged and funded construction work on MV Sylvan, which now has a fully equipped health clinic. A feature of the clinic is a GeneXpert testing machine. It can be operated by community health workers to detect drug-resistant strains of tuberculosis, which the standard laboratory tests normally done at rural clinics cannot, and enables effective testing of large numbers of people. The six aid posts around the lake will be renovated and reopened and Boboa Health Centre will be refurbished.

Local health workers will be sponsored to attend training, and local women will be trained in primary health care to monitor TB patients, provide malaria diagnosis and treatment and provide a basic safe motherhood service. “These health patrols, which will visit each lake community at least four times this year, could gradually be expanded to cover other villages in Middle and South Fly,” Mr Sode said. “The range of services provided could also increase to include immunisation, antenatal, children and women’s health services plus disease control programs encompassing malaria, leprosy, TB, filariasis and HIV/AIDS.” In this first year of operation the project is expected to cost K1.8 million, fully funded by PNGSDP, including the hire of MV Sylvan. It is part of the first stage of PNGSDP’s K6.9-million Lake Murray Socioeconomic Development Hub Project. The project is a model integrated development starting with basic services such as health, education and law and order, and the development of wealth-creation opportunities.

PNGSDP funds dinghies, outboat motors Post-Courier 14.5.2013
By KOLOPU WAIMA

EIGHTEEN Middle Fly villages will benefit from a PNG Sustainable Development Program decision to fund special long-haul dinghies and outboard motors for them. The equipment will enable the villagers to get their meat and vegetables and cup rubber to market quickly and safely, and increase their sales income. PNGSDP Chief Executive Officer David Sode handed over a cheque for K995 400 to build and deliver the dinghies last Thursday at Fly River Country club in Kiunga. “These specially built dinghies will be communally owned, and will be operated for everyone in the villages,” he said. “They are a vastly more efficient, reliable and safer way to do business than the canoes they were previously using. “They were slow, could not carry much cargo, and had a very limited range. These dinghies are designed and built specifically for long trips carrying substantial amounts of cargo. “Our estimations show that not only will life be made a bit easier for them, but they can expect to benefit from lower transport costs and higher prices because their meat and vegetables will be in better condition on arrival at market, and they will have better access to markets up and down the Fly River.” Mr Sode said the new dinghies would enable Middle Fly Community Mine Continuation Agreement (CMCA) villagers to link up with the MV Fly Hope as it moves up and down the river, or take their goods directly to the markets at Kiunga, Daru and Tabubil. In addition to PNGSDP's contribution, the Middle Fly Development Trust will provide K110,600. The project will be managed and supported by the Ok Tedi Fly River Development Program. The fiberglass dinghies, which are to be built in Lae, are scheduled to be delivered in about nine months.

Lake Murray schools re-opened Post-Courier 14.5.2013
By KOLOPU WAIMA

A SMALL Community School on the shores of Lake Murray in Western Province was officially reopened last Friday after a 20 year closure. The school was closed due to teachers not taking up the post because of lack of proper teaching materials, no proper teachers’ houses and no clean water for cooking and drinking, no proper classrooms and breaks down of law and order among others. PNG Sustainable Development Program (PNGSDP) visited the school in 2011 as part of an innovative community development program. During that visit, the Maka community expresses a very strong desire to reopen the school. They presented a rehabilitation plan which included the free provision of gravel for the concrete to be used, free labour and free local transport and logistics. PNGSDP Chief Executive Officer David Sode said this was a model integrated development starting with services such as health, education and Law and Order, and the development of wealth creation opportunities.

He said the school was the first stage of PNGSDP K6.9 million Lake Murray socioeconomic development hub project. “Maka community school has made a very large contribution to the success of this project and has given PNGSDP some hope that our development hub concept will be a success and can be transplanted to outer communities,” he said. The completed first stage consists of a new double classroom, a renovated double classroom, desks and blackboards, two teachers houses and a rain water harvesting system for students and teachers use. Mr Sode said that the reopening of the Maka School was an example of what can be achieved through community leadership backed up by financial and managerial partners. The school which started two months ago is now run by Seventh Day Adventist Church, has two teachers and two teacher aides from Maka, with an enrolment of 300 students doing grades one to four. PNGSDP contributed K280,000 and has plans for another double classroom and accommodation for two more teachers.

Bulolo Landowners give MMJV 14-day ultimatum Post-Courier 14.5.2013

By FRANCO NEBAS

LOCAL landowners from Hidden Valley Gold mine in Bulolo district of Morobe province have issued a 14 day ultimatum to shut the mine. The landowners presented the notice to the developer, Morobe Mining Joint Venture (MMJV) and government agencies last Friday, including the National Executive Council (NEC), for the company to retract all business contracts that was awarded during its operation. Through their local mouthpiece, the Nakuwi Landowner Association, the landowners demanded that all major business contracts should be retracted and awarded to landowners, or they would pursue to shut down the mine. In the 14-days notice presented to the developer (MMJV), the association demanded, among other things, all major contracts to be retracted before the signing of the Memorandum of Agreement (MOA).

The notice was issued to MMJV, the Department of Commerce and Industrial Relations, Mineral Resource Authority, Department of Morobe and Office of the Chief Secretary. Association president Rex Mauri said local landowners of the three villages, namely Winima, Kwembu and Nauti, including the surrounding community of Wau and Bulolo, had missed out on business contracts over the last six years. “We have given 14-days notice for MMJV to retract all major contracts and give priority to the local landowners. Landowners have missed out on contracts and now we are prepared to take up all the necessary contracts,” Mr Mauri said. The president warned that the landowner leaders will boycott the signing of the recently reviewed Hidden Valley Gold mine MOA if the contracts are not tabled for a review.

Mr Mauri said the MOA stipulates that landowners should receive maximum benefit from the mine operations, and nothing has been done whilst landowners miss out on large and small contracts. He added that the landowners had continuously petitioned MMJV on several occasions but nothing had been done, noting that the 14-days notice issued last Friday was final. “The landowners were left with high expectations, knowing that they would benefit from the mine. Nothing had been done for the landowners during the construction and now the production phase,” Mr Mauri said. The president further stated that MMJV and the government should take this notice seriously and address the landowners’ grievances on business contracts for the benefit of all stakeholders. He also made known that the local landowners had the capabilities to engage in major contracts and was prepared to bid when the contracts were retracted and tabled by MMJV.

Tolukuma landowners want Haoda, Petromin to explain visit Post-Courier 14.5.2013

Tolukuma Gold Mine (TGM) has been losing close to K4.5 million in revenue following a shutdown of operations since May 4, according to mine employees. Disgruntled employees and landowners of Tolukuma mine yesterday fronted up the Central Provincial Administration in Konedobu Port Moreby with their local Goilala MP Daniel Mona, demanding the office of the governor to explain what they described as a “by pass” tactic by Central Governor Kila Haoda. The landowners claimed that the governor had “by passed” their local MP and went into Tolukuma with “purported” executives of Petromin, despite being briefed of existing issues between Tolukuma mine and Petromin. The governor has to explain why he went to Tolukuma last week with Petromin staff without consulting our local MP. “He knows very well that our local MP has been opposing Petromin and that was why they were told to turn back at Tolukuma helipad,” spokesman for the landowners Daniel Simana said.

Goilala MP Daniel Mona said the mine operation has been shut down for some days and the people as well as the employees were not happy on the closure of the operations of the mine. The closure was due to some key people being sacked by the mine. He said Petromin has been going behind their back and doing things without proper consultations with landowners and employees of the mine. That resulted in too many setbacks of the mine which is causing employees and landowners continued opposition towards Petromin. He said the Prime Minster has been briefed and will look into the matter and hopefully resolve the issues. Spokesman for the employees Dr Newton Albert said the mine has not been operating for the last 10 days and that has caused a revenue loss of close to K4.5 million. He said the public should not be misled by Petromin as the mine ‘literally’ stopped operations since May 4 and that would see the mine lose a lot on operational costs. “If the closure continues then the mine could lose more revenue,” Dr Albert said.

Residents Reject Renewed Phosphate Mining In Tuamotus

Inconsistencies between project plans, landowner briefings cited

WELLINGTON, New Zealand (Radio New Zealand International, May 13, 2013) – Plans to revive phosphate mining in French Polynesia appear to have come to a halt. A government decision has been made public, rejecting the bid by an Australian company to explore the viability of starting up mining on the atoll of Makatea in the Tuamotu archipelago. The company, Avenir Makatea, said it believed that there might possibly remain sufficient phosphate in the old mining areas to allow a feasible mining program. The atoll was heavily mined from the late 19th century until 1966. Tahiti-Infos says the local population was against the resumption of mining amid inconsistencies between the outline of the project and the information given to the landowners.

Super Fund pulls out of global gold miner

The Super Fund has pulled $2 million out of the world's biggest gold miner, Barrick Gold, over concerns about its record with mines in Tanzania and PNG.

NZ City News, 13 May 2013

New Zealand's $22-billion Superannuation Fund has pulled nearly $2 million worth of investment out of Barrick Gold, the world's biggest gold miner citing its human rights and environmental record. The Canada-based mining giant, which has a market capitalisation of C$21b (NZ$25b), didn't meet the human rights and environmental standards of the UN Global Compact, said Anne-Maree O'Connor, the fund's manager for responsible investment. "Barrick's mines in Papua New Guinea and Tanzania have experienced a series of security-related, environmental and community problems over a lengthy time period," she said. While the company had taken steps to make improvements, there was no practical remedy for the environmental impact of riverine tailings, and the fund's view was that progress on resolving community grievances and security issues had been slow, she said.

The use of riverine tailings - disposing of mine wastes into rivers - breached international norms. The Super Fund has sold the $1.8m of Barrick Gold shares and $78,824 in shares of African Barrick Gold shares from its global equity portfolio, it said in a statement. Its decision follows a move by the Norwegian Pension Fund in 2009 to drop Barrick Gold on ethical grounds. The Norwegian fund cited Barrick's involvement in the Porgera gold mine in Papua New Guinea, Mining Journal Online reported at the time. Shares of Barrick Gold last traded at C$21.11 on the Toronto Stock Exchange and have declined 44 per cent in the past 12 months. In December, the Super Fund said it had excluded three Israeli companies from its portfolio on ethical grounds because of their involvement in illegal settlements and the security wall.

Judge: Fly River government needs to wake up, serve the people

The National, 13th May 2013

By ADRIAN MATHIAS

DEPUTY Chief Justice Gibbs Salika has called on the Fly River government to wake up and provide basic services to the people of Western. He said the province should not rely too heavily on Ok Tedi and the PNG Sustainable Development Program Ltd. He said this last Friday when a lawyer representing the Ok Tedi mine impacted area landowners told the court that the people in Western lacked basic services such as clean and safe drinking water and healthcare as a result of the court tussle over the funds withheld in the Western province people dividend trust account. “Fly River government must wake up from sleep. “If not they are still sleeping and the people must blame their government for not delivering up to the expectations,” Salika said. He said it was the responsibility of the government to administer and provide services to the people. Salika, from South Fly, Western, urged Governor Ati Wobiro to travel around the province and see how people were faring in Daru, Balimo, Lake Murray, Kiunga and Tabubil and provide what they needed.

“Fly River government should not wait for Ok Tedi and PNGSDP to develop Western. It is your responsibility,” he said. “Ok Tedi and PNGSDP are there to supplement you.” The Ok Tedi mine impacted area association is arguing in the national court in Port Moresby that mining secretary Shadrach Imata, the chairman of the trust, failed to follow directives by the Mining Minister Byron Chan to release the funds to them as per their proposals to carry out projects in the community mine continuation area regions in Western. Imata was confirmed recently as secretary of the Mineral Policy and Geohazards Management. The association obtained a restraining order early this year stopping the use of the trust funds pending the full determination of the case by the court. The defendants including Ok Tedi, Ok Tedi Development Foundation and Imata then sought a judicial review of the court’s decision to freeze the funds in the trust account. The review is also before the National Court in Port Moresby. The landowners association is represented by lawyer Samson Jubi.

Porgera: Mangape urges miner to help in law and order issues

The National, 13th May 2013

BARRICK Gold, developer of the world class Porgera mine, has been urged to work closely with police and Enga provincial authorities to curb the escalating law and order problems in the area. Local MP Nixon Mangape said the Porgera-Paiala area was known as a fighting zone and a breeding ground for illegal miners, drugs addicts and other criminals. “I call on Barrick to work with the police and provincial authorities to curb crime,” Mangape said. “I’m not happy with a new community peace and justice office set up by the mine. “This funding should be given to the police and law and order officials.” Barrick community relations manager Timothy Andambo denied Mangape’s claim, saying the new committee was set up to assist police and relevant authorities on law and order issues. District administrator Mori Iarume said it was important for all parties to work together. Provincial police commander Supt Philip Welia added that handling tribal fights and crime was not an easy task, which needed the community's support.

Inguba says Tolukuma is 'under control'

The National, 13th May 2013

THE Tolukuma gold mine in the Central hinterland is under control and all operations have been stabilised. Newly-appointed chief executive officer of Tolukuma Gold Mine Ltd (TGM) Sam Inguba said: "Petromin is the holding company and maintains its 100% ownership of its subsidiary company TGM as opposed to recent misleading media reports based on misconstrued myth that Petromin has been disbanded and has no authority over TGM. "I must assure all stakeholders, including business partners, service providers, the mine impacted communities and TGM employees that Petromin is committed to the mine and has already taken measures to address the grievances raised by the employees and the MP for Goilala Daniel Mona. "The truth is that Petromin still legally exist and its business as usual. This message has been given to TGM staff." Inguba said some of the new measures employed to address the mine's operational issues included:

- Appointment of new TGM board headed by Ian Godard with Jerry Wemin and Richard Tengdui as directors;
- Creation of a new CEO position;
- Recruiting of new mines manager;
- Cost-cutting measures;
- Revitalisation of aging equipment and facilities; and
- Validating the mines resources.

He urged stakeholders, including the local MP, and landowners to support his management team and not to do anything that would create uncertainty in the community. Inguba reiterated that in the revised memorandum of agreement last October, all stakeholders including the Woitape local level government, Goilala MP Daniel Mona, Yulai landowners association, Central provincial government, Mineral Resource Authority and other relevant line agencies agreed that Petromin would pay the 10% equity. He added that since taking over the mine in 2008, Petromin has continued to discharge its corporate social responsibility programme by assisting the mine's impacted communities as well as other Goilala communities in educational and community health services, community policing, water and sanitation and local business spin-off activities. Inguba said that police presence at the mine site was made through a formal request by the management as part of its normal security measures to protect and safeguard TGM's properties, assets and employees. He urged stakeholders, including the local MP, and landowners to support his management team and not to do anything that would create uncertainty in the community.

Oil Search: US$283m in taxes, royalties and dividends

The National, 13th May 2013

By GYNNIE KERO
OIL Search Ltd (OSL) paid US$283 million (K602.93 million) in petroleum tax, royalties, development levies and dividends to the government last year. OSL is the country's largest company and taxpayer, generating significant revenue for national coffers. "As an operator, we have been one of PNG's largest contributors to the national gross domestic product and export revenues," the company said in a report. OSL's Transparency Report said it paid US$202 million in petroleum tax, US$ 36 million in royalties and development levies, US$37 million in salary and wages tax and

US$8 million in dividends to the government. “These are material value streams that the government must effectively manage for the sustainable development and future of the country. “As seen in resource- rich developing countries globally, ineffective management can lead to increased levels of corruption that result in social inequalities and conflict at project and country level.” It added that Oil Search played a key role in encouraging and supporting the national government’s efforts to manage current and future revenue flows from oil and gas activities through two key initiatives; benefits management and revenue transparency. The Oil Search Group also holds a 29% interest in the US$19 PNG LNG project, which is scheduled to produce first gas next year.

Panguna mine chemicals affecting locals

Romulus Masiu, Post Courier 11.5.2013

CHEMICALS at the now defunct Panguna copper mine in Bougainville operated by Rio Tinto’s Bougainville Copper Limited (BCL) are taking their toll on Bougainvilleans engaged in alluvial mining operations within the mine lease areas. As Bougainville approaches its referendum and there is talk of reopening the mine, Bougainvilleans are now calling on relevant authorities, especially the Bougainville Copper Foundation (BCF), to conduct awareness on the dangers of the disposed chemicals. According to the people, the residue of mine chemicals could be responsible for babies born with deformities, with their parents who are alluvial miners who pan for gold in the affected Kavarong and Jaba Rivers of Panguna every day. However, these reports could not be independently verified by any authorised experts. Other complaints include stomach cancer, ulcers and tumors.
Dickson Siparu, a former Panguna mine employee told Post-Courier that during the mining operations the chemicals nitrate and cyanide were excessively used in the operations.

Presently children and adults who frequent the affected Kavarong and Jaba Rivers have ulcers (sores) on their legs and bodies, he said. Women are brought to the Arawa and Buka general hospital with stomach complaints, which the people believe could be the result of these chemicals.
Mr Siparu now wants BCF to help the people affected by BCL’s doings. “There is clear evidence of nitrate and cyanide at the Jaba River pump station area. Rio Tinto through BCL must be held responsible for their actions,” he said. When contacted by the Post-Courier, BCL said it “believes that it is most unlikely that any residues from mining operations at Panguna could be associated with reported cases of ill-health among alluvial miners panning for gold in Central Bougainville”.
A BCL spokesman said cyanide was never used at Panguna. “For almost 20 years, the Panguna mine produced concentrate containing both copper and gold, which was exported in bulk for further refining,” he told the Post-Courier.

“There was no gold extraction process that required agents like cyanide and there is no record of any cyanide ever being imported or used anywhere on the island by Bougainville Copper.” The BCL spokesman said “nitrate” could refer to ammonium nitrate, a common substance widely used as fertiliser throughout the world. “Ammonium nitrate is by itself non-toxic and water soluble, considered safe for humans and plants in agricultural applications around the world.” The BCL spokesman said the company viewed with sympathy and concern any instance of alluvial miners or their families developing skin problems or other ailments caused by long periods of time spent working in muddy water, or in unsafe small-scale mining. They have been asked to take extra precautions when in the vicinity of reported cases of poisoning.

Rio-Tinto mine would make Bougainville economically self-reliant: MD

ABC Radio Australia, 9 May 2013

The Rio Tinto-owned copper mine on Papua New Guinea's island of Bougainville has the potential to make Bougainville economically self-reliant, according to the Managing Director of the Rio subsidiary which plans to redevelop it. Rio-Tinto mine would make Bougainville economically self-reliant: MD (Credit: ABC) The issue of self-reliance is crucial as Bougainville is due to hold a referendum on independence from PNG between 2015 and 2020, but can only become an independent nation if it has the financial resources to survive on its own.
Presenter: Jemima Garrett
Speaker: Peter Taylor, Chairman and Managing director of Rio Tinto, subsidiary Bougainville Copper
TAYLOR: As far as Bougainville is concerned it would make an enormous difference because from what I have seen they only generate internally, about 5% of their budget at the moment. This has the potential to substantially meet the budget requirements of Bougainville. In the scheme of things for Papua New Guinea it is important there is no doubt about it. It will be in terms of copper and gold production, well certainly in terms of copper it will be the biggest mine in PNG. In terms of gold production it will be second only to Lihir I imagine. There may be mines in the future producing more gold and copper but at this stage it would sit as number two or perhaps even number one in terms of value to PNG
GARRETT: Rio has had its fingers burnt in Mongolia and it is divesting itself of a number of assets. Does it have the appetite for a risky project of this sort?
TAYLOR: Well, I am the Chief Executive of Bougainville Copper and Rio Tinto is but one shareholder, mind you an important shareholder having 54 per cent of the equity in the company. Rio Tinto has so far indicated its interest in continuing as the major shareholder. It supports Bougainville Copper's vision which is to re-open the mine but it has one very important caveat, which Bougainville Copper shares I might add which is that it needs the support of the Bougainville government, the national government, the landowners and the people of Bougainville generally. It has said it will not support re-opening the mine without all of those parties being on board.
GARRETT: So how is progress going in terms of the support of the landowners?
TAYLOR:The situation for the re-opening of the mine continues to improve. It is a slow process but we expect that. My attitude has been and continues to be I would rather take my time and get it right, than rush and get it wrong. I think what is happening on Bougainville is in line with my expectations. The support for the mine re-opening continues to grow and the support for Bougainville Copper as the operator continues to grow.
GARRETT: There is still opposition in Bougainville and it is quite loud and strident opposition - what makes you think you can get over that and that there won't be a situation which unravels into bloodshed again?
TAYLOR: Well, I have never been involved in any resource project that hasn't had somebody who doesn't like it. I mean that is just life. It doesn't matter what it is you want to build, even if it is a road. You will get somebody who doesn't want it to be there because it is near their place or whatever. But look, I know there is some opposition and I think that is healthy. I would be a bit concerned if everybody was all of a sudden in favour. I would say what has changed to make that happen. We have to manage that. We have to be inclusive in terms of the parties that we deal with and I think that once the benefits, as opposed to what some of the protesters might think are the negatives, are explained and that is balanced out for the welfare of Bougainville and its people generally, I think most people will come on board.
GARRETT: You were on Bougainville before the mine closed. What have you learnt personally about from what the people of Bougainville have gone through since that time?
TAYLOR:You are right, I lived on Bougainville working in the mine in the mid-80s and to me it was one of the best experiences I have ever had in my career in the mining industry. I made many friends. I have still got many of those Bougainville friends. It was a tragedy of course for Bougain-

ville and its people and I think and what is really tragic about it is I think it was preventable. In many respects it took so many small individual events to co-incide for the situation to develop the way it did. That is the real tragedy of it, it was a preventable event.
GARRETT: What is Bougainville Copper going to do to make amends for the past?
TAYLOR: I think it is really a question of looking at what it was about the way the mine opened in the first place and how we avoid the things that were done then that led to this discontent and the major one I think is actually including the local people in the planning, in having equity in the project itself, having a more equitable share of the revenue from the mine and being direct recipients of the infrastructure, for example educational opportunities, health opportunities and so on, that the mine can produce.
GARRETT: So how will you go about doing it differently, this time?
TAYLOR: What I have said to the Bougainville government and the landowners is I want them to set the agenda. I want them to tell me what it is that they want. So they will bring their agenda to the negotiating table and obviously we may have to compromise. I mean the mine itself its not going to be so profitable that it will support every wish of every party that will come to the table and indeed the investors expect a return on their money as well. But the different approach is going to be ..it won't be driven as it was in the first place by an Administration from Australia. It will be from day one negotiations between the people on the ground, the landowners in the mine site, the government of Bougainville and the other population of Bougainville.
GARRETT: Bougainville has a referendum on independence coming up between 2015 and 2020. What issues does that raise for Bougainville Copper?
TAYLOR: It is a very important issue for Bougainville Copper and, of course, it is a very important issue for both Bougainville and PNG generally. For us, we need certainty in terms of what the government is that you are dealing with, what their legislation is, what the mining regime is, what the tax regime is and quite clearly if Bougainville was independent it would present a different situation in terms of raising finance internationally than if it was part of Papua New Guinea because Papua New Guinea has a long and successful record as a mining destination and the mines here have worked very well but the international community, finance community, won't know because there is no experience with Bougainville as an independent country.
GARRETT: Under the Bougainville Peace Agreement the PNG government must satisfy itself that Bougainville can economically sustain itself before it agrees to independence. Does that give Bougainville Copper the whip hand in negotiations?
TAYLOR: I don't think it does. I mean we as a commercial enterprise won't be getting involved in politics. What we are looking at is the viability of the mine. We are looking at the consents that we need from the parties who we want to get the consents. The whole question of what economic viability is for the purposes of that agreement is really a matter for both governments.

Lake Kutubu: Authorities praised for taking action

The National, 9th May 2013

A 12-MAN committee looking into Lake Kutubu dead fish problem has thanked government authorities for taking action to fix it. In a meeting held at Moro station last weekend, committee leader Rex Gorfira thanked the Department and Ministry of Environment and Conservation, for acting on their concerns. Speaking from Kutubu yesterday, Gorfira told The National that they were awaiting assistance from PNG LNG project partners to complete their investigations into the pollution. An official from the Department of Environment and Conservation last night said scientists and officials had acted on the people’s concerns and had conducted their own investigations. “Samples from our findings have been sent to Australia, were tested and the results made known to us,” the spokesman said.

“When appropriate, the acting secretary and minister will make known the results in close consultation with all stakeholders and line government agencies.” Gorfira said the committee was tasked to negotiate with PNG LNG project partners and government authorities on the Lake Kutubu dead fish issue. “Lake Kutubu has always been the lifeline of our 20,000-odd people living along its banks. “Since fish started dying three months ago, our cries for help have gone unheeded,” he said. Another group of Kutubu leaders had also taken out a full-page advertisement in the newspapers calling on the Southern Highlands provincial administration and Governor William Powi to provide financial assistance and relief supplies to those affected.

Newcrest to cut costs Post-Courier 9.5.2013

GOLD miners Newcrest Mining and Harmony Gold report are reviewing capital expenditure at their two joint venture projects in Papua New Guinea because of weak gold prices. Under the Morobe Mining Joint Venture banner, the two companies run the Hidden Valley gold and silver mine, as well as the prospective gold, copper and silver project at Wafi-Golpu in Morobe Province. Harmony, the third-biggest producer of gold in South Africa, posted a net loss of US$13 million (K 28.5 million) in the March quarter, after a net profit of US$81 million (K177 million) in the previous quarter. The decline follows a 22% drop in gold sales and a decline in the gold price. In a statement, Harmony’s chief executive Graham Briggs said the company would cut its capital expenditure by US$155 million (K340 million), but has ruled out mine or shaft closures.

Gold production at Hidden Valley declined 8% in the March quarter. Newcrest’s Managing Director and Chief Executive Officer Greg Robinson has described the production and cost performance at Hidden Valley as ‘unacceptable’, saying that ‘a structured program to improve performance and assess the future of this operation is continuing with considerable focus’. A new crusher being commissioned this month is expected to cut operating costs and Robinson has said Newcrest wants to reduce operating costs at Hidden Valley by 20% to 30% over the next 12 months. Robinson says a review of the capital costs of the Wafi-Golpu project is underway to assess the viability of the project’s economics.

PNG's Bougainville to pass world first mining law
Jemima Garrett for Pacific Beat, Australia Network News, Mar 8, 2013

Photo: Bougainville's mining legislation will be a world first, allowing landowners and the government to share rights to sub-surface minerals. (Lloyd Jones, file photo: AAP)

Papua New Guinea's copper-rich island of Bougainville plans to introduce legislation that will see traditional landowners share mineral rights with their government. President of the Autonomous Bougainville Government John Momis has told Radio Australia's Pacific Beat the re-opening of Rio Tinto's giant Panguna copper mine will be on his terms. "Rio Tinto will have to deal with us," he said. Dissatisfaction over the sharing of benefits from Rio Tinto's Panguna mine in the 1990s led to a 10-year civil war on Bougainville, leaving thousands dead. The mining legislation will be a world first, allowing landowners and the government to share rights to sub-surface minerals. Approval of mining and resolution of disputes will be negotiated in an all-inclusive landowner forum process. President Momis says landowners will have a power of veto over exploration and will also have a right to object once the development process begins. "The underlying philosophy for our new mining act is empowering people," he said. "Giving people the power to make political decisions about development, not just being mere passive recipients of benefits." President Momis says the legislation is unlikely to adversely affect Rio Tinto, the owner of the Panguna mine, but warns small mining companies on Bougainville that their operations are in breach of a mining moratorium. Bougainville's new mining legislation is due to go to the autonomous region's parliament next week.

Shell wants to explore New Caledonia Basin

TheTelegraph, May 08, 2013

SHELL New Zealand has announced it will start preliminary exploration for oil and gas in deep ocean between New Zealand and New Caledonia, in a 50:50 joint venture with the Chinese state-owned oil company. Shell says it will be conducting two-dimensional seismic exploration and other "non-invasive research techniques" to explore the seabed and geology of the virtually unexplored New Caledonia Basin, a prospect area that straddles New Zealand's 200 mile exclusive economic zone and extends into the country's extended continental shelf area. In a brief statement on which further comment was not available, Shell NZ says it will operate the permit, assuming it's granted, while CNOOC (China National Offshore Oil Corporation) will take a 50 per cent share in the venture. The proposed permit is still subject to government approval and is not among areas previously offered for exploration under the new "block offer" system the government uses to identify areas where exploration would be welcomed. "Before we start any work in the basin we will conduct a comprehensive impact assessment," said Shell NZ's chairman, Rob Jager. "Safety and protection of the environment remain our highest priorities." Shell is also partnering with Austrian oil company OMV on plans to drill exploration wells in the Great South Basin, off the bottom of the South Island, in the summer of 2014/15.

Papua New Guinea Draws Interest in Energy Projects

The Wall Street Journal, May 8.2013

BY ENDA CURRAN

SYDNEY—Foreign governments are intensifying efforts to win influence in Papua New Guinea, as the impoverished South Pacific nation best known for its jungles and tribal society prepares to become one of the world's newest significant energy producers. When Julia Gillard lands on Thursday in Port Moresby, the capital, for the first visit by an Australian prime minister in four years, she will be following visits earlier this year by Thai Prime Minister Yingluck Shinawatra and a U.K. government minister. China, too, has made little secret of its desire to secure diplomatic weight in Papua New Guinea, offering nearly $3 billion in loans for infrastructure projects last year and signing a long-term deal to buy a chunk of the country's first exports of natural gas. Defense and deeper economic ties will top the agenda during Ms. Gillard's visit. Australian officials have also been advising their Papua New Guinea counterparts on establishing a new sovereign-wealth fund. "We're seeing a flurry of visits in recent times. The Thai prime minister doesn't visit just for the hell of it," said Jenny Hayward-Jones of the Lowy Institute for International Policy, a think tank based in Sydney. "We're seeing a lot more economic competition between Chinese business and Australian and other businesses in Papua New Guinea."

The Pacific country has large deposits of natural gas, metals including copper and gold, and valuable fishing rights that have long appealed to foreign investors. Exxon Mobil Corp. has placed the biggest bet on the country's resources sector, leading the development of the $19 billion PNG LNG Project, which is expected to ship its first cargoes of liquefied natural gas to Asian customers such as China Petrochemical Corp., known as Sinopec, next year. Papua New Guinea has long been a recipient of foreign aid, including from Australia. Little infrastructure exists outside Port Moresby and the hilly, densely forested terrain makes moving around difficult. The country is made up of several thousand separate communities, and has a long-running history of tribal conflict. That lawlessness has been made worse by an influx of guns and other weapons into urban areas. Port Moresby was rated one of the worst cities in the world, by the Economist Intelligence Unit in 2011, measured by stability, infrastructure and other indicators. Papua New Guinea, which has around 6.4 million people and covers an area slightly larger than California, has been prone to outbreaks of political instability. A power struggle between Prime Minister Peter O'Neill and his predecessor Michael Somare, who led the country for many years following independence in 1975, lasted several months before it was settled in an August general election.

Since winning that vote, Mr. O'Neill has signaled he wants to use the nation's vast resources to attract more foreign capital to investments in tuna processing, mining and natural gas. Australia, which is separated from Papua New Guinea by 150 kilometers, or about 94 miles, of water at its northern tip, is the biggest investor in the country, Ms. Hayward-Jones says, with oil producers including Santos Ltd. and Oil Search Ltd. partnering Exxon in the PNG LNG Project. The U.S. and Malaysia are also significant investors, although China is making a bigger play. "There is no conflict whatsoever" between Papua New Guinea's strengthening of its relationship with China and ties with traditional diplomatic allies like Australia, William Duma, minister for petroleum and energy, said in an interview. "Aren't we all looking to export to China?" Beijing has offered loans totaling 6 billion kina ($2.9 billion) to Papua New Guinea for infrastructure projects, following similar moves by China in other Pacific Rim countries, such as Tonga, which also have valuable resources like fishing rights. Mr. O'Neill said late last year that the government planned to draw down as much as US$200 million of those loans this year. "China is showing more interest in investing in the Pacific," said Ronald May of the Australian National University.

Unlike many of its resource-rich neighbors, Papua New Guinea remains lightly explored, increasing its appeal to overseas investors. France's Total SA and Japan's Mitsubishi Corp. each placed bold bets on the country last year, taking stakes in natural-gas discoveries or exploration blocks. Wood Mackenzie, a U.K.-based consultancy, estimates Papua New Guinea has 26 trillion cubic feet of natural gas—roughly equivalent to U.S. consumption of the clean-burning fuel in a year. It also has large deposits of metals such as copper and gold that have attracted major companies like Xstrata PLC, Barrick Gold Corp. and Newcrest Mining Ltd. However, mining those deposits can be hard: Deals often need to be struck with tribal leaders, and such deals run the risk of unwinding later. The Panguna copper mine on the island of Bougainville was shut down in 1989 after attacks on the mine and its staff amid a wider armed insurrection. "It ranks high on the list of difficult places to do business," said Mr. May, of the ANU. Many Pacific nations feel Australia has neglected ties with them, favoring closer relations with the U.S. and Asia instead. Ms. Gillard will seek to reboot the relationship with Papua New Guinea in talks with Mr. O'Neill, while at the same time cementing its influence in the region. Mr. Duma signaled that any relationship reset needs to reflect Papua New Guinea's growing stature in the region. "We are a big regional player after Australia and New Zealand," he said.

Call for strengthened police presence in PNG's LNG area

Radio New Zealand, 8 May 2013

Mounting frustration by those opposed to Papua New Guinea’s first liquified natural gas project, has prompted warnings that the government can no longer neglect the police force in volatile parts of the country. Many believe that the Hela province has seen little of the promised infrastructure and development benefits promised by the project operator, Esso Highlands. And there are serious doubts whether police could handle a situation where tensions boil over. Bridget Tunnicliffe spoke to Gari Baki, a former police commissioner who now works with a private security company at the LNG site. As commissioner, Mr Baki says he signed a memorandum of understanding with Exxon-Mobil because the government failed to provide funding to support police in the area to deal with security issues. “The whole intention of that MOU was to get the police onsite deployed outside of the LNG project area and perform police functions which under the constitution meaning that they don’t look after the project alone but they provide police service to every individual and the community that revolves around the project, unfortunately that has not been the case.”

Gari Baki warns that growing resentment among people in the area who feel they haven’t benefited from the project, could lead to aggression. Mr Baki says outside the project site there are only three police to nearly 30,000 people in the Komo region. The general secretary of the Police Association in PNG, Martin Karue admits police to population ratios in certain parts of the country are woeful. “No, not good enough. My main issue is their welfare and to ensure that when the police men and women are trained they will also have to match the infrastructure to accommodate the police men and women.” Martin Karue says some of their members have raised concerns about their working conditions and safety in areas where there are growing tensions. He believes the government will make improvements and says the Association is beginning to negotiate a package for personnel serving in remote locations, which would include being paid extra allowances.

The Governor of Oro Province, Gary Juffa, says police simply don’t have enough resources nor manpower, and morale is low. He says even though the population now stands at about 7 million, the force hasn’t undergone any real modernisation or growth since independence in 1975. “The population of Papua New Guinea at independence was about 2.8 million thereabouts, the police staff ceiling was 5,000 officers, that staff ceiling has not improved, it’s still 5,000 officers. You’ve got an aging force, you’ve got a huge population, you’ve got an increase in complex violent crimes and so forth and the police are just unable to cope.” The police minister Nixon Duban says he is aware of the issues in the LNG area and concedes the government has probably put more emphasis on security of the site without considering the local population.

He says the deployment of police and defence force personnel was for one purpose. “That arrangement is specifically to protect the investment that’s an issue that needs to be addressed and if there is a need for outside interaction then it is important for us to also devise a plan for extra additional deployment outside of the project area and that can be done.” Nixon Duban says there is strong government commitment to address policing issues and they aim to have at least 2000 extra officers by 2015. As the ministry revises staff targets, Mr Duban says that with a population of about 7-million the current ratio is about one police officer to 1,600 people - the UN has asked PNG to reach a target of 1 to 450. “That can be achieved if we have recruitments in thousands, we need to open up a couple more training academies for the police and that is a priority at the moment. We are targetting to have at least two thousand more on top of the current 5,000 so by 2015 hopefully we’ll go up to 7,000.” Nixon Duban says the government is working on problems that have accumulated over the last few governments who paid little attention to boosting police numbers.

Letter to the editor

Porgera: Barrick, please listen to people's cries

Post-Courier 8.5.2013

PORGERA is one of the areas in Papua New Guinea that is rich in biological diversity and includes some of the nation's total 6800 thousand endemic species, such bird of paradise, cassowaries and tree kangaroos. Species that are believe to be found in Porgera only. Despite, the small land area it is one of the richest biodiversity in the country. Its grand tropical forests are home to a rich and varied biota that boasts tree dwelling kangaroos, cassowaries, pigeons and colorful but rare species of butterflies, lizards, different species of orchids and flowering plants. Thus, mining activities today are causing enormous changes to the environment and people; changes that threaten the livelihood of the humans. These are some of the current environmental crises that results mainly from current patterns of waste disposal; river bed sediments, slope or landslip failures, tailings discharge and water quality and untreated heavy-metal runoff. This runoff is particularly a problem to the people live along the Porgera River.

The landowners within the Special Mining Least (SML) being confined to clean water supply, no food gardening, no electricity etc and their basic survival rights have been deprived. However, the indigenous local landowners have opposes this frequent practices and called on developers (Barrick Porgera) for possible relocations and resettlement but our (landowners) outcries were fallen on deaf ears. Lagaip-Porgera MP Nixon Mangape proposed the Porgera Mine resettlement issues at the floor of parliament and questioned the Prime Minister Peter O'Neill whether developer and the government were complying with the mining and environmental laws by keeping the landowners to settle within the SML boundaries while Barrick Porgera is using the inhaling hydrogen cyanide which is highly toxic and it inhibits the oxidative processes of the cells in organisms and plants. This has resulted in the loss of most of the aquatic plants and organisms, as well as affecting the local people living along the SML areas. Pandaiya Iwana, UPNG

Ramu Nickel Mine MoA reviewed

Post-Courier 8.5.2013

THE National Government and stakeholders of the Ramu Nickel Mine Project are reviewing the project's Memorandum of Agreement (MoA) at the Jais Aben Resort in Madang this week beginning yesterday. The other stakeholders are the Madang Provincial Government, Ramu Nickel Mine, and the four landowner associations namely Kurumbukari, Coastal Pipeline, Maigari inland pipeline and Basamuk. National Government team leader Carter Oiee said the state was ready to review the MoA and that he hoped for the best for all parties concerned. Mr Oiee urged all parties to exercise respect and understanding during the review process. Governor for Madang Province Jim Kas said his government and people were looking forward to the review.

He hoped for a good outcome for all. Member for Usino-Bundi Anton Yagama urged parties to have open hearts and open attitudes when reviewing the MoA. He said it was important that individuals and parties had open hearts and be ready to discuss issues openly because that was the only way to move forward. "When you don't come with an open heart, you come against a brick wall. When you put up a break wall, then the opposition will put up a brick wall. You can't negotiate when there's a brick wall," said Mr Yagama. Spokesman for all four landowner associations of the project, Steven Saud said they were looking forward to the review meeting adding that some of the major issues they wanted addressed in the meeting included business participation for landowners.

Former President in-depth on Bougainville's future

ABC Radio Australia, 7 May 2013

Papua New Guinea's island of Bougainville is due to hold a referendum on independence some time between 2015 and 2020. Former President in-depth on Bougainville's future (Credit: ABC) The referendum is one of the key provisions of the 12-year-old Peace Agreement which brought an end to a decade-long civil war. The conflict left more than 10,000 people dead, destroyed much of Bougainville's infrastructure and closed schools, hospitals and the Rio Tinto-owned Panguna copper mine. Former Bougainville President, James Tanis, fought with the separatist Bougainville Revolutionary Army and played a key role in the peace process. He explained to Jemima Garrett why he is still in favour of independence.

Presenter: Jemima Garrett

Speaker: Former Bougainville President, James Tanis

TANIS: I believe in independence because independence is not something that started with the Bougainville conflict. It has a long history, Our forefathers struggled for Bougainville Independence as early as the 1960s. We are different. We are ethnically part of the Solomon Islands but I am not a racist but independence is always something that our society believed we can express ourselves in the form of a modern state.

GARRETT: Why will it be better than what you have got now?

TANIS: I still believe independence will be even better than autonomy because then we have control over everything.

GARRETT: How would you like to see the process towards independence unfold?

TANIS: As a believer in independence I also worry about the process and I think the process should continue to move. Different parties under the Peace Agreement have different obligations. We have Bougainville obligations on reconciliation, weapons disposal and unity on Bougainville and the national government has obligations to make sure Bougainville, there is a draw down of powers and functions as agreed under the peace agreement so I believe in a process where it should be moving. Different parties keep their commitments made under the Peace Agreement and the process must be transparent. People must be informed as to what is happening and if there is a certain obstacle they should know what that is, so that everybody should be empowered ready to resolve whatever the problem is. In fact, that is the way we managed the early part of the peace agreement. The early part of the Peace Agreement involved a lot of awareness raising a lot of consensus, a lot of consultations between different groups. Let me say this. At the start of the peace process we had more factions that what we have now but at least the peace process was moving very fast, much faster than what I see now.

GARRETT: What role does the re-opening of the Panguna copper mine have in independence?

TANIS: The opening of the Panguna copper mine is an important part in enabling Bougainville to meet one of its conditions of the Peace Agreement before the conduct of the referendum. That is on meeting financial self-reliance to demonstrate that Bougainville can survive as a nation. But on the other hand I hold the personal view also, that independence and Panguna mine should not be mixed. That the political process should follow its own path and the process in Panguna should follow its own path. If you look back into the roots of the Bougainville conflict I see 2 agendas; the first agenda is the Panguna mine, the second agenda, the independence agenda. And I always held the view that in terms of resolving the Bougainville conflict the political agenda has a peace agreement and it sets up a time frame and a road map on the process to independence and the second agenda is Panguna and I think we should do a little bit much more work to resolve the issue.

GARRETT: What other options are there in Bougainville for economic self-reliance other than the Panguna copper mine?

TANIS: We have plantations. If we take for example, where Bougainville was before the conflict. We have to start where we were, meaning we had plantations, smaller holder cocoa gardens and Bougainville is a small island. I think we have enough money. Even without opening Panguna we can start at an advantage position because we are a small island, we have a lot of money. My obser-

vation in the last few years has been that there is a lot of money going in and out of Bougainville, with scrap metal, with alluvial mining, with trade stories and even with vehicles, and the administration is not collecting taxes. So even without the mine there is a lot already but the question of the Panguna mine is a question that is unavoidable. Bougainville must resolve it and we must decide on the future of the Panguna mine.
GARRETT: Could Bougainville get independence without the Panguna mine re-opening?
TANIS: That is what I am saying. Bougainville independence should not be conditioned on the opening of the Panguna mine but at the same time the trick is this: the opening of the Panguna mine will obviously contribute to the economic self-reliance of Bougainville that will be very important to the future independent state of Bougainville, if Bougainville choses to be independent.
GARRETT: Bougainville Copper says the re-opening of the mine will take six years. How can you keep those 2 processes, the process towards independence and the process towards re-opening the mine separate, if they are going to be taking place at the same time?
TANIS: If I may turn this the other way around and tell you this. The question of Panguna mine will not go away, whether Bougainville becomes independent or Bougainville choses to remain part of PNG. Panguna mine is a decision that must be made regardless of which ever way the vote goes. So we have to be careful on how we put relationships on the political future of Bougainville and how we condition it to Panguna.The two processes are important; Panguna mine issue must be resolved and independence issue must be resolved.
GARRETT: You are in favour of re-opening the Panguna mine why?
TANIS: I am in favour of opening Panguna mine and I come from a guerrilla army that fought against the Panguna mine but I have come to notice that there is already mining on Bougainville. While the Panguna mine is shut there are other mining activities happening on Bougainville. Panguna mine was opened in the early days when Bougainvilleans did not know much about the value of the yellow stone and all they knew in those days was cocoa and there was not much alluvial mining. After the conflict people now know the value of the stone under the ground. So I see even small activities, panning along the tailings and even small interests groups doing bits and pieces here and there on Bougainville. It has made me realise that mining is an industry that will be an important part of the Bougainville economy so yes, I am in favour of re-opening Panguna but again I come to the question of the process, the process must be transparent, the process must take its time and all the stakeholders must be consulted and the people must be given a chance to debate it properly instead of rushing it because if we rush it we might risk problems along the way.

Editorial

Agriculture best alternative to LNG

Post-Courier 7.5.2013

PAPUA New Guinea should be flush with cash in 2013 with the O'Neill Government last November bringing down a record budget for this calendar year of over K13 billion. Treasurer Don Polye told the PNG National Parliament in his budget speech that the funding was equivalent to K1,800 for every person in this country and the Government was committed to setting high standards to justify the confidence Papua New Guineans had in electing this government. "And as custodians, I noted that 'we have much to do, but working together, hand in hand with the people of Papua New Guinea, we will build a better and stronger future for our nation – for our people'. And today, I want to outline how we are indeed working hand in hand with our people and helping empower them," he told his colleague MPs that time.

The money plan was ambitious, maybe too ambitious for some people's liking, with the Government allocating funding directly to the provincial, district and local level governments despite their lack of capacity to effectively monitor and account for every single toea in public funding. This year each district will get K10 million each (for a total of K890 million annually), provinces K5 million (K445 million annually) and K0.5 million totalling K157 million annually to local level governments. But six months on from the handing down of the budget cracks of discontentment are appearing in what should have been a strong foundation to economically empower Papua New Guineans. The money plan has somewhat become pear-shaped with West New Britain Governor Sasindra Muthuvel concerned the Government not equitably distributing revenue from the national purse to all provinces.

“It is a sad thing for us to hear and see on the daily media that the Government is attending to calls from the mineral and petroleum areas, while little or no prominence is given to an agriculture province like West New Britain,” said the governor. Mr Muthuvel, in an appeal to the Government, said PNG had yet to be benefit directly from the PNG LNG Project and yet continued to sacrifice funds from the budget. “Every Government has sacrificed its budget in following the gas and gold project, that’s ok but we must understand that we have not gained any one toea from this project as yet.” His call for the focus to shift to agriculture should be taken seriously by the Government, especially in light of the recent predictions by economists that the winding down of the PNG LNG Project’s construction phase will impact negatively on the PNG economy.

We appreciate the push by the Government to channel funding direct to the provinces and the districts. But the lack of a national agriculture policy – which would provide the framework and have the potential to transform lives in rural areas where subsistence farming could be the only means to generating an income – could again mean lost opportunities for our rural population. The West New Britain Governor’s concerns also raise questions about the need for the Government to spread the risks and not put all its eggs in one basket. Investing in agriculture in provinces such as West New Britain, which already has an active rural industries sector, is the way of the future.

Tolukuma: Petromin clarifies stand Post-Courier 7.5.2013

PETROMIN PNG Holdings Limited has maintained its 100% ownership of Tolukuma Gold Mine (TGM) and assured its stakeholders that the mine is still in operation and all issues are under controlled. Brushing aside allegations of mismanagement and Goilala MP Daniel Mona’s call for Petromin at the weekend not to interfere with TGM, Petromin Board Chairman Sir Brown Bai yesterday stated that Petromin as a holding company is committed to the mine and all its stakeholders including mine impacted communities and employees. He urged Mr Mona to work closely with Petromin in bringing back normalcy in the mine and not listen to a group of employees who have caused disruption in the mine operation. Sir Brown brushing aside these allegations refuted that Petromin as a parent company has been there for TGM all through and even funded in excess of K40 million to ensure the continuous operation and running of the mine.

He said Petromin is aware of the importance of the contribution the mine makes to the local communities and would very much support the continuity of the mine. “The reason being that we are committed to our 100% owned mine. We want to see a continuous operation of TGM. Any talk of loss or profit is the nature of any business. In the face of day to day operational issues, we have taken measures to ensure the mine operates as usual and currently are putting in place plans to stabilize production and reduce costs. Petromin has enforced strict financial controls in this regards and it seems that some employees with vested interests are not happy,” Sir Bai said. The Chairman stressed that TGM’s financial audits are done every year in compliance with standard and best practice. Annual audit reports are available from IPA office. Sir Brown also stated that some of the costs cutting measures employed are part of business operations and more so when commodity markets are going through uncertain times with prices declining.

Sir Brown assured Petromin and TGM service providers, stakeholders and TGM employees that "it's business as usual for the companies". These allegations are the perpetrated work of people with vested interests, with the aim of causing instability and unnecessary anxieties. All necessary actions to restore discipline at the mine site will be taken for the best interest of the committed employees and the communities who are dependent on the mine. "I want to assure all stakeholders and business partners of TGM and Petromin that its business as usual. The staff is paid their salaries, day to day running and operations haven't been halted or stopped. Its business as usual for TGM and Petromin," he stressed. He urged all employees to work together and support TGM management headed by newly appointed Chief Executive Officer Mr Sam Inguba in its current endeavours, and not to do anything that would create uncertainty in the community.

Bougainville: Talk on mine reopening goes on Post-Courier 6.5.2013
By WINTERFORD TOREAS

THE Joint Panguna Negotiations Committee which is responsible for preparing all parties for the review and renegotiation of the Bougainville Copper Agreement (BCA) held its second meeting in Buka last week. This committee is made up of representatives from the National Government, Bougainville Copper Limited, Autonomous Bougainville Government and the Panguna landowners. Before officially opening the meeting last Thursday, ABG President Chief Fr John Momis urged all the stakeholders involved to come up with decisions beneficial to all parties. Mr Momis said the reopening of the mine was very critical for Bougainville's future and called for an amicable solution to be reached by the committee. "We all know the reopening of the Panguna mine is critical for Bougainville's planning, development and establishment of a new Bougainville in accordance with important principles that uphold the dignity of a human person, rule of law, democratisation and human participation in process of development and governance," Mr Momis said.

"Bougainville of course has suffered immensely as a result of the Bougainville crisis. (But) This is not the time to blame one another. It is an important moment in the history of Bougainville, PNG and Australia, Australasia for us to redeem ourselves. "All of us need to redeem ourselves because we have a lot of people suffering as a consequence of the roles played by different stakeholders in the creation (and) in the development of the Bougainville crisis. Bougainvilleans themselves are not free of this blame. So as I said, it is an important moment in the history of Bougainville for us to collaborate and work together, put the past behind us and work with hope, faith, belief in the ability of mankind to address problems, especially the prevailing culture of inward looking and certain amount of exclusiveness that people have," added Fr Momis. Fr Momis also announced that the ABG was committed in ensuring that the reopening of the Panguna mine would be in-line with the new ABG mining law, which the President said "will take care of interests of all parties".

Fr Momis when challenging the committee to collaboratively work together said the "ABG is keen to see these preparations proceed quickly in a way that involves all parties, National Government, Bougainville Copper Limited, landowners and of course ABG". "The cooperation amongst us is essential especially as you plan and as we conduct environmental and social baseline studies, social impact and the other important work that has to be done prior to negotiations being started. "If we prepare well for the negotiations, and the preparations must start now, and I guess it has already started, then the negotiations will definitely take off on the right footing." The President added that he would like to see these negotiations starting to take place sometimes towards the end of this year so that people would psychologically feel that things were moving and that they were truly on the road to liberation and pathway to achieving their aspirations. The National Government team was led by the Secretary of the Department of Mineral Policy and GeoHazards Management Shadrach Himata while BCL Country Manager Paul Coleman and some of his officers also attended the meeting.

LNG: Juha locals yet to get money

The National, 6th May 2013

By ELIAS LARI
PETROLEUM development licence (PDL) 9 landowners from Juha in Western are claiming they have not received any benefits since the LNG gas project started. Village chiefs, community leaders and councillors Mark Yande (Dapo clan), Juha Lyon, (Dapo clan), Jackson Tosi (Soabi clan), Moiyu Max (Soabi clan), Timothy Tosiga (Soabi clan) and Tioma Wologa (Wambi clan) were blaming “paper landowners” who were “enjoying themselves in Port Moresby”. “We have formed 18 companies and an umbrella company but have not received any seed capital or other benefits to venture into business activities,” Yande said on behalf of the leaders in Mt Hagen. They wanted an investigation done to determine where all the funds paid out so far had gone to. “This is very serious as people in the village have no idea where money paid for our benefits had gone.” “This is something new and we are now calling on the Prime Minister Peter O’Neill and Petroleum and Energy Minister William Duma to send in an investigation team to investigate where the benefits have gone to,” Yande said.

PNG Police Minister Expresses Concern About LNG Tension

Unrest in Hela province could disturb law and order

WELLINGTON, New Zealand (Radio New Zealand International, May 5, 2013) – The minister of police in Papua New Guinea admits the growing tension surrounding the LNG project in Hela province could lead to disturbances around law and order. Many believe the country’s first liquified natural gas project has seen little of the promised infrastructure and development benefits promised them by the project operator, Esso Highlands. A former police commissioner Gary Baki says outside of the project site there are only three police to nearly 30,000 people in the Komo region and says they won’t be able to cope if the situation boils over. The police minister Nixon Duban concedes the police might have to get involved. "Because of the issues surrounding the business development grants and people have been voicing a lot of disappointment and disatisfaction in the way in which it was handled so there seems to be some issues where you would think the police would have to be around to attend to the law and order situation outside of the project areas." Nixon Duban says the government’s emphasis has been on security of the LNG site to protect the investment but says if there is a need for additional deployments outside of the area that can be done.

New petition on LNG project

The National, 3rd May 2013

A GROUP of landowners in Hides has petitioned the state and PNG LNG project developer ExxonMobil to honour their agreements. The petition is separate from the recent 31-day notice given to the state and Exxon by Hela Governor Anderson Agiru regarding the similar issues. The landowners’ petition was given last month to the Minister for Trade, Commerce and Industry Richard Maru and a copy was handed to Prime Minister Peter O’Neill on Wednesday. The landowners of the Hides PDL 7 through the Hides 4 umbrella association are led by chairman Chris Payabe. They want the government to respond to their petitions by next Monday or they would be forced to close down the facilities on their land.

Oilsearch's first offshore well Post-Courier 3.5.2013

OIL SEARCH Limited is stepping up its exploration activities in PNG after 10 years, with the spudding of the first offshore well within a 50 kilometer (km) radius and located 260 km north-west of Port Moresby. This signals yet another significant milestone for PNG's largest oil and gas producer. The Gulf of Papua exploration drilling programme includes the drilling of two gas exploration wells called Flinders 1 and Hagana-1 in Petroleum Prospecting License (PPL) 244, with options to drill two additional wells. The Flinders 1 well was spudded on March 31, 2013, and drilling activities are targeted to run for two-five months. This is expected to be followed by the Hagana-1 well. Oil Search's strategic joint venture partners in this license include French multi-national Total SA and Nippon Oil Exploration (Niugini) Pty Limited (NOEX).

Oil Search has contracted the Stena Clyde semi-submersible mobile offshore drilling rig from Stena Drilling, a qualified contractor that has met the Company's stringent contracting requirements. With planned total depths ranging from 2,500 meter (m) to 4,100m, in water depths from 70m to 115m, the wells have been designed in accordance with Oil Search and Stena Drilling standards, accepted industry practices and regulatory requirements. The drilling of the wells is anticipated to take approximately 30 to 40 days each with an additional 10 to 15 days for well testing in the event that hydrocarbons are encountered and Logistical support is being provided by supply vessels operating from Avenell Engineering Systems shore base in Port Moresby and by helicopters operating from Jackson's International Airport.

Stena Clyde is a very large drill that can drill up to 6km through the sea floor and underlying rock to target potential hydrocarbon reserves, and to operate the "drill" or derrick. The Stena Clyde has a range of support services which run 24 hours a day and operating and maintaining this equipment are up to 110 people who are accommodated on the rig. A safety exclusion zone of 2,000m has been established around the drilling rig and has been communicated by a Notice to Mariner's (NTM) issued by the National Maritime Safety Authority (NMSA) to shipping and established in PNG in 1929. Over 90 percent of Oil Search's assets are located in PNG, where it holds an extensive spread of oil and gas production and exploration licenses, including PPL 244. The Company operates all of PNG's currently producing oil and gas fields, and has a 29% interest in the world scale PNG LNG Project, operated by ExxonMobil.

Newcrest committed to Papua New Guinea Post-Courier 3.5.2013

NEWCREST Mining's Board, led by Chairman Mr Don Mercer and CEO Mr Greg Robinson, visited Papua New Guinea this week to meet with key stakeholders, including the Prime Minister, and visit Newcrest's largest mine, in Papua New Guinea at Lihir. Accompanying the board were key members of the executive management team. Starting the visit in Port Moresby, the board hosted a function at the Grand Papua Hotel on Tuesday night for around 80 guests, including the Minister for State Enterprises Mr Ben Micah and the Australian High Commissioner to Papua New Guinea, Her Excellency Deborah Stokes. Mr Mercer told guests at the function that Newcrest was firmly committed to Papua New Guinea which is expected to account for approximately 40% of the company's gold production this year. He also spoke about the impact of lower commodity prices and cost increases on resource companies around the world. "Papua New Guinea represents Newcrest Mining's most significant presence outside of Australia," Mr Mercer said. "We are a major local employer, with a workforce of more than 8,000 Papua New Guineans, an increasing number of whom are in senior management roles. In addition to employee wages, purchases of goods and services, and payments of Government taxes and royalties, Newcrest's community expenditure last year was in the order of K140 million."

Newcrest owns and operates the large Lihir gold mine in New Ireland Province and is a 50:50 joint venture partner with Harmony Gold in the Morobe Mining Joint Venture, which operates the gold and silver mine at Hidden Valley and owns the world class Wafi Golpu copper and gold project, both in Morobe Province. Newcrest is the largest company listed on the Port Moresby Stock Exchange. Mr Mercer said Newcrest had invested over K23 billion in PNG since 2008, including the recently completed K2.6 billion plant upgrade at Lihir, with further major investments planned. He pointed out that over the last two years, every Kina Newcrest earned from its Lihir and Hidden Valley operations has been reinvested back into its PNG businesses. “Newcrest is making these substantial investments because we are confident about Papua New Guinea and we are committed to a long term and mutually beneficial future in the country. However, our continued investment and future plans for PNG are dependent on the continuation of a stable regulatory and fiscal environment which is an important prerequisite for investor confidence.”

18,000 object mining Post-Courier 3.5.2013
By Alexander Rheeney

OVER 18,000 villagers in the Oro Province have objected to an Australian mining company getting a two-year extension to their permit to explore for gold in their 360,000 hectare area. Their objection is contained in a letter dated April 26, 2013 which Partners With Melanesia have written to the Mineral Resources Authority. Australian Stock Exchange-listed Goldminex Ltd has applied to the authority to give a two-year extension for Tenement ELA 1547, which the NGO alleges covers the proposed biodiversity-rich Managalas conservation area. PWM executive director Kenn Mondiai wrote in his letter to the MRA acting managing director that his organisation has done conservation and rainforest protection work in Managalas since 1983-84 and the plateau has been recommended to the Minister for Environment and Conservation to declare it a conservation area. “The 152 clan for Managalas plateau have since 1983 stood firm that they do not want any mining, logging or oil palm expansion into the plateau and this call is again re-emphasized here by PWM on behalf of the people of Managalas Development Foundation and the 152 clans that have agreed to have the area protected under the Conservation Areas Act of 1978,” wrote Mr Mondiai.

Oro Governor Gary Juffa said he supported the objection by the villagers because resource project proponents continue to bypass them and provincial governments, resulting in investors pushing their interests. “In the past, efforts to gauge the landowners’ views and concerns were very obscure efforts. Warden’s hearings were held without genuine landowners, without the provincial government present and merely to facilitate the intentions of the investor. “In many instances, the investors used this as an opportunity to hike up their share values with purported findings and activities,” he said in an email to the Post-Courier. In a warning to potential investors keen on checking out Oro Province, the Governor said any attempts to bypass the provincial government will be considered “trespassing”. “Any effort to circumvent the provincial government will be taken as trespassing. In regards to this matter, I am keen to determine a path for Oro whereby all activities must be endorsed by my office and must consider the environment, the peoples’ future and its social impact,” he added.

Attempts to contact the Melbourne office of Goldminex Ltd were unsuccessful, however the MRA confirmed it was aware of the objection filed by the PWM on behalf of the Managalas 152 clans. “There is a process set out in the Mining Act 1992 for the renewal of exploration tenements and the consideration of objections. “The relevant parties in that process are aware of the matters to which you refer and the issues will be considered and determined in due course in accordance with the Act,” said Roger Gunson, the MRA’s executive manager (regulatory operations division). The Managalas plateau is one of PNG’s few remaining areas untouched by logging and oil palm activities and is a natural habitat for the rare Queen Alexandria Birdwing Butterfly, the world's largest butterfly and is home to several species of frogs and tree kangaroos identified in biodiversity surveys.

Landowners petition Government Post-Courier 3.5.2013

THE principle landowners of Komo Airfield, block 1787 have petitioned the State to declare Komo Airfield as a facility just as PORTION 152. The landowners have given the State and developer 14 days to respond to their petition. The petition was handed over to minister Maru by Philip Tukuyawini on behalf of the leaders, landowners, educated elites and youths from Komo Airfield. While presenting the paper, he re-emphasised that Komo landowners will not allow Antonov 124s carrying components of the Hides Gas Conditioning Plant to land on their land until their demands are met. Komo is the host district of major petroleum projects in the country. The projects include, Hides PDL1, Kutubu PDL2, Moran PDL5 & 6, South Hides PDL7 and Angore PDL8. As a result, Komo District would have been one of the best country side city in Papua New Guinea. However, this is not reflected as witnessed by Minister Maru. Briefly, the petition contains the following demands;

1. Recognition of Komo Airfield as a FACILITY similar to Portion 152 through a supplementary agreement.
2. Proper social mapping and landowner identification to be carried out to identify the principle landowners and fairly distribute benefits accordingly to their land hectare.
3. State and developer to honour their outstanding UBSA and LBSA commitments
a. Komo Airfield ring road
b. Komo to Tari super highway
c. Komo township funding
d. Komo water supply
e. Komo Rural electrification
f. Heavy Haul Road
4. Revisit resettlement package and other outstanding issues & compensate the landowners accordingly

The landowners, led by Philip Tukuyawini, Dr Michael Mai, Kingsley Olape Hari, Simon Irame, Jack Pawa, Peter Alembo, Alfred Olonogo and Peter Purani (deputy LLG president) had agreed to put their difference aside and fight for the rights of their disadvantaged people until Komo Airfield is recognised as a FACILITY of its own. The Airfield landowners had put together a team of landowners to pursue this issue. This petition is based purely on the interest of the silent majority of Komo landowners and does not in any way reflect any support to the petition presented by Hela Provincial Government. The State and developer in addressing the Hela Governor's demands does not necessarily mean that it has satisfied the landowners of Komo Airfields position of declaring Komo Airfield as FACILITY. These issues were raised during the UBSA and LBBSA as part of our position paper but was overlooked by the elected members during that time.

Leader: Marape, Agiru must unite Post-Courier 3.5.2013

By DAVID MURI

HIDES landowners have cautioned Hela leaders; Finance Minister James Marape and Governor Anderson Agiru to be more responsible when dealing or speaking on outstanding landowner issues. Deputy chairman of PDL 7 South Hides Umbrella Association Andy Hamaga urged the two leaders to put their political differences aside and cooperate for a common understanding – that is to fight for their people's rights. "Both of them are landowners, they are Hela leaders. We all respect them.

But they must put their differences aside and involve us all for the common good of our new province," a concerned Hamaga, who feared that the two leaders' media bickering could jeopardise positive discussions, said yesterday. "We Hela people do not want to be victimized by their differences," Hamaga continued. Mr Hamaga was referring to Governor Agiru's claims that Minister Marape was encroaching on his responsibilities on Monday and Mr Marape's denial of any such interferences in yesterday's Post-Courier titled "Marape calls on Agiru to act responsibly". Minister Marape termed Agiru's 30-day ultimatum through the print media for the government to honour outstanding commitments as deplorable.

Mr Hamaga said the landowners desperately needed the two leaders' guidance and advice at this time when they are confronting multinational developers and the State. Meanwhile, Hamaga said there was an urgent need for a review on the UBBSA signed at Kokopo in 2009 to involve ExxonMobil as a party. He pointed out that the original Kokopo accord did not include ExxonMobil, adding that is why this corporate giant could not be held liable for breaching any in landowner agreements. "We have to involve ExxonMobil because now they isolate and distance themselves because they are not party to the Kokopo agreement signing," he said. The UBBSA agreement is to be reviewed in 10 years, that is in 2019. Hamage has also called on ExxonMobil to implement the National Content Plan immediately as the construction phase is into completion. He said 95 per cent of the multi-billion kina project is complete, adding the first shipment of LNG is expected in seven months.

Thailand Looks To Pacific For Industrial Raw Materials

Ambassador says trade links may be critical for economy

MELBOURNE, Australia (Radio Australia, May 2, 2013) – Thailand is trying to build business links and trade pacts with Pacific Island nations to feed its growing industrial sector with raw materials and energy. The Pacific region is becoming more important as raw materials around the world become scarce and Asia develops as the engine room of the world economy. In April, Britain announced plans to renew relations with the Pacific and China has also been spending big in the region to gain influence. Maris Sangiampongsa is Thailand's Ambassador for Vanuatu, Papua New Guinea, Solomon Islands and Fiji. He says trade links to Pacific nations are potentially critical for the future of his nation's economy. "We need raw materials and energy because Thailand is now in the developing stage," he said. "We have a very good position in terms of manufacturing structure good skill level. But we are now looking outside the country for raw materials and energy." Mr. Sangiapongsa says in the past year Thailand's economy has grown by 5%. Thai Prime Minister Yingluck Shinawatra recently returned from a trip to Papua New Guinea - which has a rich source of raw materials - to discuss increased trade to keep that growth going.

Mr. Sangiampongsa says Vanuatu is also a good source of future trade and cooperation that could benefit both nations. "The first is agriculture, which includes fisheries and forestry. Especially tuna in Vanuatu," he said. In order to secure the trade of raw materials Thailand is offering expertise to help Pacific nations develop their own industries and increase factory capacity. "We are not in the stage to take advantage of a small country. But the Government of Thailand is aiming to give a lot of technical assistance to countries like Vanuatu in order to work together to the benefit of both countries," Sangiapongsa said. Thailand however is a late developer when compared to other Asian economies. Economic powerhouses such as China, South Korea and Japan have already made inroads in the Pacific. And European nations like France and Britain also have firm and long held trade and cultural links to the region. "But we believe that we have some kind of advantage." Mr. Sangiapongsa said. "We have cheap labor to produce cheaper products from Thailand to help us penetrate the market."

Bougainville Needs Cleanup Before Mining Resumes: Expert

Dr. Mudd says environmental damage should be addressed

By Jemima Garrett
MELBOURNE, Australia (Radio Australia, May 2, 2013) – Scientists say mining group Rio Tinto will have to improve its environmental record if it plans to reopen its mine on the Papua New Guinea island of Bougainville. In the 1980s development of the mine sparked a decade-long civil war which left more than 10,000 people dead. But now the Bougainville government is looking for new development opportunities. A study by Rio subsidiary Bougainville Copper says the mine is economically viable and could be reopened in as few as six years. A mining expert, Gavin Mudd, told Radio Australia there is a lot of damage on Bougainville that needs cleaning up before new mining can take place. Dr. Mudd is a senior lecturer in environmental engineering at Monash University and chairman of the Minerals Policy Institute. He said work was needed to alleviate the effect of acid mine drainage, where minerals left lying on the ground reacted with rainwater to produce sulfuric acid, with devastating effects. The academic said guesswork put the cost of a clean-up at AU$1 billion [US$784 million] or more. "But that cost at the moment is being borne by the local environment and the community. Their gardens are gone, their water quality is severely impacted."

Rural Yandera is gearing up

Post-Courier 1.5.2013

BY PEARSON KOLO

THE question of landowner benefits from ongoing resource projects and those in the pipeline raised by Hela governor Anderson Agiru and the people of Western province who are the beneficiaries of Ok Ted mine have raised many questions. Many such landowners are wondering if they are going to receive sufficient and tangible benefits from their resources, whether it is gas, oil, gold, copper or whatever there is on their land. This is the case for the people of the proposed Yandera resource project in the Usino Bundi electorate of Madang Province. It has been reported, though not confirmed yet, that Yandera could become one of the largest molybdenum and gold mines in the Southwest Pacific. Councilor of Yandera, Garima Kawagi said recently that given their strategic location in the mountains bordering Madang, Chimbu, Eastern Highlands and Jiwaka provinces, the people of Yandera are looking forward to the day when the reserves are proven and the mine becomes a reality for the people.

The people of Yandera and Bundi have been forgotten and come from one of PNG’s least developed regions; and they want roads and better health and education services and business opportunities. “There are no government services in Yandera and we know that we have been forgotten,” Cr Kawagi said. “Therefore we the people of Yandera want to get all the basic services from this mine when it becomes operational.” The landowners of Yandera want to negotiate benefits with the developer and the PNG government for a win-win situation for all parties. Elder of Yandera, Tobias Garima said he wants to see the outside world open up to his people through the mine before he dies. “I have heard of many benefits by different exploration companies who have been drilling the mountains over the years,” Mr Garima said. “But I am yet to see these benefits and I what to see my sons and my people enjoy the benefits before I die.”

Former MP Peter Yama comes from the area and is one of the leaders there. “We must put our interest in the mine and do everything possible to get maximum benefits,” Mr Yama told his people during a recent visit. “We will allow mining to take place when we are satisfied with the deal.” Exploration in Yandera started in the late 1960s. Many world class mining companies like Kennecott Copper and BHP did drilling and exploration in the 1970s. Now an Australian based company, Marengo Mining Limited has focused its attention on the highly significant Yandera prospect, located 95km southwest of the northern seaport of Madang and situated within the highly prospective New Guinea copper-gold belt. Drilling at the Yandera central deposit continues to generate significant intersections of both copper and molybdenum sulphides, from within both the current resource envelopes, together with extensions at the Imbruminda and Dimbi-Gamagu zones, according to Yandera Mine and Marengo Mining website.

In addition, an initial four-hole, deep drilling program in 2010 delivered positive results. In 2011, five diamond drill rigs began operations at Yandera. Activities include further in-fill drilling together with targeting strike and depth extensions. For the start of the 2012 drilling season, Marengo has three diamond drill rigs, focusing on further in-fill and resource delineation as well as an exploration campaign on identified nearby targets. The first holes in the Dirigi exploration campaign have been completed. The Yandera project, which comprises granted exploration licences, covers some 1,790 square kilometres and was the subject of intensive, drill based exploration programs starting in the 1970s. On 30 May 2012, Marengo announced an upgraded resource estimate, comprising a measured resource of 248 million tonnes (Mt) @ 0.43% copper (Cu), an indicated resource of 114Mt @ 0.42% Cu and an inferred resource of 218 Mt @ 0.37% Cu, based on a 0.25% Cu cut-off. The minerals thought to be found in Yandera are molybdenum, diamond, gold, copper, silver, rhenium and nickel which are out of nine minerals found in Yandera and Mt Omura. The Yandera landowners may be learning something from the other resources owners in PNG. The project looks promising for the people of Yandera and Papua New Guinea as a whole.

No rule of law in LNG host province Post-Courier 1.5.2013

By TODAGIA KELOLA

LAWLESSNESS and the ignorance of the rule of law are real and widespread in the host province of PNGs biggest resource project the LNG gas project. And if the Government and leaders of the province don't cooperate to deal with this problem, it will explode and will be a major threat to the LNG gas project. That's from the Member of Parliament whose electorate is the host of the LNG gas, Francis Potape. He made this comments in a news conference yesterday when asked to comment on an observation by former top cop Gari Baki who had earlier described the law and order situation as a time bomb. Mr Potape who had called the conference to announce his move from the Opposition to the Government side said he fully support Mr Baki's observation which was one of the main reason why he is moving to the Government side to try and deal with this problem.

"The 30 days notice given by the Governor for Hela province, Anderson Agiru to shut the LNG project through the courts, is only a mere reflection of what is likely to become an enormous chaotic situation on the ground. All is not well in Hela and the Governor's action may not go down well with certain Ministers in Government but we cannot cover up issues knowing that they will still blow up sooner than later." He confirmed Mr Bakis observation that if you are driving in the province you will see people armed with long tramontina bush knives, and axes, dogs, pigs, small children walking along the road side unattended, endless road side markets, dart boards, betel nuts being sold along the road, drunkards walk openly along the road despite the liquor ban and the list goes on,"

He also supported the observation that Police and Military personnel deployed to the LNG project sites in the Hela Province have become Exxon's private security force. This is because they cannot attend to any complainants or incidents outside of the camp without the authority of Exxon, or be deployed outside of the set guidelines as imposed by Exxon. Mr Potape said apart from the law and order problems, the project has also influenced a complete shift in the traditional cultural setting to a newly adopted life style. The LNG project has greatly transformed the mindset of the people living within the immediate vicinity of the project site to one of dependency, money or compensation, and disrespect to the rule of law. "I as the Member of Parliament I cannot just sit back and watch which is one of the main reasons for me joining the Government so that I can assist other leaders and bureaucrats to try and fix the problem before it explodes," said Mr Potape.

Bulolo gets mining royalties

The National, 1st May 2013

THE Morobe government had finally paid K1.1 million in mining royalties to Bulolo district this year, local MP Sam Basil revealed yesterday. The payment comes three years after the signing of the mining royalty sharing agreement in 2009 which allocates 18% out of a 38% provincial government stake to Bulolo district. "The provincial government made K7 million in the last three years but they gave us nothing," Basil said. "This is why I went to court with former governor Luther Wenge and won. "Current governor Kelly Naru knows that and has awarded us 50%." He said the money was with the district treasury and would go towards the construction of a new commercial complex in Bulolo. They are now waiting on the tenders board to award the contract before they look around for a bank or financial institution to counter-fund the project with a loan. Basil was responding to queries raised by deputy provincial governor Morokoi Gaiwata into his expenditure of the 18% Morobe royalty payments since 2009. Gaiwata said infrastructure in the townships of Wau and Bulolo were in shambles and the Wau hospital had close on patients weeks ago. He also raised concern over the use of the annual K10,000 allocation for the upkeep of airstrips in the districts. "All eight airstrips in the district are in really bad state." But Basil said Gaiwata should be spending more time at home, especially with the council election coming up. "Let's not waste time arguing in the media, go back to Waria and get the people to give you a fresh vote of confidence."

MOA review for Sinivit

Post-Courier 1.5.2013

LANDOWNERS of the Sinivit Gold Mine are currently in discussions with stakeholders in regards to the review of the 2009 Memorandum of Agreement. The landowners have met with officials from the Mineral Resources Authority, the developer New Guinea Gold Limited and the ENB Provincial Government in Kokopo since Monday this week. The review of the 2009 Memorandum of Agreement was supposed to have started on Monday but the landowners were on hand to present a resolution outlining a number of issues that need addressing before the review can be done including a call for an audit of the mine operations. The resolution read out to all stakeholders on Monday morning by the Chairman of the Uramot Landowner Company Hosea Kailam was prepared by the landowners themselves during a meeting last Friday. The reading promtpted further discussions and a new approach for the landowners to negotiate with provincial government officials wnho were given time to come up with a way forward. The landowner's issues at hand were the non compliance of the MOA, lack of provision of basic services such as health, education and other infrastructures as stipulated in the revised MOA and non payments of dividends to landowner companies.

Landowner representative Augustine Douglas said one of their resolutions on Monday was for the ENB Provincial Administration Legal Officer to obtain IPA extracts of companies, Gold Mines of New Guinea Holdings Limited and Gold Mines of Niugini Holdings Limited, to ascertain the landowners' shareholding interest. Another resolution was for MRA and NGG to provide the total volume of gold production every six months since the start of production and for NGG to provide the annual operational cost since 2007. The Landowners also wanted to have direct equity in the developer as well as for the ENB Provincial Government to come clear on their position with the developer. The resolutions were presented yesterday followed by a presentation from NGG's Community Relations Officer Paul Pora who was the only company representative to attend the gathering since Monday this week. Landowners further met with provincial government officials' yesterday afternoon to iron out some landowners' issues. Negotiation between all parties is expected to continue today.

Prime Minister: Government will honour deals Post-Courier 1.5.2013
By ISAAC NICHOLAS

PRIME Minister Peter O'Neill has assured the people of Hela and the nation that the government will honour commitments and obligations for the implementation of the K19 billion PNG LNG project. Mr O'Neill said this when responding to a petition by Hela Governor Anderson Agiru relating to a number of commitments for the Hela province made by the national government under the project agreement. He said these commitments are a range of development projects and business incentives identified as High Impact Infrastructure Projects (HIIP), infrastructure development grants and business development grants. "As we all know in this country, there has not been one single gas (container) exported out of this country, which clearly means there is not one single toea received by this government as revenue because of the gas sales export," PM O'Neill said.

"So when we debate this issue we must appreciate this particular fact: that we have not sold a single uinit of gas yet. Despite that and in good faith, the national government has made some commitments to the people of Southern Highlands and Hela province and that commitment is being paid for by every single tax payer in this country. "Every single citizen is sacrificing government services and government development in order to pay for commitments made in developing this particular resource," Mr O'Neill said. The PM said since taking office in 2011, his government has made great strides through clear identification and allocation of funds in the budget to meet the payments and commitments made to the people.

Mr O'Neill said since 2010 the government has paid more than K780 million to these two provinces and a complete list of who the monies were paid out to and amounts. He said high impact infrastructure totals K460 million, of which K200 million has been spent to date. Hela received K118.4 million, Southern Highlands received K60 million and Gulf received K3 million. For the IDG totaling K1.2 billion, K360 million has been disbursed with Hela receiving K174.04m, SHP K98.3m, Gulf K32.2m and Central K35m. Mr O'Neill said business development grants of K120 million was a one-off payment that has been paid, except for Angore landowners. The Prime Minister said an audit team will be dispatched to check on projects implementation as the money is public funds. The PM said the petition has caused great concern among the investors, particularly our financiers.