Press review:
Mining in the South Pacific

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Abbreviations in common use:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PIR: Pacific Islands Report

PNG: Papua New Guinea

Websites:

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

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

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

Fiji landowners query royalties

Luke Rawalai, The Fiji Times, 29 June 2018

WHILE Government has reassured resource owners that they will continue to receive 80 per cent of royalties from the use of their resources, landowners of Nawailevu, Bua, are still querying about funds promised to them for the mining of bauxite on their land. Nawailevu landowning unit spokesman Waisale Kaidawa said they were still waiting for the royalties promised to them.

Mr Kaidawa said as owners of the land from which bauxite ores were being mined, they were still not clear on when they would receive these royalties. "It is still not clear with us where these funds are and when it will be released to us," he said. "Government, in this year's budget, needs to hold awareness to us on where this money has gone because we have projects awaiting funding from these royalties.

"It is only fair that resource owners like us get clarification on where this money is being used and how. "To this day, we are still waiting for word on the Future Generation Funds that we were promised — no word has come to us." In his budget announcement last night, Minister for Economy Aiyaz Sayed-Khaiyum said 80 per cent of any royalties for any minerals mined from land and the seabed goes back to resource owners. "Of course as introduced this year, 80 per cent of any royalties for any mineral resources mined on land and any seabed in Fiji goes straight back to resource owners," he said.

Indonesia beefing up disputed Papua border force in bid for minerals

Albert Agua*, Asia Pacific Report, June 29, 2018

Papua's disputed border with Papua New Guinea ... hunt on for mineral riches. Image: PNG Blogs

Indonesia is driving towards the Papua New Guinea border because of a recent discovery of huge mineral deposits in the Star Mountain regency just at the back of Tabubil Ok Tedi mine. "Reportedly, there is gold, copper, coal, and thorium – a safer radioactive chemical than uranium," says president-director of PT Antam Tato Miraza, who was then Director of Development, reports *Pusaka*. "Geological Survey shows its potential is good and promising." The core of the deposit is, however, found in the disputed area of the border between PNG and Indonesia.

Recently, Indonesian troops patrolled to Korkit and surveyed the land just around 40km from Ok Tedi, less than 10km from the border marker in the Korkit village to build another military base. The citizens from Korkit village who are PNG citizens are moving into the new Indonesian village. This is just 20km from the mineral deposit area. Thorium, a weakly radioactive element that can be used as fuel in a nuclear power reactor, has been discovered in the disputed area and this has been the sole driver for Indonesians to force themselves into the disputed territory. Also the "explorers" are actually the military carrying out the exploration. The Indonesians have been transporting mining supplies to the area and the locals are prepared to wage war if the exploration continues under heavy military security.

The claimed Papua border "shift" – the red zone near Ok Tedi mine. Source: PNG Blogs

Wutung border improvements
Meanwhile, major improvements in infrastructure and capacity are planned for the PNG-Papua border at Wutung, reports Loop PNG. The improvements are planned as part of the PNG government's West Sepik Special Economic Zone (SEZ). National Planning Minister Richard Maru and delegates of a fact-finding mission to West Sepik visited the border area last week. Loop PNG also reports that an international bus service and terminal are planned for the Wutung border post.
**Albert Agua is an academic at the University of Papua New Guinea.*

Kassman hails resource sector in his Aussie talk
June 28, 2018, The National Business

The resource industry has long been the cornerstone of Papua New Guinea's economy, driving development from pre-Independence to modern PNG, says PNG Chamber of Mines and Petroleum vice president Richard Kassman. Speaking at the Papua New Guinea Business Update in Townsville, Australia, Kassman explained how PNG's resource sector has played a vital role in the country's economic development. PNG is one of the few countries in the world where mining and petroleum projects provide socio-economic opportunities to the local areas they operate in.
Kassman highlighted the following:

- As of September 2017, the mineral and petroleum resources sectors contributed over 26 per cent of PNG's GDP and around 80 per cent of the nation's export revenue valued at K23 billion (approximately US$7.3 billion);
- The industry in PNG directly employs over 20,000 people, with significantly more working in other sectors dependent on the industry, including landowner businesses.

Kassman told the forum organised by the Australia PNG Business Council that: "Resource development brings with it key infrastructure and contributes to a wide range of community development programmes in host communities and provinces. “This includes health, education, law and order, and infrastructure as well as numerous health care and medical outreach programmes, scholarships and student support and agriculture outreach. “The industry establishes and supports landowner companies and other PNG-based businesses that provide services to the project sites such as transportation, labour hire, catering, security, earthmoving, freight and logistics, janitorial services, agriculture, and livestock and livelihood programmes to promote food security and agribusiness.

“The economic and social contributions of the industry are significant and impact not only the economy of PNG but the local footprints of host communities in some of the most inaccessible parts of PNG.” World-class projects across PNG include Ok Tedi, Lihir, Porgera, Ramu Nickel and Hidden Valley and the smaller mines of Simberi and Kainantu. Two major mining projects that have applied for Special Mining Leases are the Newcrest Mining/Harmony Gold Wafi Golpu Joint Venture and the PanAust-led Frieda River projects.

Mercury puts gold miners at risk of heart attack

By HEZRON KISING, June 28, 2018, The National National

Small-scale gold miners who directly handle mercury while extracting gold have a greater risk of developing heart disease, a study reveals. Michael Kiapulkalow, a senior environmental science lecturer at University of PNG, said mercury and its compounds were highly toxic and had adverse effects on human health, wildlife and the environment. He said this during a workshop on chemical and waste management by Conservation and Environment Protection Authority (Cepa). This was in regard to thousands of artisanal small-scale gold mining activities throughout the country where people were exposed to chemicals that could harm them. “Mercury is highly toxic, causing damage to the nervous system at even relatively low levels of exposure” Kiapulkalow said. “In Wau-Bulolo district in Morobe and Misima Island in Milne Bay, hundreds of people hve been exposed to mercury and will encounter long-term health problems.

“It is particularly harmful to the development of unborn children if a pregnant women is exposed or involved. “Mercury usually collects in human and animal bodies and can be concentrated through the food chain, especially in certain types of fish. Women who are breastfeeding or might become pregnant should limit their interaction in and around those small scale gold mining areas, since there is high amount of mercury concentration released into the environment. “It’s generally anticipated that the artisanal small-scale gold mining sector has more mercury releases into the environment than the large operating mines.”

Kiapulkalow said Cepa had implemented a convention with the national government to address the issue by putting in place the Minamata Convention (MC). “MC is a global treaty designed to protect human health and the environment from the adverse impacts of mercury and its compounds,” he said. “PNG was not able to sign the MC and is currently not a party to the MC. “There is currently a joint National Executive Council submission between Foreign Affairs Department and Cepa for PNG to accede to the MC. “PNG will look to becoming a party to the Minamata Convention in 2019. “That will protect human health and environment from the risks posed by unintentional and intentional emissions and releases, unsound use and management of mercury.”

Porgera mine resumes full operation and power

Post-Courier, June 28, 2018

Barrick (Niugini) Limited reported that Porgera gold mine in Enga Province has resumed full operations, and power has been restored to the Porgera community. The resumption comes five months ahead of the original estimated repair schedule, following the 7.5 magnitude earthquake on 26 February this year, which caused substantial damage to the company's power plant in Hides, Hela Province. The plant suffered damage to both buildings and equipment, including the gas turbines, and the main control room which required extensive repairs .The mine had been operating on back-up diesel generators with limited processing functions, while the Porgera community had been without power since the earthquake, except for a number of critical service providers that the mine had assisted by donating fuel and generators. Power to the mine was restored on June 1 and the community on June 6. The Hides power plant provides about 70 megawatt of power to the Porgera gold mine and annually about 2MW is supplied to the Porgera valley community free of charge (FOC) at an estimated cost of US$2.5 million (K8.1 million).

Seabed mining concerns taken to United Nations
Simon Waters, Wanganui Chronicle, 27 June 2018

Kataraina Graham, 2, was part of the Ngati Ruanui seabed mining protest at Castlecliff in September 2017. Photo Bevan Conley.

Ngā Rauru is taking its concerns about proposed seabed mining in the South Taranaki Bight to the United Nations. Te Kaahui o Rauru board member Te Huia Bill Hamilton will present them to the United Nations' Expert Mechanism on the Rights of Indigenous Peoples. He heads to Geneva for the five-day conference this month and will be representing the National Iwi Chairs' Forum. Consent given for the mining breaches International Human Rights Law and marginalises the iwi's views, he said.

ExxonMobil monitoring tension in PNG
Radio New Zealand, June 27, 2018

Hela police said there was a second vandalism attack at the weekend, with burning of buildings, although no one was reported as injured. Police said the attacks were carried out by Hela landowners who are frustrated that they still haven't been paid promised project royalties, four years after the project began exports. PNG's government has urged landowners to give it time to complete a clan vetting process to determine which landowners should get paid. ExxonMobil PNG has condemned what it calls acts of criminal vandalism against its assets, describing them as totally unacceptable. "We encourage all parties to work together to ensure issues are being worked through in a peaceful and constructive manner," an Exxon spokesperson said. She added that the project's Hides Gas Conditioning Plant is continuing to operate normally.

Exxon Mobil PNG's Hides gas conditioning plant Photo: Richard Dellman

Deep Sea Mining company sinking in deep water
Deep Sea Mining Campaign, 26 June 2018

Nautilus Minerals once again faced challenges at its AGM in Vancouver. As the financial crisis mounts Nautilus' dreams to undertake the world's first experimental deep sea mine, the Solwara 1 project in Papua New Guinea, look ever more distant. [1] Nautilus has been hit hard by the divestment of Anglo American who announced their break with the company just before their own AGM in May this year. Andy Whitmore of the Deep Sea Mining campaign stressed, “Anglo's decision to divest, on top of Nautilus's myriad problems, proves the company is running out of both credit and credibility. It is not just the company that is sinking, but the project – and the concept of deep sea mining itself – that is going down with it.” Nautilus is now propped up by its two major shareholders - Russian mining company Metalloinvest and Omani conglomerate MB Holdings, both of whom are lending significant amounts of money in bridging loans at 8% interest. [2]

“Nautilus is increasingly controlled by these two entities, which in the case of Metalloinvest opens up serious worries that it could be hit by further US sanctions against Russian oligarchs.” continued Whitmore. [3] “The company is in a parlous state with its finances. Even if Nautilus was to become bankrupt and someone else took over the project, they would face the same social and legal – let alone environmental – risks.” “Nautilus is desperate for further funding. Noting it may not succeed the company has introduced cost saving measures including reducing its workforce and not entering into any new construction contracts.” [4] The reluctance of investors was ascribed by a recent article to "the unknown feasibility of this type of activity and concern that they could potentially be deemed to be complicit in environmental degradation.” [5]

Growing local opposition in Papua New Guinea has seen communities come out in force at formal hearings to oppose the granting of Nautilus’s exploration licences and a legal challenge regarding Solwara 1 has been lodged. [6] Jonathan Mesulam of Solwara Warriors noted “New Irelanders and communities across the Bismarck Sea call for a ban on deep sea mining. One needs only to look at the history of the civil war in Bougainville Island and the current civil unrest against the Exxon project in Hela and Southern Highlands Province to see how local communities react to projects that ignore their concerns." [7] "Canadian mining companies have a shameful history of environmentally destructive mining in Papua New Guinea," says Catherine Coumans of MiningWatch Canada, "but this project may prove to have the most widespread and irreversible impacts of all." "No Canadian company or investors should want to be involved in this experimental destruction of the seabed and of rare hydrothermal vents." Nautilus Minerals start date for production has been pushed back to at least the third quarter of 2019, so any potential income will be absorbed by mounting loan interest payments and costs. Adding to their problems is the impounding of their production support vessel due to the lack of finance to complete it. [8][9]

NOTES

[1] If it proceeds the Solwara 1 mine will be located in the Bismarck Sea of Papua New Guinea, approximately 25 km from the coastline of New Ireland Province, about 35 km from Duke of York Islands and 60 km from Kokopo township in East New Britain.

[2] As at May 15, 2018, an amount of $11.25 million in bridge loans have been advanced to Nautilius and a total of 48,324,740 share purchase warrants have been issued to the major shareholders as partial consideration for such bridge loans. The loans bear interest at 8% per num, payable bi-annually in arrears with a one year maturity date. See Nautilus statement at www.nautilusminerals.com/irm/PDF/2024_0/MDAfortheperiodendedMarch312018

[3] USM Holdings, the ultimate parent holding company of Metalloinvest Holding (Cyprus), is controlled by Russian billionaires Alisher Usmanov (49%) and Vladimir Skoch (30%). In the 6 April sanctions imposed by the US, Vladimir Skoch's son was one of the seven Russian tycoons sanctioned, while David Kramer, a State Department official under President George W. Bush, said he was surprised by the exclusion of Alisher Usmanov. Seehttps://www.bloomberg.com/news/articles/2018-04-11/deripaska-s-two-decade-wooing-of-u-s-ends-in-financial-meltdown and https://www.forbes.com/sites/angelauyeung/2018/04/06/u-s-treasury-department-announces-new-sanctions-against-7-russian-billionaires/#4ce07d243752

[4] See Nautilus statement at www.nautilusminerals.com/irm/PDF/2024_0/MDAfortheperiodendedMarch312018

[5] See for example posting on the investor bulletin board Shareholders Unite - http://shareholdersunite.com/mybb/forumdisplay.php?fid=41 including quotes such as *"So, many of us have been holding on to this stock for years now ... and hoping for the best. I've always felt generally positive about Solwara 1 and felt that eventually, they would pull a rabbit out of a hat. … However, I've never felt quite as down and out on this stock/company as I do right now."*

[6] Legal action launched over the Nautilus Solwara 1 Experimental Seabed Mine, statement 6 December 2017 -http://www.deepseaminingoutofourdepth.org/legal-action-launched-over-nautilus-solwara-1/

[7] Hela landowners vandalise gas project, block road in PNG, Radio New Zealand International, 19 June 2018,https://www.radionz.co.nz/international/pacific-news/359983/hela-landowners-vandalise-gas-project-block-road-in-png

[8] See Nautilus statement http://www.nautilusminerals.com/irm/PDF/2020_0/Nautilusreceivesadditionalbridgeloanandprovidescorporateupdate

[9] *Canada's Nautilus aiming to start marine mining in 2019 despite enviro concerns,* Dylan Slater, Creamer Media's Mining Weekly, 1 June 2018 - http://www.miningweekly.com/print-version/canadas-nautilus-aiming-to-start-marine-mining-in-2019-despite-enviro-concerns-2018-06-01

Letter to the editor

Query on the Porgera environment permit

Post-Courier, 26 June 2018

Earlier request and demands by Porgera River Alluvial Miners Association stands on foot on the request for a commission of inquiry to probe the manner in which the environment permit WDL3 (121) was issued while more damage continues in the mine river system of Porgera, the Strickland River and Lake Murray areas. Current evidence posted on Facebook by individuals from the concerned areas ought to be heard and fairly compensated as it is way overdue. While this is a concern for the people, local politicians from Enga and Western provinces have become ignorant to such issues. The permit endorsed by former Environment and Conservation Secretary dated January 2, 2007, to Barrick Gold Mine was leaked. The permit also included matters involving land owner concerns over waste disposal and environment damage compensation which had not being addressed and overlooked by the Porgera Gold Mine.

There are allegations that the miner had obtained the environment permit secretly which violates environment laws of this country, and allowing the miner to dispose waste for 50 years from January 1, 2004 to December 31, 2053 which suppose to be less than 25 years under the permit laws. More than that the permit should be in line within the contract year as stipulated in Special Mining Lease. And any Mining Lease had to be consistent with the life span of SPL but this particular environment permit has exceeded the SML,life span which will expires in May 12,2019. According to this country's environment laws, all environment permits require that the Director for Environment shall, upon granting of permit, publish the notice of granting of permit within seven days of issue of the permit in the media. In this case this has not eventuated as required by environment laws of this country.

On the other hand, Barrick Gold has persistently breached condition as stipulated in the permit for the last 21 years since 1996 by not complying with the terms of 1996 Ministerial Determination to compensate the concerned affected areas. Furthermore, Barrick to date, is also refusing to comply with the directives by Environment Minister John Pundari of September 14, 2014, for members of concerned areas to be paid sedimentation payment of 25 toea per tonne. While this issue stands on foot more damage to the River system in Pogera , Strickland and Lake Murray is faced with huge sedimentation build up along the river banks and into the Lake Murray Areas. At this stage the affected areas are experiencing River overflows causing damage to the River side gardens and vegetation. Even the sago swamps are dying and more damaging is the sedimentation in Lake Murray through Maboi River.

Additionally, more damaging is that it is affecting the human lives in the case of skin diseases and even to the extent there is evidence of death occurring right now. What is the general reaction of the local politicians of affected areas? Will they support the commission inquiry on giving 50-year permit secretly given? Are they going to enforce some of the ministerial determination or will they continue to allow damage? Something to think about.

Jay Josiah, Echol, Lake Murray

Australian company given green light to extract coal

June 25, 2018, The National Business

Australian firm, Mayur Resources Ltd (MRL), has been granted an environmental permit to extract coal in Gulf. The firm was given the go ahead to proceed with an exploration licence (EL1875), owned by its PNG subsidiary Waterford Ltd. This is the first time the Conservation and Environmental Protection Authority (Cepa) has issued an environmental permit for coal bulk sampling in PNG to enable commercial grade shipments. The conditions of the permit include the submission and implementation of an environmental management plan. The permit enabled the provision of bulk samples of coal for market and end user testing. Managing director Paul Mulder said: “This is an exciting step in bringing Papua New Guinea coal to the international market as a potential new source of energy coal. “The coal from Papua New Guinea is attractive as it possesses very low in situ ash content of 3-10 per cent, sulphur of around 0.5 per cent, and tests to date have yielded good energy values without the need for washing one.

“Therefore, this type of thermal coal has strong demand in Asia. It is of superior quality and cleaner compared to, for example, much of the thermal coal that Australia utilises for its own power generation requirements. “Coal still provides most of Australia’s critical base load power via the provision of reliable, affordable and sustainable electricity supply to support its first world living standards. “Coal is also the dominant fuel source in China and India as well as in Southeast Asia.” The bulk sampling test works will also help to confirm suitability of the coal for use in domestic power generation. MRL other subsidiary (Mayur Power Generation PNG Ltd) is also developing a proposed 50MW power station outside PNG’s industrial port city of Lae at the Western Tidal Basin, Morobe.

Given coal has never been mined in PNG, any future production and subsequent exports from PNG would represent just a tiny fraction of the international seaborne market that is dominated by the likes of Australia (exporting over 200 million tonnes per year) and Indonesia (exporting over 350 million tonnes per year). Moreover, at 50MW the Lae power project is also very small by world standards and would only require around 300,000 tonnes of coal per annum. Various major Asian countries use seaborne imports to supplement the use of their own domestic coal, others that do not have access to domestic coal resources rely solely on these imports. Although PNGs exports would only contribute in a small way in supporting Asia’s energy needs, the key is that these coals are of favourable quality with low sulphur and ash characteristics and will provide foreign currency inflows and economic growth opportunities for improvements in employment and education in Gulf.

Landowners attack gas project site in PNG again

Radio New Zealand, 25 June 2018

The project's camp near its wellheads at Angore was reportedly badly damaged by fire at the weekened, as a main access road remained blockaded. It comes days after landowners vandalised earthmoving equipment at the Angore site. The landowners are frustrated that they haven't been paid promised project royalties, four years after the project began exports. Confirming the latest attack, the police station commander in Hela's provincial capital Tari, Thomas Levongo, said the landowners are demanding around ten $US10 million in outstanding payments.

"They set fire to the camp. And all the houses and rigs were all burnt. There's no houses left around the Angore area. Also the road, from Angore to Hides area, the main road is blocked." Thomas Levongo, who said there were no reported injuries from the latest attack, indicated that the landowners are waiting on a government response before they lift their blockade. The project's lead developer, ExxonMobil has not responded for comment on the latest attack at Angore. Six days ago, it said it was investigating reports of vandalism relating to the Angore pipeline construction project. It said host government security forces are in the area and also investigating.

Mt. Kare: Former Mine Staff Make Call-Out

Post Courier, June 25 2018

Mount Kare mine workers have been abandoned

Former employees of Summit Development Limited (SDL) are calling on the company to settle their outstanding payments. Kenneth Cornelius, a former employee representing those affected, said they were laid off in 2014 when the company's license was cancelled and were eventually terminated without proper settlement. The prolonged delay in settling the outstanding debts due to license refusal and lengthy court processes had extremely affected their families and beneficiaries. "We, the representatives of former national hire employees, contractors and consultants of Summit Development, a subsidiary of Indochine Mining Limited (IDC) in Australia, have been very silent and patient for more than three years when Summit Development Ltd pursued its license renewal and their judicial review court case in relation to the cancellation of their exploration license 1093," Mr Cornelius said.

"Without even settling our outstanding debts, our employment contracts with SDL were unmercifully terminated on March 2016. Upon issuing our termination notices, we were only assured by the company management that our outstanding debts and bills will be settled in full once the exploration license EL 1093 is renewed. "As members of the Mt Kare Project technical team, we have successfully delivered very important achievements for the project, especially the land investigation study, land investigation report, customary land surveys, pre-feasibility studies and land mediation," Mr Cornelius said.

He said the exploration license renewal was not a condition of their employment contracts with SDL and should not be given as an excuse for not settling them. Around 120 employees, consultants and services providers are affected. "The National Court Judge Leka Nablu had handed down her final judgment ruling in favour of the former mining minister and State on April 27, 2018, which is not to renew SDL license. Thus we strongly demand that Indochine mining company management voluntarily settle us before they can pursue their judicial review appeal at the Supreme Court," he said.

Exxon reports damage

June 22, 2018, The National National

EXXONMOBIL PNG Ltd confirmed further vandalism occurred at the Angore well pad A in Hela yesterday. Earlier in the week, armed landowners from the Angore PDL 8 dug up various sections of the road and blocked its access to show frustration over delayed benefit payments. They also set fire to equipment and machineries owned by a landowner company. Following yesterday's event, a company spokesperson said: “ExxonMobil PNG is continuing to monitor tension in Angore in Hela. We confirm further vandalism has occurred at Angore Well Pad A today (yesterday). Our personnel are all accounted for and safe. The Hides Gas Conditioning Plant is continuing to operate normally. “ExxonMobil PNG condemns any act of criminal vandalism against our assets. We consider these acts as totally unacceptable. “We encourage all parties to work together to ensure issues are being worked through in a peaceful and constructive manner.”

Petroleum Minister Dr Fabian Pok confirmed receiving a petition from the Angore Tiddi Apa Landowners Association (ATALA). “I urge the leadership of ATALA to take control and urge their people to respect the rule of law and the properties at the production sites and well heads as parties work on the petition and respond to the demands of the landowners.” Pok said the petition raised issues which required proper collaboration and cooperation between the Angore Landowners, State (Department of Petroleum) and project operator (ExxonMobil) to address so that benefits can smoothly flow to the project area landowners. Acting Prime Minister and Treasurer Charles Abel on arrival from Australia yesterday expressed disappointment at the attack on the Angore camp facilities and said that police were mobilised immediately to the scene.

Australian company given green light to extract PNG coal

Radio New Zealand, 22 June 2018

An Australian company has been granted an environmental permit to extract coal in Papua New Guinea's Gulf Province. Mayur Resources has been given the green light to proceed with an exploration licence, owned by the company's subsidiary in PNG, Waterford Ltd. It's the first time that the Conservation and Environmental Protection Authority (CEPA) has issued an environmental permit for coal bulk sampling in PNG to enable commercial grade shipments. According to *PNG Industry News*, the conditions of the permit include the submission and implementation of a robust environmental management plan. Managing director Paul Mulder said it was an exciting step in bringing PNG coal to the international market as a potential new source of energy. The company was looking to confirm suitability of the coal for use in domestic power generation. Mayur is also developing a proposed 50*MW* power station near Lae at the Western Tidal Basin in Morobe Province.

Repsol sells permits in Papua New Guinea

Rick Wilkinson, Oil and Gas Journal, 21 June 2018

Spanish firm Repsol SA will sell its exploration and development permits in Papua New Guinea to Chinese company Balang International. Repsol has not disclosed the transaction amount. The nine permits—four exploration and five development—have been in Repsol’s portfolio since 2015. They include 25% of offshore retention license PRL 38, which contains the Pandora gas fields in the Gulf of Papua, along with 35.1% in the Elevala-Ketu gas-condensate fields in retention license PRL 21, and the Stanley gas fields in nearby development license PDL 10. Repsol acquired the assets as part of the package when it bought Talisman Energy Inc. for $13 billion in late 2014.

Repsol said the business in Papua New Guinea will continue to be operated by Repsol until the transaction is completed during this year’s fourth quarter. Balang is part of the China Changcheng Natural Gas Power Group, which has investments in natural gas and power across China and the Asia Pacific region. Balang Chairman Dai Ying Xiang said his company is committed to the development of the discovered resources within the permits which have the potential to foster and supply a new Papua New Guinea LNG project. Development could include contributing gas to the proposed 1.5 million-tonne/year Western LNG project, which involves a processing facility near Daru Island on the coast near the mouth of the Fly River.

Mining activities in Bulolo raises issues

BY JERRY SEFE, Post-Courier, June 21, 2018

There is an increase in HIV/AIDS and illegal settlements in Bulolo as a result of mining activities. Bulolo district administrator Tae Gwambelek said this last week Friday at the Team Morobe Wafi-Gopu Mine project development forum held at the Sir Ignatius Kilage indoor complex conference hall. The forum was held between the Morobe provincial administration, Wafi-Golpu landowners and impacted district representatives to discuss various agendas of project development services for the province and the signing of memorandum of agreement for equal participation. Mr Gwambelek said with Bulolo becoming the main transit hub for mine workers of Hidden Valley, the town has seen a sudden increase in social issues. “These mining activities are most likely the main attracting factors that are contributing to the influx of people into Bulolo,” Mr Gwambelek said.

He said as far as health was concerned, the term prostitution or women willingly offer themselves for sex in exchange of money was a major social problem. While that was continuing, illegal settlements were also popping up unexpectedly in town, he added. Mr Gwambelek told the forum that there was a need for such issues to be addressed in the mine forum to ensure effectiveness of the advantages of mining in the area. “Wafi-Golpu is a world class mine that will definitely attract investors and other developers to take part in the mine including people from everywhere, therefore it is a must these issues are strategically addressed,” he said.

Bulolo hospital has confirmed the reports of increase in HIV/AIDS victims and said the hospital will be releasing the full statistics for HIV/AIDS. Forum chairman and deputy provincial administrator economical services Masan Moat when responding to Mr Gwambelek took note of the discussion and said the agenda would be discussed in the next forum. Mr Moat said the purpose of the forum was to discuss and identify such issues so that they are properly tabled for positive services throughout the process. He said one of the objectives of the forum was to address social issues to secure social stability for Wafi-Golpu project through information sharing and consultations.

Exxon Mobil ‘has shut down its operations’ – police

EMTV, June 19, 2018

Hela Provincial Police Commander, Martin Lakari says Exxon Mobil has shut down its operations today (June 19), after landowners burnt heavy machinery in the early hours of this morning. Lakari told EMTV News that this is a "landowner related issue." The action is understood to be related to frustrations in a payment delay of a K35 million security fund by Exxon Mobil to landowners. The landowners are from Angore PDL 8 and Hides PDL 1 to 7. Mr. Lakari said sections of road leading to the Hides Gas are blocked limiting police access.

ExxonMobil has responded in a statement saying they are continuing to monitor ongoing tension in the Highlands. "We are investigating reports of vandalism relating to the Angore pipeline construction project. Host government security forces are in the area and also investigating. Our staff are all safe. "Production at the Hides Gas Conditioning Plant is continuing normally. ExxonMobil PNG is committed to maintaining a positive relationship with landowners, the government and the wider community."

Angore landowners burn down LNG Machinery at PDL 8
In a show of frustration over the nonpayment of the Business Development Grant, the Angore landowners in Hela Province have burnt down all LNG machineries on PDL 8 site.
By KEVIN TEME – Post Courier Live, June 19, 2018

In a show of frustration over the nonpayment of the Business Development Grant, the Angore landowners in Hela Province have burnt down all LNG machineries on PDL 8 site. This includes an excavator as well as the drilling machine while cutting sections of the highway leading to PDL 8. Sources from ground revealed that the Angore Landowners particularly from PDL 8 are angry over their outstanding business development grant (BDG) which is kept in the trust and is not being released. While the government of the day see fit to release recently a K35 million as project security fees to Hides landowners of PDL 1 and PDL 4, the Angore landowners particularly in Hides PDL 8 area are frustrated in the way Exxon Mobil and the government of day has dealt with this issue.

Spokesman Max Ekeya said various claims on the social media about asking the Prime Minister to step down and others were rubbish as it was not the true information that caused the riot and burning down of the machineries at the PDL 8 site. “The Angore landowners are showing their frustration because they have not got their BDG while other landowners from Hides PDL 1 and 4 just got K35 million as project security fees in which K20million went to PDL 1 and K15million to PDL 4,” Ekeya said. “The landowners are not asking the Prime Minister to step down but are asking the government to release their Business Development grants,” Ekeya said. In an exclusive phone interview with Tom Homake, a civil engineer with Hides Gas Development Company confirmed on ground that the all machines including an excavator at the PDL 8 site were all burnt down in the early hours of today.

“Information on setting alight the Eneria pipeline is not true and those are just hear say but I cannot confirm that,” the HGDC civil engineer Homake said when asked if the pipelines were also set on fire. “Other Hides areas including the PDL 1 and PDL 4 up to PDL 7 area are okay as I speak. WE are on site doing a road projects from Takali to Komo and I can confirm on ground,” Homake said. Homake said this can change as time goes but what he can say from now is that the Angore PDL 8 landowners are now asking the National Government and Exxon Mobile to come down and make their payment. “The Angore landowners are saying that the K35 million given to Hides PDL 1 and 4 must also be given to them and they will not stop until their claims are being met,” Homake said. “Yes there were machines burnt down to show their frustration and this has got nothing to do with the SHP issue on hand. This is specifically their landowner issues showing their frustration,” Homake said. Meanwhile Ekeya has called on the government to quickly intervene as he believes opportunists might take the law into their own hands and this may cause another destruction altogether.

Hotel ready by Sept 13: Mano

By MARK HAIHUIE , June 15, 2018, The National Main Stories

THE Star Mountain Plaza in Port Moresby will be completed by September in time for the Apec Leaders’ Summit, says Mineral Resources Development Company managing-director Augustine Mano. It will be the main host venue for visiting world leaders. Mano announced completion date when handing over the first phase to Hilton Hotel yesterday. “Our project will be delivered in multiple phases, enabling Hilton to gradually assume control,” he said. “It is with great pleasure that we can officially hand over the first area of the new five-star hotel and Kutubu Convention Centre to Hilton. “Over the coming weeks, more areas of the development will be handed over in the lead-up to the final construction completion date on Sept 13, 2018. “The first guests will be welcomed at the hotel as soon as the construction is completed.” Mano commended the hard work of more than 800 team members, working 24 hours a day to ensure its completion.

The workforce is expected to increase by a further 200 over the next six weeks as the interior fit-out progresses. “It has been truly humbling to see the passion and national pride that our local workforce has brought to this project,” Mano said. “Their dedication has helped us bring to life a project which will showcase the best of Papua New Guinea to the world leaders later this year.” Hilton Port Moresby general-manager John Lucas told The National that about 240 workers would be employed. The majority will be locals. The Star Mountain Project is a partnership between the Hilton Group, the Government and MRDC subsidiaries including Mineral Resource Star Mountain, Mineral Resource Ok Tedi and Petroleum Resource Kutubu.

This is local terrorism, says Powi

June 15, 2018, The National National

A frustrated Southern Highlands Governor William Powi has called on security forces in the province to arrest those responsible for the violence in Mendi yesterday. Powi said his home and properties were torched by hooligans who were a threat to national security. An aircraft belonging to Link PNG, subsidiary of Air Niugini, was set alight at the Mendi Airport at 2pm along with the court complex. Powi described the act by a minority as an act of “local terrorism”. “How can people go ahead and burn State properties?” he said. “It’s a serious threat to national security. “The incident could be related to the decision that my election petition has been dismissed by the courts (yesterday). “There is no law in Mendi, thugs are taking the law into their hands. There is weakness in the security force on the ground. “They burnt down my house and all my properties. “We should arrest all ringleaders. “We cannot allow the town to be held at ransom.”

Perceptions of corruption behind PNG Highlands unrest

Frustrations over alleged corruption sparked yesterday's unrest in the capital of Papua New Guinea's Southern Highlands province.

Radio New Zealand, 15 June 2018

The fire at Mendi Airport. Photo: Twitter/ @MartynNamorong

PNG's government has declared a state of emergency in the province after supporters of losing election candidates destroyed a commercial plane, the local courthouse and other buildings in Mendi. Police said it was yesterday's court decision to dismiss a petition against the provincial governor William Powi's 2017 election win which sparked the rampage. Speaking from Mendi, RNZ Pacific reporter Melvin Levongo said police were outnumbered and unable to stop a mob armed with high-powered weapons destroying an Air Niugini Dash-8 aircraft at the provincial airport. After this, the mob went to burn down the governor's residence, the local courthouse and other buildings in Mendi town. According to Mr Levongo, people were very frustrated at the court result. "They said they blamed the judiciary system... (that) it's compromised, and it was clearly a corrupt way that Mr Powi won his election, but the court didn't go [their] way so it was a rebellion against a corrupt governor, that's what most people said."

"The mob wanted to do something... people were very angry towards the governor, the current government, and so did something to get the attention of the current government," Mr Levongo said. He said a dark chapter in PNG's history had been created. "In PNG history, nobody burnt down Air Niguini before. It's our pride, and for the people in Mendi to be doing that, it's sad. The whole nation is unhappy about it." On social media, sadness and outrage were expressed by Papua New Guineans at the unrest, mixed with context about the frustrations which led to the unrest. The situation remains tense in Mendi, the provincial capital having gone into lockdown overnight. It's understood many residents have left town to return to home villages or communities where they can feel safe. The unrest occurred in a region severely affected by February's magnitude 7.5 earthquake in neighbouring Hela province. The quake caused around 150 deaths, as well as widespread destruction to public roads, buildings and villages, displacing thousands of people in the process. "This latest chaos... it's making life harder for the people who were affected by that earthquake," Mr Levongo said.

PNG prime minister Peter O'Neill called the unrest in Mendi an "absolute disgrace", saying those involved would be arrested and prosecuted. He has announced the declaration of a State of Emergency in Southern Highlands, saying additional security forces would be deployed to prevent further unrest. "There is no place in politics for this type of behaviour, and leaders involved with this activity will be held to account. "All leaders must respect the rule of law, respect decisions of the court and respect the safety of people and property." Meanwhile, Mendi's police commander said around two hundred people gathered this morning around the scenes of yesterday's destruction at Mendi airport. According to Commander Gideon Kauke, no arrests had yet been made as police suspected that would only inflame the crowd. "Some are very curious about what happened yesterday and they came to observe and see what destruction is done yesterday," he explained.

The destroyed Air Nuigini Dash 8 at Mendi Airport Photo: Supplied

"The others they intend to find out why and how it happened. And those who were involved in the tension yesterday they are also here. So it's sort of a mixture of people are gathered together here in Mendi this morning." Commander Kauke said about a hundred police were on the ground maintaining security, while military support arrived late yesterday to help regain order. He linked the unrest with political events, saying it was not a usual law and order matter.

Resources curse PNG communities' future

Michael Main, East Asia Forum, 15 June 2018

Two recent reports on the massive ExxonMobil-led PNG LNG project have brought renewed attention to the undesirable economic and social impacts of Papua New Guinea's largest-ever resource extraction enterprise. This research shows that PNG LNG has [hurt](), rather than grown, PNG's economy and that it has inflamed violence and tensions in the PNG highlands region. Papua New Guinea's so-called 'resource curse' has hit local communities the hardest.

Violent conflict in the PNG highlands, certainly among the Huli landowners of Hela Province where PNG LNG is based, has been an almost constant feature since before first contact with colonial forces in the 1930s. Levels of violence have fluctuated markedly in response to historical conditions. The 1970s and 1980s were relatively peaceful, as PNG transitioned from Australian administration into the early independence years. But local political frustrations combined with the introduction of guns led to high rates of violence in the highlands around the 1992 elections.

Since that decade, Papua New Guinea's government services have been in constant decline. A new generation of Huli has emerged that is less educated than the generation of its parents — Huli who were educated between the 1960s and 1980s are more literate and fluent in English than those who were of school age from the 1990s onwards. Health has deteriorated with a decline in health services and the introduction of store-bought processed food. By the late 2000s, when the PNG government was promoting the PNG LNG project as a looming economic miracle for the country, the Huli population was desperate for a project that they believed would raise them from the state of poverty and neglect that had gradually descended upon them since independence.

During the first few years of the PNG LNG project's construction, it looked as if all its grand promises were being fulfilled. ExxonMobil and its partners invested US$19 billion — a staggering amount for a country whose GDP was a little over US$8 billion in 2009 (just before construction began). Cash was everywhere in the project's area, and this cash was accompanied by plentiful jobs and shiny new land cruisers. Large machines and heavy equipment were flown into a purpose-built international airport in one of the remotest and most neglected parts of Huli territory.

During these construction years there were significantly lower levels of violent conflict in Huli society. People were living in conditions of hope, and they felt that the material conditions of their lives were undergoing much-desired change. Fighting men had things to do with their lives other than fight. Huli children now expected to grow up to experience a higher standard of living than their parents. In short, Huli society became oriented towards the future, and its history of warfare was part of a social logic that was no longer relevant. In 2014 construction of the PNG LNG project finished and production of liquefied natural gas began. Jobs disappeared and money dried up, revealing a corrupt elite that had little concern for the impoverished landowners.

Crucially, the landowner beneficiaries of the project had not been identified prior to construction, despite urgings from the companies' own consultants for them to do so. This has meant that no landowner royalties have been paid. Nothing has come to replace the money that was flowing in during the construction phase — a large portion of which had been invested in the expectation that the new airport would bring in tourist dollars. Guest houses and eco-tourism lodges were built, but the airport remained in the private and exclusive hands of ExxonMobil, guarded by ExxonMobil-funded PNG Defence Force personnel and police. The promises contained in the Landowner Benefit Sharing Agreements with the PNG government began to languish, and frustrations simmered. By 2016 it was clear that ExxonMobil and the PNG government were systematically breaking these promises and there was a widespread view that the state had little interest in fulfilling its obligations to the Huli landowners. Since 2016 there has been a steady increase in levels of violent conflict across Huli society.

In February 2018, a magnitude 7.5 earthquake devastated communities in the PNG highlands, including those in the PNG LNG project area. This disaster has only compounded frustrations, especially as the PNG government has little capacity to distribute aid and the project's operator is perceived as being more concerned with protecting its assets than assisting affected communities. Aggravating the situation is the fact that most locals are of the belief that the PNG LNG project itself was the cause of the earthquake. Hopelessness, frustration and intense anger at the unfulfilled promises of the project's owners and the government have combined with an ever-growing arsenal of military-style weapons in Hela Province. The viability of the PNG LNG project itself, and along with it the economic viability of Papua New Guinea as a whole, are at risk.

Michael Main is a PhD candidate at the School of Culture, History and Language, The Australian National University. He is co-author of the report On Shaky Ground: PNG LNG and the consequences of development failure*, published by the Jubilee Australia Research Centre in May 2018.*

Another fire attack at New Caledonia nickel mine

Radio New Zealand, 14 June 2018

The SLN plant in Noumea. Photo: RNZ / Johnny Blades

There has been another fire at the Kouaoua mining site in New Caledonia, again believed to be an act of vandalism. The fire has once more damaged the belt system which feeds nickel ore to the coast for shipping to the SLN nickel smelter in Noumea. It is the fourth such incident in a year, causing substantial material damage each time and interrupting operations for days while repairs are made. Last month, the mayor of Kouaoua said he was exasperated by the attacks and feared that SLN might shut down the site, on which about 400 jobs depend. In the past, he implored locals to break the code of silence and help catch those who keep setting fire to the 11 kilometre conveyor belt system. SLN, which is New Caledonia's biggest private employer, has been running at a loss.

Seabed mining project in PNG secures funding

Radio New Zealand, 14 June 2018

The Canadian company looking to mine Papua New Guinea's seabed says it has secured finance to develop the controversial Solwara 1 Project. According to Nautilus Minerals, it has reached a US$34 million credit facility agreement for the project with lender Deep Sea Mining Finance. The Solwara 1 project would involve the extensive dredging the seafloor of PNG's Bismarck Sea between the major islands of New Ireland and New Britain. The future of the project appeared in doubt in recent months due to the withdrawal of investors and signs that Nautilus was struggling for finance to advance Solwara 1. There has also been strong opposition among local communities to the project, which would be the first of its kind. According to the newspaper *The National* PNG's

Conservation and Environment Protection Authority said Nautilus had satisfied most of the requirements of the Environment Act, to be able to proceed with mining. Meanwhile, the new loan has been secured against Nautilus assets through a general security agreement as well as a pledge in the shares of PNG subsidiary Nautilus Minerals Niugini.

Nautilus Minerals enters K110mil deal

June 13, 2018, The National Business

Nautilus Minerals has entered a US$34 million (K110.8mil) agreement with lender Deep Sea Mining Finance for the development of the Solwara 1 project. The Canadian based miner plans to utilise the loan as part of an overall US$350mil (K1.1bil) in project funding requirements. Lender Deep Sea Mining Finance is a private aggregate of two companies: Usm Finance and Mawarid Offshore Mining. The companies have been granted a charge over Nautilus' 85 per cent interest in Solwara 1, subject to PNG governmental and third-party approvals. Of the US$34mil (K110.8mil) figure, Nautilus has already received US$11.25mil (K36.6mil) as a bridge loan, with the remaining US$22.75 mil (K74.17mil) to be advanced with a maturity date of Jan 8 next year.

The loan is secured against Nautilus assets through a general security agreement as well as a pledge in the shares of subsidiary Nautilus Minerals Niugini. The Solwara 1 project would involve extensive seabed dredging and is located approximately 30km from the nearest coast (New Ireland) and 50km north of the international port of Rabaul. Last year, Conservation and Environment Protection Authority (Cepa) representative Joe Katape said Nautilus Minerals had satisfied most of the requirements of the Environment Act, such as the submission of the inception report and Environmental Impact Statement. Katape told The National that the company has also submitted its Environmental Management and Monitoring Plan to Cepa to be assessed.

Bougainville Copper remains confident of Panguna backing

Radio New Zealand, 13 June 2018

An abandoned building at Panguna mine site in Bougainville

Bougainville Copper is rejecting claims it lacks backing among landowners for a re-launch of the Panguna mine. Two companies have been pushing to reopen the Papua New Guinea mine which was shut down when the Bougainville civil war broke out nearly 30 years ago. The Osikaiang Landowners Association, from the site of the mine, is with a rival mining company and it has written to the Australian Stock Exchange claiming BCL doesn't have the backing among local landowners which it claims. But BCL secretary Mark Hitchcock said they are confident they have strong support and that it is the leaders of the Osikaiang Association, Philip Miriori and Lawrence Daveona, who are misleading people.

Gold mines in Papua using illegal workers: report

Radio New Zealand, June 13, 2018

Hundreds of Chinese nationals have reportedly been found working illegally in gold mines in Indonesia's Papua region. The Jakarta Post reports an official at the Tembagapura Immigration Office stating they were found working for local gold mining companies in Nabire in Papua without proper work documents. Local residents and tribal councils had reported Chinese citizens were being employed illegally at the mines and the authorities later carried out unannounced inspections. The official is quoted saying no local residents were working at the companies and they felt cheated.

Fiji: The Next Gold Mine in Tropical Paradise Obtains $40 Million Financing

Streetwise Reports, 12 June 2018

Lion One Drill Pad, Tuvatu

Two projects on a mining-friendly tropical island are moving forward, one in the final ramp-up to production and one at a very early stage. Thoughts of Fiji conjure up the tropics, beaches and sunshine, but the island nation is also noted for its mineral production. The Vatukoula mine, in operation for over 80 years, has produced more than seven million ounces of gold. Vying to join its ranks on the politically stable and mining friendly island are Lion One Metals Limited and Thunderstruck Resources Ltd., two companies at opposite ends of the spectrum. Thunderstruck Resources is an early stage exploration company with an extensive portfolio of properties on Viti Levu, the main island of Fiji. The company is conducting exploration activities at its large land package—covering 4% of Viti Levu—of "100% owned high grade zinc, copper and gold assets," it reported in mid-May. According to Thunderstuck, it is "building on extensive prior results that point to the potential for large mineralized systems."

At the end of May, Thunderstruck closed an oversubscribed private placement, raising over $200,000, selling 2.2 million units at $0.09 each. Each unit contained one common share and one share purchase warrant, with the option to buy a common share for $0.15 until May 2021. Lion One's 100%-owned Tuvatu project is at a much more advanced stage and is on track to put into production Fiji's next mine. The company just announced a US$40 million debt financing package to develop the mine and build a processing plant for its fully permitted project. The financing is with Sinosteel Equipment & Engineering Co. Ltd. and Baiyin International Investment Inc. Sinosteel will be the EPC (Engineering, Procurement and Construction) contractor for the project, and Baiyin will be the gold doré offtaker. The agreement is for a five-year term at a 7.5% interest rate. There will be a principal holiday and capitalized interest for either the earlier of two years from first draw, or three months after achieving commercial production. There also will be a Net Smelter Return (NSR) royalty of 2.25% on the first 350,000 ounces of gold produced. There is also an option to increase the financing by US$10 million.

Analyst Derek Macpherson of Red Cloud Klondike Strike Inc. noted on June 4 that with the debt financing in place, Tuvatu construction is expected to ramp up and views this as "very positive." Macpherson also noted that the "PEA (2015) outlines initial capital investment (excluding working capital) for Tuvatu at US$48.6M. With exploitation permits in-hand and C$21.6M (US$16.6M) in cash, the company is well positioned to continue on the path to construction and production." Analyst Mike Niehuser of Scarsdale Equities wrote on June 6, "The PEA assumed modest capital costs and efficient mining of high-grade gold resources, resulting in significant cash flow, which may rapidly repay capital and fund mine development and additional exploration of prospective gold targets." Niehuser also stated, "We expect that Lion One will announce an updated capital cost budget that should be within expected variances of the PEA. It appears that the facility should be adequate to cover the construction and capital costs with cash on hand. The terms appear to be competitive and do not include hedging or prepayment fees. Lion One continues exploration activities for which we believe could be a long-lived mine." Scarsdale Equities maintains a Buy rating and a target price of CA$1.40 on Lion One, which is currently trading at around CA$0.63.

While Lion One has been securing financing for the project, it also has continued exploration activities. Following the release of an off-the-charts surface sample of 502 g/t gold over 0.70 meters in February, on June 7, the company announced that follow-up work has mapped "more than 20 previously undefined mineralized structures at the Jomaki-Ura Creek prospect areas and identified potential geological extensions on the main mineralized zones inside the Tuvatu Mining Lease." Stephen Mann, Lion One's managing director, stated, "In the Tuvatu resource area, approximately half of the 40 veins identified to date have sufficient sample data from drilling to merit inclusion in a resource estimate. We've now identified more than 20 mineralized veins at surface in the Jomaki-Ura Creek area where strong multi-element anomalism suggests potential scale and signature comparable and possibly larger than the main resource area at Tuvatu." Lion One has about 102 million shares outstanding, 109 million fully diluted. Management owns 22% of the shares and Donald Smith & Co owns 14%, Franklin Precious Metals Fund 9.99% and JP Morgan Asset Management UK 6%.

Time PNG govt exercised better control over its own resources

Gabriel Ramoi, PNG Attitude, 12 June 2018

Resources firm Pan Aust (wholly owned by the Chinese state company, Guangdong Rising Assets Management, GRAM), has lost its way with the Frieda River copper-gold project in Papua New Guinea’s Sandaun Province. It is now time for the PNG government to exercise leadership and rein in control over the Frieda asset if the PNG is to sustain its free education and health policies and lift the rest of the country out of poverty, disease and ignorance. The view from Frieda is now very different compared with the corporate carnage of 2013 following Glencore’s hostile takeover of Xstrata Mining. In that epic battle for world copper supremacy, Mike Davis’s Xstrata lost to Ivan Glasenberg’s Glencore and with it went a chunk of PNG’s national asset, the K260 billion Frieda mine. Glasenberg has gone on to become the king of copper and head of the number one mining house in the world.

A Britten Norman Islander, the first plane to land at Frieda River in 1970. Kiap John Pasquarelli had discovered gold and copper in 1963. Now, 55 years later, the mine is still undeveloped and the object of great controversy

But then, for a deposit of just K80 million, little known Australian miner Pan Aust Ltd moved in and acquired Frieda from Glencore while PNG government advisers and ministers slept on the job despite warnings from industry that the government should exercise control and reclaim ownership over its strategic asset. Pan Aust went on to the sell out to GRAM in 2015 for a reported K1.2 billion although officially the deal was closed at K450 million. GRAM is owned by the municipality of the city of Guangzhau in southern China, although the deal maker in this transaction was a leading Australian Chinese billionaire Dr Chau Chak Wing, the subject of a current controversy because of allegations that he is an agent of the Chinese Communist Party. Additionally, the influential *South China Morning Post* reported in September last year that the chairman of GRAM, Li Jinming, as well as the CEO and chief financial officer had been arrested and are facing prosecution in China for failing to account for a number of acquisitions made by GRAM in Australia, including Pan Aust, leading to a loss by GRAM of more than K3.2 billion.

None of these corporate maneuverings went unnoticed by the government of China and eventually Glencore was forced to sell a number of its copper assets to China in order to keep selling its copper ore to the communist country. I suspect the sale of the Frieda copper mine may have been part of an arrangement between Glencore and the government of China for a number of its assets to be sold to Chinese-controlled companies. But the question that now needs to be asked in PNG following the arrest of the GRAM directors is what can the PNG government do with Frieda? Last week, the PNG Mineral Resources Authority reported that Pan Aust had advised it of the withdrawal of an application for the mine development license over Frieda that was filed in 2016. I suspect the real reason for this is that Pan Aust does not have the required capital to follow through with the development of Frieda Mine since the arrest of the GRAM executives in China and the freeze on GRAM's activities pending finalisation of court proceedings in China.

Pan Aust and its junior partner Highlands Pacific are already in arbitration over the issue of the costs relating to each partners contribution to the feasibility study. In the wake of this total mess, an opportunity exists for the PNG government to open dialogue directly with the government of China to revisit the Frieda project. Already two leading Chinese state companies - China Energy Engineering Ltd and China Railway Yunnan Construction & Development Ltd - have expressed interest in developing the infrastructure associated with the mine. The PNG government and the provincial governments of West and East Sepik - the ministers of the two provinces in particular - should take the lead in opening dialogue with China on the Frieda project. How the Frieda project will be developed is part of the unfolding resource war being waged worldwide between private capital (represented by figures such as Glasenberg, Donald Trump and Malcolm Turnbull) and powerful state actors such as the gvernment of China and other savvy emerging states such as Russia and Indonesia.

The leading US-based mining journal *Behre Dolbear* reported last week that the Republic of Congo, Ghana, Tanzania, Zambia and Mauritania have recently enacted new legislation apportioning greater revenues from mining in favour of the state to the rejection of Barrick Gold in Tanzania and Glencore in Congo. Over the last six months we have also seen the rise of resource nationalism in Indonesia with a direct challenge to BHP Billiton and Freeport Copper to divest up to 51% of their interest in the Grasberg mine to the Indonesian state. At the time of writing, BHP has agreed to sell its 40% stake to the state and current negotiations continue on the quantum of compensation for environmental pollution by Freeport. While there is a much kneejerk reaction by our neighbours about Chinese checkbook diplomacy in the region, it must be remembered that China is Australia's number one trading partner. Despite just 70 years ago China being rolled over by Japan after a long period of being pushed around by colonial powers, it has emerged in recent times as a super power extending its hand of friendship to countries around the world as it builds a new world order with itself at the centre.

"Developing countries where 90% of the world lives are at a crossroad," says the leading black African woman of our generation, Zambian economist, lawyer and banker Dambisa Moyo. "They are facing a choice between the United States model of democracy and private capitalism or the Chinese model of state capitalism and no democracy." This may be too unequivocal as many third world countries including PNG are now better poised to consider bartering our copper, gold and other mineral wealth for infrastructures such as roads, ports, railways, universities and hospitals rather than simply allowing private capital through direct foreign investment. Our experience over 40 years has been dismal as highlighted by reports such as that by Jubilee Australia. As PNG struggles to build its next generation of mines, the young lawyers and technocrats advising our leaders must take it upon themselves not to repeat the mistakes of the past but to look at recent deals between China and a number of counties in Africa and negotiate a new mining development contract for PNG that we all can be proud of.

Citigroup limits financing for mines that dump tailings at sea

Jim Tan, Mongabay, 12 June 2018

- *Following pressure from advocates, Citigroup said last month that it will not fund any future mining projects over $50 million that dispose of mine waste in the oceans.*
- *Tailings, a fine-grained, often toxic slurry left over after the processing of mined ore, are still disposed of in oceans, lakes and rivers in several countries.*
- *Mines in Papua New Guinea, Norway and Chile are proposing to dispose of tailings in the ocean.*

- *Local communities are often most affected by pollution from mines and have vocally opposed tailings disposal in the ocean in Norway and Papua New Guinea.*

Several mines around the world dispose of potentially toxic mine waste directly into the ocean. Environmentalists have criticized the practice, arguing that the waste smothers ocean habitat and leaches harmful chemicals and heavy metals that can poison marine life. Last month Citigroup, a major shareholder in four mining companies that either actively dispose of mine waste into the ocean or propose to do so, agreed not to finance any new operations that pipe mine waste into the sea. Citigroup's move comes after pressure from an international coalition of NGOs that launched a campaign this year to end the disposal of mine waste in natural water bodies. The coalition, led by the Washington, D.C.-based environmental NGO Earthworks, is calling for a global ban on the practice and pressuring financial institutions to stop funding mining operations that engage in it. Earthworks announced Citigroup's move in a May 2 press release. "Citi's decision says loud and clear: ocean dumping is dirty, unnecessary and wrong," Ellen Moore, who coordinates the Ditch Ocean Dumping campaign for Earthworks, told Mongabay.

There are few signs of life on the bottom of Jøssingfjord in southern Norway 35 years after dumping ceased at the Tellnes titanium mine. Scientists believe it may never recover. Image by Erling Svensen.

Toxic tailings

One of the key problems miners face is how to safely dispose of the huge quantities of waste rock and tailings produced in the mining process. The tailings, a fine-particle slurry left over after the target metal has been extracted from the mined ore, are particularly tricky to handle. Tailings often contain potentially harmful chemicals used to process the ore, like cyanide and petroleum, as well as by-products like sulphuric acid and heavy metals like lead. Nowadays, the vast majority of the world's 2,500 industrial-scale mines dispose of their waste on land. But several mines still dump into water bodies, including at least seven into the ocean, in Papua New Guinea (PNG), Indonesia, Turkey and Norway; at least three into rivers, in PNG and Indonesia; and at least five into lakes in the U.S. and Canada, according to a non-exhaustive list from Earthworks.

The group calculated that mines dispose of more than 220 million metric tons of waste in water bodies every year — enough, the group says, to fill 55 sports stadiums. "Although mine waste dumping in water has been phased out in many parts of the world, mining companies still use it, governments still allow it, and the world's largest banks and investment firms still profit from it," Moore told Mongabay. This is partly the result of geography. In Norway, suitable and stable terrestrial locations to store mine tailings are hard to find because of the mountainous terrain. In PNG, mines face a similar problem and must also contend with frequent earthquakes and flooding during the rainy season that can destabilize tailings dams.

Tailings pipes from the Marcopper mine in Marinduque, the Philippines, enter the sea at Calancan Bay. Image by Catherine Coumans/MiningWatch Canada

It is now widely accepted that tailings disposal can have a catastrophic impact on rivers and the creatures that live there. But the effect of tailings disposal in the ocean is somewhat more contentious. Companies including Oslo-based Nordic Mining, which proposes to pump tailings from a rutile mine into Førdefjord, a fjord in southwestern Norway, suggest that deep-sea tailings disposal can be safe. They argue that, due to the layered nature of the ocean, so long as tailings are piped deep enough, ocean currents will not spread them, and their impact on marine life will be minimal and localized. Charles Roche, executive director of the Mineral Policy Institute, an Australian NGO that assists communities affected by mining and is a signatory to the campaign, is less convinced. He points to the very limited peer-reviewed literature as evidence of the impact of submarine tailings. Two studies conducted around the Lihir gold mine in PNG found fewer deep-water fish and reduced marine life on the sea floor compared to the surrounding areas.

Part of the problem is that there is very little independent research into the effect of submarine tailings disposal, Roche told Mongabay. "Research into submarine tailings is generally done by or for proponents [of submarine tailings disposal]," he said. Many of the studies are environmental impact assessments conducted on behalf of mining corporations applying for a licence to operate and are rarely publicly available, according to a 2015 article in Oceanography magazine. The lack of peer-reviewed research on the topic is a problem for Lisa Levin, an oceanographer with the Scripps Institution of Oceanography in California. A 2015 review she co-authored in Marine Pollution Bulletin suggests that a major reason is the high cost of conducting research in the deep sea. Despite the limited research, Levin is also convinced tailings disposal has a negative impact on the ocean. "It will never be good for marine ecosystems," she told Mongabay.

Citigroup acts

Citigroup, a multinational investment bank and financial services corporation based in New York, is among the top 20 largest financial institutions in the world, with total assets of $1.84 trillion in 2017. Citigroup's business is split into two divisions: consumer banking under the Citibank brand, and investment banking. It was Citigroup's investments that attracted Earthworks' attention. Citigroup is the third-largest shareholder in the Australian mining companies Highlands Pacific and St. Barbara Limited, which Earthworks says have together disposed of 54 million tons of toxic tailings in the ocean around PNG. Citigroup also holds shares in Norway-based Nussir ASA and Nordic Mining, which have both proposed disposing of tailings at sea in Norway.

Fishing boat on Repparfjord, Norway, where Norwegian mining company Nussir ASA proposes to dispose of tailings from a copper mine. Image by Kjerstin Uhre.

The campaign wrote an open letter to Michael Corbat, Citigroup's CEO, in January 2018 asking the bank to sever ties with companies that dispose of waste at sea. "Citi was immediately responsive after we launched the public campaign," Moore told Mongabay. "It was clear that the bank did not want to be associated with the harmful and outdated practice." Following negotiations, Citigroup revised its Environmental and Social Policy Framework to state: "Citi will not directly finance new mining projects … that utilize submarine waste disposal." The policy will only apply to future projects requiring corporate loans over $50 million, and does not apply to the bank's brokerage business, which holds shares on behalf of clients. When asked about the company's new policy, Citigroup spokesperson Laura London responded: "Citi has a comprehensive Environmental and Social Risk Management Policy that covers our business with a range of sectors, including the mining sector, and we carefully review any sensitive environmental and social impacts of activities we finance, in line with our global standards and good industry practice."

View of the Ramu Nickel mine refinery where mine waste is disposed of into the ocean in Papua New Guinea. Image by Christopher McLeod/Sacred Land Film Project.

London declined to respond to detailed questions, and the bank has not publicly announced the move itself. Roche welcomed Citigroup's policy change, but he recommended the bank "extend the policy and prohibit any involvement, including company or nominee shareholdings, of riverine and [marine tailing disposal projects]." Nevertheless, Moore believes this quick win for her campaign is the first step in the right direction. She said Citigroup also agreed to add companies that dispose of mine waste in lakes, rivers or the ocean to the bank's internal watchlist and subject them to tighter scrutiny. Levin agrees that Citigroup's move is significant. "[Citigroup's] policy certainly helps to raise awareness of the negative effects of submarine tailings disposal," she said. "Because the economic sector drives so much of human behavior I believe it is an important first step to engender change." The campaign is also targeting the multinational financial institutions Bank of America, Credit Suisse and J.P. Morgan, contending that they also "have ties" to mines that dispose of waste into water bodies.

Local communities pay the price

When mine tailings cause environmental damage, it is often local communities and indigenous groups that pay the highest price. Moore is critical of brokerage businesses, such as Citigroup's, that hold so-called nominee shares for clients, which can be used to shield the clients' identities. She said that if affected community groups could identify shareholders and then communicate their concerns directly to them, it would make a difference. In PNG, tailings from the Tolukuma gold mine resulted in elevated levels of arsenic, lead and mercury in the drinking water and flooded croplands for communities downstream, according to a 2013 report prepared for the International Maritime Organization and the United Nations Environment Programme. The report also notes anecdotal reports from local communities of increased illness and deaths after drinking and bathing in the river where the mine disposed of its tailings.

In both PNG and Norway, local community groups have been vocal in their opposition to the disposal of tailings at sea. Landowners in PNG attempted to prevent the Ramu Nickel mine, majority owned by the Metallurgical Corporation of China, from dumping its tailings in the sea through a class action lawsuit, but were unsuccessful. In Norway, Saami indigenous people have frequently voiced their opposition to proposals by Nordic Mining and Nussir ASA to dispose of tailings in Førdefjord and in Repparfjord, in the northern part of the country. "It is illogical and immoral to sacrifice our traditional, sustainable and profitable fisheries for an uncertain mine project that relies on outdated practices to turn a profit," said Silje Karine Muotka, a member of the Saami parliament, in Earthworks' press release. Nevertheless, both projects appear to be moving forward.

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Mining the deep seabed will harm biodiversity. We need to talk about it

Holly Niner, Aline Jaeckel, Jeff Ardron and Lisa Levin, World Economic Forum, 8 June 2018

In 2017, Japan became the first country to test mining ocean minerals on a significant scale. While its operation took place at depths of about 1,600 metres, many deep seabed minerals are much deeper - more than four kilometres down. These are pitch-black environments in which pressures are bone-crushingly high, and life operates on a completely different timescale. At these depths, mistakes can be costly for both industry operators and the environment. Mining the deep seabed for minerals such as copper, nickel, tin, zinc, cobalt and gold is a fledgling industry. Some suggest that it could become part of the ocean economy, which is projected to double its worth by 2030, to more than $3 trillion. However, the potential success of deep seabed mining is far from certain. Several commentators are concerned about its possible environmental impacts. Furthermore, there are significant regulatory, technical, economic, and scientific hurdles yet to be cleared.

Life operates on a completely different timescale on the deep seabed. Image: Pxhere.com

World Oceans Day recognizes the importance of our marine environments to society. It is a timely reminder that closely watching the development of new ocean industries, such as deep seabed mining, is a shared concern and responsibility. Balancing mining with the protection of oceans that are beyond national boundaries is the task of the International Seabed Authority (ISA), an intergovernmental organization headquartered in Jamaica. The ISA is currently developing the world’s first international regulations for commercial-scale seabed mining. The ISA will need to set environmental management goals and objectives. However, an open and honest conversation about what environmental standards are achievable for seabed mining is yet to be had.

No net loss of biodiversity: an impossible goal

Together with our co-authors, we argue in this study that biodiversity loss is unavoidable for the industry. The ecological consequences of a loss of biodiversity in the deep sea are poorly understood. For example, we do not yet understand the role that the deep sea plays in delivering essential global ecosystem services, such as climate regulation through the storage of carbon. These largely unknown systems are a living library, much like our tropical rainforests, from which the next medical breakthroughs may be discovered. Losses of this kind could have wide-ranging and significant implications. As such, it is widely accepted that the industry should be developed in a precautionary and responsible manner. A commonly used goal for responsible mining on land is to achieve 'no net loss' of biodiversity. Financial and regulatory frameworks increasingly require extractive industries to apply a four-tier mitigation hierarchy to manage impacts to biodiversity, whereby losses should be:

1. avoided and
2. minimised to the greatest extent possible before
3. remediation and
4. offsetting opportunities are explored.

But each step of this mitigation hierarchy will be very difficult to apply to deep seabed mining. Avoidance and minimization of biodiversity loss from mining (steps one and two) should be prioritized and optimized through technical innovation of the industry. Nonetheless, the extractive nature of the activity, which inevitably destroys species and habitats, means that biodiversity loss will occur at this first stage. The third step, remediation, seeks to alleviate these residual losses at and around a mine site, and is critical to its long-term sustainability. At present, it is questionable whether remediation is feasible in the deep sea, given that many of the species have long lives and grow extremely slowly, making them unlikely to recolonize disturbed habitat in human time frames. The challenge is further increased by the enormous spatial scale of mines for some types of minerals, and the high financial costs of working in these remote and harsh environments.

Biodiversity offsetting

Biodiversity offsetting is the last resort, and most controversial stage of the mitigation hierarchy. It has been proposed as a way to address the unavoidable residual impacts of industry. In theory, biodiversity offsets provide equivalent gains in biodiversity to that lost through an activity. Creating additional deep sea biodiversity is currently problematic for a variety of reasons, not least of which is the scientific understanding needed for deep sea restoration. This knowledge and experience is not yet available, and acquiring it will be slow and costly. Another management option could be to protect an area from existing harmful activities, such as deep sea bottom fishing, to allow for natural recovery of that area instead. But proposed mining and ongoing fishing generally target completely different ecosystems at different locations and depths. Additionally, the administration of such a 'swap' would be severely hampered, because there is no overarching governance institution that manages both mining and fishing on the high seas. Unlike mining, anyone can fish on the high seas, meaning that areas closed to fishing need broad international agreement in order to be meaningful. Otherwise, other states will simply step into areas that others have vacated.

A further challenge is the need to demonstrate the 'additionality' of an offset, meaning that it must be a conservation activity that would not have happened otherwise. For example, biodiversity loss from a deep-sea mine cannot be offset through an existing or already planned marine park. Protection of an area as an additional source of biodiversity benefit would need to demonstrate that the area protected as an offset is at risk of future degradation. This can be extremely challenging to prove, particularly in international waters. Without this assurance, purported offsetting can actually perpetuate losses of biodiversity. Meaningful offsets would need to protect ecosystems similar to the ones harmed by mining.

'Like for like' offsetting is difficult in the deep sea, because many species there occur nowhere else. Consequently, 'out of kind' offsetting mechanisms have been proposed. These include creating dissimilar biodiversity benefits and may promote ecosystem functions and services that fundamentally differ from those that were lost. These benefits may accrue to different stakeholders and different ecosystems. One example would be to increase the fisheries productivity in shallow water to replace deep-sea biodiversity losses. While perhaps beneficial where they occur, these 'out of kind' activities are not true offsets, in the sense of helping the deep-sea ecosystems under threat. They actually risk masking irreversible biodiversity loss.

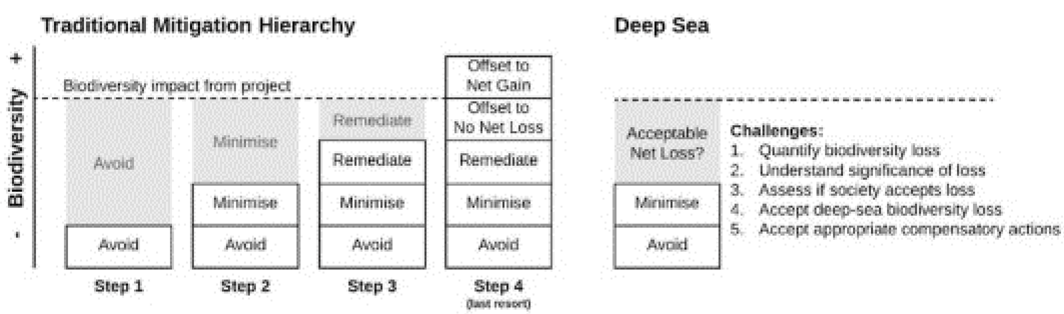


Image: Frontiers in Marine Science

In our view, biodiversity offsets are not a feasible option to manage the environmental harm of deep seabed mining. No net loss of biodiversity is currently considered impossible for this industry. Accordingly, to minimize the risks posed by biodiversity losses through deep seabed mining, regulators will need to focus on the first two steps of the mitigation hierarchy: avoidance and minimization measures, including setting aside mineable areas and developing, testing and applying mining technology that minimizes impact.

Deciding on behalf of humankind
The international seabed and its mineral deposits are legally classified as the 'common heritage of mankind'. Accordingly, the ISA is managing them on behalf of us all. Seabed minerals and their associated ecosystems form over hundreds and thousands of years. Lost deep sea biodiversity is unlikely to recover within human timescales. The actions of our generation will affect the common natural heritage of every generation to come. In view of the above challenges, we suggest that a broad and inclusive debate is needed about how to balance the proposed economic and technological benefits of mining the deep seabed with the environmental risks it would entail. What level of environmental harm is acceptable? How will the economic benefits of seabed mining be shared with future generations? Is this a real opportunity to 'do things right', or will the deep sea simply be the last in a long list of exploited frontiers?

Nautilus Minerals begins wet testing of new diamond drill rig

Mining Technology, 8 June 2018

Canada-based underwater resource exploration company Nautilus Minerals has started wet testing of its new seafloor diamond drill rig, which has been developed to relieve the drilling requirements of its future exploration programmes. The move comes after the rig, which is nicknamed the Hobbit, was subjected to a series of land-based trials, focused on rod handling, functional drilling, and landing stability tests. To be carried out over a period of two weeks, the wet test programme will expand the testing parameters to include submerged operations and mechanical endurance.
Nautilus Minerals CEO Mike Johnston said: “According to our recently released preliminary economic assessment for Solwara 1, a single quarter’s production at steady state mining rates (around 3,200t/d) and at average Solwara deposit grades, adds around $110m in earnings before interest, taxes, depreciation, and amortisation (EBITDA). Solwara 1 is the company’s copper-gold project, which is under development in the territorial waters of Papua New Guinea. Johnston added:

“Hence forward exploration is a pivotal part of our business. Our pioneering teams are overcoming traditional functional limitations and high fees in seafloor drilling, with our new ‘Hobbit’ scout rig.”
During the testing period, the company will assess the operational functionality of the drill rig’s control systems, landing capability, hydraulic functions, video survey systems, and drilling cycle time versus performance, in a submerged environment. Additionally, the testing will evaluate the system’s ability to sustain simulated offshore operations at optimal productivity levels. The company’s personnel will be trained on all aspects of the equipment and operations. The rig is designed to offer improved landing and drill cycle capabilities, as well as simplified control systems and launch and recovery requirements, which will allow deployment from cheaper vessels. Once the trials are completed, Nautilus will deploy the rig on its South Pacific tenements subject to securing additional funding. The company is focused on commercial-scale exploration of the seafloor for massive sulphide systems, which could potentially contain high grade copper, gold, zinc and silver.

Miner involves fishermen in marine survey

Post-Courier, June 8, 2018

RAMU NiCo Management (MCC) Limited undertook a marine environmental monitoring survey along the coastline of Rai Coast district in Madang province recently. And MCC used local fishermen to provide the reef fish for Ramu NiCo’s corporate health, safety and environment team and an independent consultant Ninkama Yoba and Associates to dissect for tissue samples for laboratory analysis overseas. The local fishermen from the far-flung coastline of Rai Coast were very happy to be paid a sum of K300 for their catches which were stored in eski coolers provided by the Ramu NiCo team. Group leader of the Saidor fishermen, David Lopez, thanked the Ramu NiCo HSE corporate team for their trust in allowing them to fish to supply catches for the survey. “We usually catch fish to enjoy with our families during meals, but to catch fish to supply for the survey is good and also it provided us some money to help us in our remote place,” Lopez said. From the catches, the fish muscles and liver plus mollusks and crustaceans were frozen, packed with ice and sent to the Australian Laboratory Services (ALS) in Sydney for analysis.

Low tax revenue from PNG LNG being addressed

Post-Courier, June 8, 2018

Audits into several major resource companies will run parallel with a joint exercise with commercial banks to identify taxpayers, Treasurer and Deputy Prime Minister Charles Abel announced yesterday. “Audits are also underway by the Bank of Papua New Guinea into foreign currency accounts held by resource companies,” Mr Abel stated in an email. “This is to ensure compliance with the remittance of proceeds in foreign exchange back to Papua New Guinea. “Increased expectations for revenue collection at the IRC and Customs have also been factored in the 2018 budget, and collections are on track to date. “I’ve been assured by the Internal Revenue Commission in writing that Kumul Petroleum is fully meeting its tax obligations. “The implementation of these measures does not mean that we are relaxed. We have set clear objectives in terms of taxation revenue, as a percentage of GDP, to push up to 14.6 percent in 2018. “I would like to see this rise to 20 percent eventually.

“Put simply, our revenue to GDP needs to improve, and that means maintaining efforts to grow the economy with a more efficient tax system and smarter project agreements.” Abel was responding to Opposition leader Patrick Pruaitch’s accusation that PNG LNG partners were evading tax. Mr Abel said the existing taxation structure was set by Pruaitch when he was in government. “It is good to see the former longtime treasurer suddenly talk about these issues now,” Mr Abel said. “The taxation arrangements with the PNG-LNG Project were established under the former National Alliance Government. “These arrangements have seen relatively little tax paid to the government since production began because of a combination of low gas prices and accelerated depreciation. “Treasury is now developing a fiscal template to establish a reviewed tax framework that does not impose extra burden on resource projects, but provides smoother and more consistent revenue to the Government and is easier to administer. “In terms of the Internal Revenue Commission, our Government has invested significantly in capacity building there supported by an additional K19 million funding in this year’s budget.”

O’Neill-Abel Government lauded by Resources Owners Federation

Post-Courier, June 6, 2018

The Resource Owners Federation of Papua New Guinea congratulated Ok Tedi Mining Limited for its 2017 performance that delivered more than K800 million in profits. In a statement issued yesterday, Federation president Mr Jonathan Paraia said it is particularly pleasing that the Ok Tedi mine landowners and their provincial government get at least K260 million, being 33 per cent of the profits of the mine, which is proportionate to their recently increased shareholding handed to them by the O’Neill-Abel government. “The receipt of such a significant amount of the profits from the mine will be ground breaking and hence a new precedent for all landowners in the mining and petroleum industry throughout the country," Mr Paraia stated. "This occasion must be celebrated and commemorated going forward by all landowners across the country."

Paraia added that it had been a long and hard battle by landowners in Bougainville, Ok Tedi, Porgera, Hela and others for a fair return on their capital investment of their lands and environments in their respective mining or petroleum projects since the opening of the very first large-scale mining project in Panguna in the late 1960s and early 1970s. "Prime Minister Peter O'Neill's actions in handing over the 33 per cent interest in the Ok Tedi Mine to the landowners , his action in handing over a significant amount of the shares in the Bouganvillean Copper mine to the Bougainville landowners and his recent statements in Parliament to do the same for the Engans in Porgera and others going forward may now settle the landowners throughout the country, which in turn would allow the natural resource industry to flourish and thereby boost the economic development of the country," Mr Paraia said.

Giant Waste-Spewing Mine Turns Into a Battleground in Indonesia

Danielle Bochove and David Stringer, Bloomberg, June 5, 2018

Grasberg mine tailings Source: Freeport-McMoRan

Every year, Freeport-McMoRan Inc. dumps tens of millions of tons of mining waste into the Ajkwa River system in Indonesia. The company has been doing it for decades, and is demanding the right to keep at it for decades to come. The discharge of what are called tailings, the leftovers of mineral extraction, is perfectly legal under Freeport's current contract with the government. But recently, after more than a year of tense negotiations over the terms of a new deal, Indonesia suddenly changed the rules: The Grasberg mine in the highlands of Papua province would have to operate by heightened standards. It shouldn't have been a surprise, really, considering most every other miner in the world has been forced or has elected to stop discarding tailings in rivers.

Freeport, though, has said that won't happen at Grasberg. Chief Executive Officer Richard Adkerson has been blunt about it. "You can't put the genie back in the bottle," he said in April. "You simply can't say 20 years later 'we're going to change the whole structure'." Grasberg's waste management, he added, has "always been controversial." The tailings tussle is the latest twist in the complicated relationship between the mining giant and the Southeast Asian republic. How it plays out will have far-reaching consequences in Indonesia. Freeport is a major taxpayer and job provider and has built homes, schools and hospitals in one of the poorest provinces. But Grasberg has also long been a target for environmentalists, indigenous and separatist groups and human-rights watchdogs.

At stake for Freeport are reserves that Bloomberg Intelligence estimates to be worth $14 billion at the world's biggest gold deposit and second-largest copper mine. Grasberg accounted for 47 percent of Freeport's operating income in 2017, according to data compiled by Bloomberg. "What happens at Grasberg has global significance," said Payal Sampat, the mining program director at the mining watchdog-group Earthworks. "It involves some of the largest global players in the mining industry and one of the leading mining economies." Most countries have banned tailings deposits in waterways over concerns they can be toxic, destroying habitats, suffocating vegetation and changing the topography of rivers, causing floods. Most miners have said they're against the practice regardless of local rules. The industry's biggest, BHP Billiton Ltd., won't "dispose of mined waste rock or tailings into a river or marine environment," as the company put it in a statement.

'Environmental Burden'

Only two other industrial-scale mines -- and a third, small operation -- are known to get rid of tailings as Grasberg does, and they're in Papua New Guinea, which occupies half of the island of New Guinea; Indonesia owns the rest, which is home to the Freeport-run mine. In recognition of risks that could leave "a massive environmental burden for future generations," the practice has been phased out everywhere else, according to the United Nations' International Maritime Organization. Freeport sees things differently. "As we have stated before, the tailings are benign," said Eric E. Kinneberg, a spokesman, referring to the corporate website for a detailed explanation.

Tailings deposition area in the Ajkwa River system. Source: Action for Ecology and People's Emancipation

The Phoenix-based company maintains that much of the sediment in the Ajkwa River system downstream from Grasberg is caused by natural erosion, and that tailings pose no significant -- or at least unexpected -- threats. "There have been no human health issues or impact on the environment that wasn't anticipated," Adkerson said on a quarterly earnings call in April. The company's partner in the Grasberg complex, Rio Tinto Group, recently addressed concerns about waste removal. "Riverine tailings disposal is very, very far from best practice," Chairman Simon Thompson told a meeting in London in April, perhaps highlighting one of the reasons Rio may be willing to sell its 40 percent interest to a state-owned company for $3.5 billion. A spokesman for the company declined to comment for this story. Rio shares were up 1.5 percent in U.S. trade at 2:54 p.m. while Freeport gained 2.8 percent. Copper and gold prices were also higher.

'No Realistic Alternative'

"If you think about it from Rio Tinto's perspective, one of the biggest problems with this mine is the environmental issues. I think that's an incentive for Rio to get out," said Christopher LaFemina, an analyst at Jefferies LLC. "This is a critically important part of Freeport's overall value. For Rio Tinto, it's not." The problem for Freeport and Indonesia is that there's no easy solution. "There has been no realistic alternative identified," Thompson said. Freeport's local unit studied 14 alternatives for tailings disposal -- including dams and pipelines -- and concluded all were too risky in a mountainous terrain prone to earthquakes and heavy rainfall. As it is, the heavy ooze wends its way through glacier-capped valleys, descending almost 4 kilometers (2.5 miles) to tropical lowlands and a 230 square kilometer deposition zone, where roughly half the tailings are parked. The rest flows on to a river estuary and the Arafura Sea. “The company has sacrificed not just the river, but also the coastal area,” said Pius Ginting, coordinator of Action for Ecology and People’s Emancipation, an Indonesian environmental group.

50 Million Tons

According to Earthworks, Freeport sends more than 76 million metric tons of tailings and waste rock into Indonesian rivers every year. The company puts the 2017 figure at 50 million tons. Without spelling out precisely how the requirement should be met, Indonesia told Freeport that it would boost to 95 percent from half the amount of tailings that must be recovered from the river system, according to Adkerson. That was a shock that sent Freeport’s stock tumbling after Adkerson revealed it on April 24. Shares have largely recovered as investors bet the government will fail to follow through. The negotiations to secure the right to keep mining Grasberg until 2041 had already been complicated by an edict that foreign miners sell majority stakes in their assets to local interests. Rio’s apparent interest in divesting would ease that problem for Freeport, reducing how much it would need to unload.

Stunning Asset

Even if its share dropped below 50 percent, Freeport as an operator could still win big -- Grasberg is a stunning asset, expected to produce more than 520,000 tons of copper in 2018 and more gold than any other mine. Of course, Indonesia’s tailings mandate may be a negotiating tactic, as some Freeport investors said they suspect. Ilyas Asaad, inspector general at Indonesia’s Environment & Forestry Ministry, didn’t respond to a request for comment. The company is holding its position: The discharge of tailings into the river system is an inescapable consequence of keeping the mine in operation. If the government backs down, it will be “a political decision,” said David Chambers, a geophysicist who runs the U.S. nonprofit Center for Science in Public Participation. “There aren’t many governments that are willing to sacrifice those kinds of environmental resources for the financial resources.”

Few investors have publicly seized on the tailings mess as a reason to shun Freeport. One was Norway’s $1 trillion sovereign wealth fund, which in 2006 excluded Freeport from its investment universe and in 2008 sold its holding of about $850 million of Rio shares, citing Grasberg’s use of the river system to dispose of tailings. “The spotlight has shone on these issues a lot more brightly in the last couple of years,” said Andrew Preston, head of corporate governance in Australia for Aberdeen Standard Investments, which owns shares in Rio and BHP. The “wake-up call,” Preston said, was the 2015 failure of a tailings dam at BHP’s Samarco iron-ore joint venture with Vale SA in Brazil. Billions of gallons of sludge escaped to travel hundreds of kilometers down the Doce river, killing at least 19 people and leaving hundreds homeless. Jefferies’ LaFemina said investors are betting on the status quo in Indonesia. “In negotiations, different sides are trying to get leverage.” In the end, “I am not expecting there to be a significant change to how this asset operates".

Fiji Ministry to investigate creek slip

Serafina Silaitoga, The Fiji Times, 5 June, 2018

THE Ministry of Waterways will investigate possibilities that mining or roadworks may have caused portions of soil to slip into a creek in Dreketi, Macuata. In an interview with this newspaper, Minister for Waterways Dr Mahendra Reddy said he would speak to stakeholders regarding this matter. Dr Reddy described such a situation as a continuous problem his team would face if nothing was done now. “We can desilt the drain, clean the culverts but if the surface run-off is continuous then it will be a continuous problem,” he said. “So we will talk to stakeholders about this issue and there are a lot of issues regarding other ministries which we need to attend to.

Minister for Waterways Dr Mahendra Reddy inspects drainage at Dreketi Irrigation area. Picture: SERAFINA SILAI-TOGA

“The Ministry of Agriculture is a major stakeholder we need to consult following farming issues that affect our waterways.” At the affected creek, Dr Reddy also explained to his team that any works done in the waterway areas needed to be made known to his ministry. Dr Reddy, who visited the North last week, assured farmers that their grievances regarding waterway issues would be dealt with effectively by his team. He told farmers that their concerns and complaints would not sit with his team in the office but they would act upon receiving it.

Armed men threaten Porgera employees

Loop PNG, June 5, 2018

Barrick (Niugini) Limited (BNL), operator of the Porgera Mine in Enga, reports that another firearm- related incident has occurred at the Porgera Mine. The company confirms that an armed group of intruders attempted to hold up two mineworkers driving a mine vehicle near the Porgera Open Pit on Sunday afternoon. The mineworkers were travelling between operating sites on the Porgera Mine to move mining equipment during mid-afternoon on Sunday 3 June when they were confronted by a number of intruders, one of whom threatened the employees with a firearm. When the mine vehicle slowed to avoid the intruders, a number of the suspects jumped onto the back of the vehicle in an attempt to steal mine equipment however, they were unsuccessful due to the quick reactions of the mine employees, who rapidly accelerated away from the area and alerted mine security personnel. Mine management have confirmed that whilst Porgera mine employees were not injured in the incident, the confrontation was a continuation of the dangerous escalation of firearm-related incidents that have occurred at the mine in recent months.

“This is just the latest in a number of gun-related incidents that have occurred on the mining lease in recent months,” a spokesman for the mine said. “The fact that violent criminals are prepared to come onto the mine carrying weapons and intending to rob or harm our employees and members of our neighbouring communities is of critical concern, and we are calling on State authorities to provide urgent assistance in bringing this under control. “It is simply unacceptable that these criminals believe they can behave in this way with impunity - this escalation of violence needs to be stopped before someone is killed or injured.” Mine management noted that they have advised the relevant authorities about the attempted robbery, and will be working closely with the police and others in responding to this latest firearm-related incident.

Machines roll in to give miners something to smile about

June 5, 2018, The National Business

The alluvial miners using excavators to dredge the sandbank at Kepema in Bangulum, Mumeng, in Bulolo, Morobe.

ALLUVIAL miners in Bulolo aim to improve their mining activities with heavy machinery to add economic value to their operations. The Morobe Goldfield Small Scale Miner’s Association executive chairman Westy Awiong said the members had moved away from traditional alluvial mining methods. The mechanised operations involve the use of excavators and screen plants to process gravels. The excavators are either leased or hired to do the dredging along the sandbanks and mountain sides. Awiong said there were five active mechanised miners among about 170 registered alluvial miners.

Parkop calls for solutions on mine waste disposal

Post-Courier, June 5, 2018

NCD Governor Powes Parkop has made yet another call on the government to consider other alternative solutions dumping mine tailings from present and future mines around the country. Mr Parkop has been urging the government to declare World Environment Day on June 5 as the national day of action for citizens to stop work and school, and to clean up and take action to protect the environment. He justified that the United Kingdom does not mark the Queen's birthday which falls on April 21, with a public holiday. He queried why PNG commemorates it with a holiday at the expense of more significance then environment day has on the country than the birthday. At the end of the Walk for Our Environment on Sunday, he said the current tradition of depositing mine tailings into the water systems has been destructive to the people and the future generation. The walk was complemented with a cleanathon on Saturday from Boroko to Gordons. Both are the initiatives of the National Capital District Commission to get the momentum rolling in the lead up to World Environment Day today June 5 when main activities will be hosted atthe Sir John Guise stadium under the theme: 'Beating Plastic Pollution.'

Resource sector is sustaining local livelihoods

Post-Courier, June 5, 2018

Papua New Guinea is one of the few countries in the world where mining and petroleum projects provide socio-economic opportunities to local areas they operate in, says the PNG Chamber of Mines and Petroleum. The chamber made this statement when responding to media statements recently that the extractive sector was contributing very little to communities while it was enjoying tax concessions. The Chamber says such statements undermine the significant social and economic contributions resource projects make to local communities and the nation. It also stated that most people are not aware that PNG's benefit structure is unique in the world as mining and petroleum companies in many jurisdictions of the world do not provide socio-economic services to the areas they operate in.

"The chamber is proud of this structure and we will continue to support this. It is also important to appreciate too that in PNG, resource projects have a strong focus on their corporate social responsibility and continue to invest millions of Kina in making sure host communities have access to reliable health and education services, infrastructures such as roads, bridges, construction of classrooms and teachers houses, locally engaged employment and training, and agriculture programs. The development of local SMEs also thrives of the local economy generated by the resources projects in these often remote and rural locations," it said.

The chamber added that the financial contribution of the resource sectors to the PNG economy also comprise of company tax, royalty, dividend withholding tax, salary and wages tax, foreign contractors tax, duties, production levy, and development levies and dividends paid to the government and landowners if they hold an equity interest in the project. In 2017, the industry contributed over 26 per cent of PNG's Gross Domestic Product (GDP) and over 80 per cent of the Nation's export revenue valued at K23 billion with the industry employing in excess of 20,000 people directly while many more were employed in sectors dependent on resources including landowner busi¬nesses.

Lion One Announces US$40 Million Debt Financing for Construction of the Tuvatu Gold Project in Fiji. Lion One Metals, Geology for Investors, June 4, 2018


Acting Prime Minister and Minister for Lands and Mineral Resources Faiyaz Koya (centre) officiates at the ground-breaking ceremony of Tuvatu Gold Mine processing plant civil works. Picture: REINAL CHAND

Lion One Metals Limitedis pleased to announce it has entered into an indicative term sheet with Sinosteel Equipment & Engineering Co., Ltd. of China and Baiyin International Investment Ltd. The term sheet incorporates an EPC and gold doré off-take financing facility totalling US$40 million for mine development and construction of the processing plant for the Company's 100% owned and fully permitted Tuvatu Gold Project, located near the Nadi International Airport in the Republic of Fiji. Lion One intends to engage Sinosteel as the project EPC Contractor and Baiyin as the doré off-taker, and be provided with a US$40 million Facility. Closing of the Facility is subject to satisfactory due diligence, board approvals, and final documentation, with closing expected to close in the third quarter of 2018. Highlights of the Facility include the following key terms:

- Term of 5 years at annual interest rate of 7.5%
- Principal holiday and capitalized interest for the earlier of 2 years from first draw, or 3 months after achieving commercial production, followed by 12 equal quarterly repayments
- Net Smelter Return (NSR) royalty of 2.25% on the first 350,000 ounces of gold produced

Lion One will have the option, subject to mutual agreement, of increasing the principal of the Facility by an additional $10 million with the same interest rate, repayment schedule, security, and pro-rata royalty as the Facility. Lion One will also have the right to obtain a new facility of up to $10 million freely, provided it is not secured against the security under the Facility. Walter H. Berukoff, Chairman and CEO of Lion One commented "We are pleased to cooperate with Baiyin and Sinosteel for the long-term financing, which will provide low-cost capital and maximum flexibility in the development of Fiji's next high grade gold project at Tuvatu."

Lower Ok Tedi celebrates 20 years of dredging project
June 4, 2018, The National Business

THE Lower Ok Tedi dredging project celebrated 20 years of operations at Bige in North Fly, Western, recently. The project which began on March 30, 1998, was a joint partnership between Ok Tedi Mining Limited and its partners Lower Ok Tedi Investment Limited, Lotic Bige Limited and

Dredeco. A monument was unveiled by OTML deputy chief executive Musje Werror at the Bige operation site. Werror thanked the people for allowing OTML to start the dredging and rehabilitation project 20 years ago. “Without that consent, Ok Tedi will not be here. Without that consent the Bige operation will not be here,” he said.

Ok Tedi Mining Limited deputy chief executive Musje Werror and women representative Ruth Ukim shaking hands after unveiling a replicate of the monument outside the Bige Operations area for the community to witness.

“We must commend the leaders of that time who saw that something had to change to sustain the livelihood of the people. It was through their wisdom that we are now celebrating. “We have received a very high level of maturity. We came through hardships. Now we are looking forward to tomorrow. “The reason why the Bige operation continues to operate without any problems, without any issues is because of the partnership we have with our communities, Ok Tedi, our employees, women’s groups, business groups – all joining hands to make a difference. Dredeco general manager Erwin Deseranno thanked the employees for their loyalty and dedication.

Canada’s Nautilus aiming to start marine mining in 2019 despite enviro concerns

Dylan Slater, Mining Weekly, 1 June 2018

Deep-sea mining is yet to become a major activity, and not much is known about undersea mineral deposits. However, some in the mining industry claim that the deep seafloor could be host to an abundant, untapped resource of highly sought-after commodities that may be relatively easy to access once machinery has been developed to operate under high pressures in submerged environments and salty water. But environmentalists have issued strong warnings about the potential threats that could be posed to marine ecosystems and the long-lasting damage that could result from disturbing seafloors through dredging and cutting, as well as mining.

There has also been talk of would-be investors showing a reluctance – behind closed doors – to pour money into deep-sea mining projects because of the unknown feasibility of this type of activity and concern that they could potentially be deemed to be complicit in environmental degradation. Potential sites for deep-sea mining are thought to be around large areas of polymetallic nodules or active and extinct hydrothermal vents (volcanically prevalent areas), which typically occur at depths of 1.4 km to 3.7 km below sea level. It is also believed that these vents create globular or sulphide deposits, which usually contain valuable metals such as silver, gold, copper, manganese, cobalt and zinc.

The prospect of deep-sea mining has had a patchy history, considering that one of the first major attempts to explore and mine the deep seas was a $500-million cover-up, the actual intent of which was to recover a sunken Soviet nuclear-armed submarine. The K-129 submarine sank in 1968 about 1 400 km north-west of Hawaii, in the Pacific Ocean. The US was keen to find the submarine to obtain Soviet nuclear launch codes and other confidential information. It needed to conduct the operation under a veil of secrecy and, thus, could not simply send a salvage vessel to the area without attracting the attention of the Soviet Union. Consequently, the US Central Intelligence Agency devised a plan – dubbed Project Azorian – to commission the *Glomar Explorer* as a deep-sea mining vessel targeting manganese nodules – potato-sized rocks lying on the ocean floor.

In reality, the *Glomar Explorer* was used to lift the submarine off the ocean floor, about 4.9 km from the surface. The operation was only partially successful, as the submarine disintegrated while being lifted and only some of the nuclear missiles were recovered. To make Project Azorian appear to be a legitimate deep-sea mining endeavour, a public relations campaign ensued in the 1970s, with a determined effort to paint it as the scheming of reclusive billionaire inventor Howard Hughes. Few other attempts at deep-sea mining have been made, with only a handful of countries having been involved in deep-sea prospecting activities.

MAKING WAVES

One mining company that seems to be making headway as a major role-player in deep-sea mining is Canada-headquartered Nautilus Minerals. The company is developing and commissioning deep-sea mining equipment, which it calls seafloor production tools. The tools comprise three primary pieces of equipment – an auxiliary cutter, a bulk cutter and a collecting machine. To supplement this submerged machinery is a surface vessel, which Nautilus has labelled a production support vessel (PSV) and will be tethered to the seafloor production tools. Nautilus Minerals CEO Mike Johnston believes that mining the seafloor will be a cost-effective and “environment friendly” way of obtaining high-grade gold and silver. The company launched its PSV – the *Nautilus New Era* – in March. The PSV was designed by SeaTech Solutions and built at Mawei Shipyard, in China, in cooperation with Mawei, Nautilus Minerals and Marine Assets Corporation. The vessel will be used by Nautilus and its partner, Eda Kopa (Solwara), a subsidiary of oil, gas and minerals company Petromin PNG Holdings, at the Solwara 1 Project site, in the Bismarck Sea, off Papua New Guinea (PNG).

The PSV provides a stable platform for operations using dynamic positioning technologies to ensure it stays on location at Solwara 1, irrespective of wind and wave conditions. Nautilus Minerals has reported that the PSV, designed for use in offshore construction and seafloor mining industries, is about 75% complete, with final delivery scheduled for March 2019. Johnston adds that Nautilus Minerals differentiates itself from other companies by having a “first-mover advantage”, which is protected by intellectual property and 20 patents. “Once our new vessel is delivered, and subject to final funding, mining operations at water depths of 1 600 m are expected to start in late 2019.” Nautilus Minerals announced the successful completion of submerged trials in February for its seafloor production tools in PNG, which, Johnston explains, were undertaken to ensure that all three machines met the requirements of their respective functional design specifications in submerged conditions. “Results, to date, indicate that they do.” The trials also assisted Nautilus Minerals in collaborating with its partner, oil and lubricants company Petromin, as well as officials from various government regulatory agencies and representatives of the provincial governments of New Ireland and East New Britain. Community leaders from coastal villages closest to the Solwara 1 site were afforded the opportunity to witness the trials of the equipment.

ENVIRONMENTAL CONCERNS

Deep-sea mining is hotly contested by environmentalists, who are concerned that irreversible, long-term damage could result from industrial-scale mining of seafloors worldwide, especially near sensitive marine environments. According to environmental nongovernmental organization (NGO) Greenpeace, researchers recently concluded that most mining-induced loss of biodiversity in the deep seas was “likely to last forever” in terms of human time scales, as a result of the very slow natural rates of recovery in affected ecosystems. Another organisation opposed to the activity, the Deep Sea Mining Campaign, states that there is a high level of uncertainty about the risks that deep seabed mining poses to marine environments and communities. The Deep Sea Mining Campaign is an association of NGOs and citizens from the Pacific islands, Australia, Canada and the US.

The organisation notes that many countries – including Japan, China, Korea, the UK and the US, Canada, Germany, Australia and Russia – are waiting to see if Nautilus Minerals can successfully bring metals from the seafloor to smelters before “taking the plunge themselves”. It also claims that extensive exploration licences have been applied for by various companies, covering more than 1.5-million square kilometres of the Pacific Ocean floor. “In addition, exploration licences now also cover vast areas of the Atlantic Ocean and the Indian Ocean.” However, more worrying is the deep-sea mining ‘exploration frenzy’ occurring in the absence of regulatory regimes or conservation areas to protect the unique and little-known ecosystems of the deep seas, says Deep Sea Mining Campaign. “[This] is also occurring without meaningful participation the decision-making process by the communities who will be affected by deep-sea mining.” Further, the limited scientific research conducted to date provides no assurance that the health of coastal communities can be guaranteed and that the fisheries on which affected coastal communities depend will not be impacted on.

Three forms of deep-sea mining have attracted the attention of companies – the mining of cobalt crusts, polymetallic nodules and deposits of seafloor massive sulphides (SMS), also known as polymetallic sulphides. With high grades of zinc, copper, silver, gold, lead and rare earths, the Deep Sea Mining Campaign says it is SMS mining which is arguably the most alluring to miners. “The mining of SMS is also likely to be the most contentious, as it will cause the greatest environmental impact,” the organisation avers. Meanwhile, Greenpeace states that deep-sea mining could “wipe out marine species and ecosystems before we even know them”, as a result of the vast majority of the deep seas – about 50% of the earth’s oceans – being underexplored. “Different types of seabed mining involve different extraction methods and technologies, but, whatever the approach, severe impacts can be expected. Sediment plumes, the potential release of toxic chemicals, habitat destruction, increased temperature and noise all threaten the deep sea’s precious and as-yet untouched environment,” states Greenpeace.

PM confirms funds for OK Tedi affected communities are safe
Post-Courier, June 1, 2018

PRIME Minister Peter O'Neill has confirmed that K300 million is safe in the account for communities affected by the OK Tedi mining operations in Western Province but the ban on the use of the funds remains until an audit. "Those funds are safe and no funds have been drawn down. Since coming into government I have put a stop to the use of CMCA (community mine continuation agreement) and non-CMCA fund and I understand now the balance is close to K300 million, for the first time some money are parked in the fund as we speak today,'' O'Neill said. Mr O'Neill was responding to questions from North Fly MP James Donald that on the moratorium that placed on the Western Province development trust fund for the non-CMCA and CMCA areas until an audit is done.

"Has the audit been completed and if completed when will be report be presented and when can we start accessing the funds," Mr Donald said. "If audited and if you have the report, then tell us how much of our money is available. If audit is not done can you assure us the money is in the safe hands?" Donald said. Mr O'Neill said it is true that he had put a stop on the drawdown of CMCA and non-CMCA funds that had been managed by the Department of Mining and Finance Department for spending on projects along affected villages. He said over many years there had been abuses in the management of that fund. "It is quite shameful, that is why I instructed that there be an audit. As of today I have not received a full report of the audit. I will not lift the ban basically because I don't want these abuses to continue. If I don't receive the audit I will expand the inquiry that is going on OK Tedi PNG Sustainable Development Program and non-CMCA and CMCA programs. I will extend the inquiry into that as well," O'Neill said.

Extractive industry giving little yet enjoying good tax concessions
By Frankiy Kapin, Post-Courier, May 31, 2018

A company owned by mine site landowners of Bulolo district in Morobe province has accused the highly lucrative extractive industry of PNG of giving very little while enjoying the generous tax concessions offered by the government. General manager of NKW Holdings Limited David Stewart said the extractive industry enjoys generous tax concessions, yet it is providing very minimal benefits to local communities. The NKW is the umbrella company of the three Hidden Valley mine landowner investment companies of Nauti Investment Ltd, Kwembu Investment Ltd and Winima Investment Ltd in Wau, Bulolo district of Morobe province. NKW owns almost K90 million in assets and employs approximately 17 expatriates and 500 national staff.

In the last six months, NKW has paid in excess of K40 million as goods and services tax (GST) on every kina spend. "It is fair to say whilst there is considerable press devoted to the economic benefits of large mine operations and the small community programs they initiate, the relatively meagre assistance allocated to the village communities they have displaced is quite frankly shameful. "At less than two per cent of revenue is hardly an equitable distribution of benefits," Mr Stewart said. He said evidence suggests that benefits to local communities that own the mine lands are minimized or watered down over time.

He said the constitutional landowners in PNG bear the cost of having the mines on their land but revenues will generally revert to the national government. Mr Stewart said the NKW recognises that the mine has a finite life and generally do not develop the communities that own the land. "If it was genuinely otherwise; the education and health standards in affected communities would be considerably higher. To quote a former Australian Prime Minister, "the streets should be paved with gold," he said. He said if they don't develop sustainable businesses that will continue after the mine closure as the landowner group then they will have failed their duty. As part of the company's sustainable diversification program, NKW Fresh was established in 2014.

Frieda mine lease on hold

By Frankiy Kapin, Post-Courier, May 31, 2018

Frieda mine project developer PanAust Limited has indicated further alterations to its initial proposal for mine development thus holding back the Special Mine Lease (SML) application. Mines regulator, Mineral Resources Authority (MRA) revealed this week that the assessment of the application had to be put on hold as the applicant has indicated there may be significant changes to the initial proposal for development and feasibility study. According to MRA, PanAust is considering a range of potential material changes. These include the relocation of the integrated storage facility to Frieda River from the Nina River, and increasing the hydro potential to over 300 Megawatts. The project is also considering development of a public road corridor between Vanimo and Hotmin instead of using the Sepik River. "This is to significantly reduce its activities within the river system. "The proposed airport may be upgraded to a regional status and there may be consequential changes to tenements. Some relocation of landowners may also be required," said the MRA.

MRA confirmed that PanAust's application for a SML for the Frieda project is on hold pending the company's lodgment to the government indicating amendments to the development proposal. According to MRA, the tenement holder initially lodged the SML last year in June 2016 but has indicated to the State negotiating team that it may submit an amended proposal for development and feasibility study by October this year. "Mining Act and Environment Act approvals will be delayed as a result against the original timetable. "To date, PanAust has yet to submit its amended proposal two," MRA issued. MRA further stated that PanAust will also be required to lodge any amended environment impact assessment report to the Conservation Environment Protection Authority (CEPA) if the original proposals alter.

East Sepik Governor Allan Bird said as the host province, the provincial government will have a say once all mine development documents are assessed by MRA and submitted to the provincial heads. The Frieda River project is copper dominated with gold and silver as bi-products and presently the project's mine life is 17 years with a potential to extend. Current indications from initial submissions are that the porphyry copper gold deposits contain an estimated total combined mineral resource of over 2.7 billion tones at an average grade of 0.42 per cent copper and 0.23 grams per tonne gold. From this assessment, the project has a total mineable ore reserve of 608 million tonnes at 0.49 per cent copper and 0.27 grams per tonne gold. The Frieda River project operator is Frieda River Limited (FRL), a subsidiary of PanAust. Frieda River Project is located in the provinces of West and East Sepik and jointly owned by PanAust (80 per cent) and Highlands Pacific (20 per cent).

'All alluvial mining should be reserved'

Post-Courier, May 31, 2018

PRIME Minster Peter O'Neill says all alluvial mining the country should be reserved for Papua New Guineans. Mr O'Neill said he agrees with the decision and the stances the Morobe provincial government took in allowing Papua New Guineans to mine and take ownership of alluvial mines. He said although he was not aware of the letter from the Morobe Goldfield Mine Association, he would instruct the Minster for Mining and the department to look into the concern of the people who did not want explorations licences to be issued to big mining companies. "I'm not privy to the letter, generally I support the call and stand of the Morobe provincial government that alluvial mines should be reserved to our people.

"Big companies should not be involved in alluvial mining in PNG." Mr O'Neill said this during Question Time yesterday in response to Morobe Governor Ginson Soanu who had asked that the Morobe Goldfield Mine Association oppossed the issuing of alluvial mine exploration licences to big companies to be involved in alluvial exploration and mining in Wau-Bulolo. Mr Soanu said that Morobe provincial government supported the association, which involved villagers and ordinary people, and wanted the Minster for Mining Johnson Tuke, the Department of Mines and MRA not to issue any licence to Harmony Exploration Limited and Abu Exploration Limited for EL2544 and EL2554 in the Wau-Bulolo area.

Australian miner loses bauxite licence in Solomons

Radio New Zealand, 30 May 2018

An Australian company wanting to mine bauxite in Solomon Islands has had its exploration licence rescinded. AU Capital Mining was exploring in Nende in the remote eastern province of Temotu, but it has been notified by the Mining Minister, Bradley Tovosia that their prospecting to date has been unsatisfactory. The minister went on to say that the company had failed to establish amicable relations with the local communities in Nende - something that is required under the agreement. AU Capital Mining obtained an initial provincial business licence a year ago but it has been confronted by significant opposition in Nende ever since.

Temotu locals want to protect their land against devastation from mining activities. Photo: Facebook

Ok Tedi Mine to give 33pc of ownership to communities

May 30, 2018, The National Business

Fly River (Western) government and communities impacted by Ok Tedi mine will at the end of this year have 33 per cent ownership of the project. This is according to Ok Tedi Mine Ltd (OTML) chairman Sir Moi Avei in the company's report for the last financial year. "As reported last year, the State, the Fly River government and the CMCAs (community mine continuation agreement are-as), reached agreement, whereby the provincial government and special purpose community entities will collectively hold a 33 per cent equity interest in Ok Tedi with the State retaining the balance," he said. "This change, expected to be completed in 2018, will serve to further strengthen the relationship between Ok Tedi and our host communities. “OTML will remain.” The company last year recorded a net profit of K848 million (US$266 million) and generated K84 million (US$ 246 million) of free cash-flow. This in turn allowed it to distribute K380 million (US$119 million) of dividends in 2017. Sir Moi said the result was achieved through combined efforts of its employees and contractor partners.

Locals from Sepe Auti in the South Fly following a meeting with executives from Ok Tedi Mining Ltd. Sepe Auti is one of the community mine continuation agreement communities in Western.

“We have been able to meet internal production targets in 2017,” he said. “Our operations delivered the highest mine production, ore processed and metal production for the last five years. “The company also played an important role in generating foreign currency with US$ 1billion (K3.25 billion) of sales revenue generated during the year. “I wish to thank management and the workforce of Ok Tedi for their continued commitment and valued contribution.” Sir Moi said the company also continued to make significant contributions to services and infrastructure development in areas affected by the mine through its community development programmes. “The OTDF (Ok Tedi Development Foundation), a subsidiary of OTML, serves as the vehicle for delivering projects and services funded by contributions made by OTML directly and through the CMCA Trusts and the tax credit scheme,” he said. “OTDF serves this purpose with the eventual goal of broadening its shareholder base and expanding its role to be a significant contributor to long-term development in Western.”

Nautilus unveils ‘jumping spider’

Post-Courier, May 29, 2018

Marine mining pioneer Nautilus Minerals has unveiled a new autonomous sediment sampler called the ‘Nautilus Jumping Spider’ for use in sampling deep-sea deposits, that could cut exploration costs “by an order of magnitude”, the company reported last week Thursday. Nautilus said it has successfully completed the first trial of the insect-inspired creation. On landing on the seafloor, a mechanical trigger starts both the suction system that delivers sediment up the tubular legs and into the sample housing. Then, the robot releases a biodegradable sacrificial ballast weight, before a deep-sea float lifts the sampler back to surface for later collection, using an integrated radio beacon. Nautilus said it expects to test its extensive land positions in both Papua New Guinea and Tonga (which total an area larger than the land area of the UK) later this year and subject to financing.

PM advises Yoto to tell his people the truth

PRIME Minister Peter O'Neill has appealed to mining provinces not to play politics but to spread the value of benefits derived from mining and resource projects.
BY ISAAC NICHOLAS, Post-Courier, May 28, 2018

PRIME Minister Peter O'Neill has appealed to mining provinces not to play politics but to spread the value of benefits derived from mining and resource projects. Mr O'Neill said this when he corrected misleading information from Western Province Governor Taboi Awi Yoto that the provincial government paid K31 million for shareholding in Ok Tedi Mining Limited. He was responding to statements made by Western Province Governor in parliament last week. "I want to correct the governor for Western Province, it's not quite true that you paid K31 million for one third of Ok Tedi. The K31 million is stamp duty that you are required to pay like everybody else in the country." "I made sure that K200 million of dividend was set aside for Western Province, that is money rightfully and legally belongs to the State, but I allowed it to go for the benefits and provincial governments because I am conscious about the legacy issues that are around Ok Tedi and Western Province," Mr O'Neill said.

" I want Ok Tedi to get value out of this. Today you have an asset, a third of the asset that is well over USD2 million and well over a K1 billion asset without any mortgage or loans or anything. You have that value to your province. No other province in the country has that kind of value in their balance sheet." "You can use that and go and do many things you go and borrow money in the banks and work with finance institutions, you can build hospitals and you can build schools and this is a real value of a real working mining company, a global asset that we can be able to develop and do so and I know you have to play politics and color a few things but get the right information to the people for goodness sake," Mr O'Neill said. "Let them know the truth, no point coming in here and coloring it to suit an argument because it satisfys each one of us. "I understand royalty issues are there surrounding provincial governments and challenges around that, rightfully this money belongs to our people and both provincial governments and districts have a role to play, we have to work together so benefits go down and I am a great believer of working together." Mr O'Neill said.

Fiji's mining and quarring industry a problem sector: Dr Gangopadhyay

Mere Naleba, The Fiji Times, 26 May, 2018

Mining of bauxite in Bua. The mining and quarrying industry in Fiji has been labelled as a "problem sector" by Australian-based consultant Dr Partha Gangopadhyay. Picture: FT FILE

THE mining and quarrying industry in Fiji has been labelled as a “problem sector” by Australian-based consultant Dr Partha Gangopadhyay who was hired by Government to conduct a review on the national minimum wage. Dr Gangopadhyay a Professor in the School of Business at the Western Sydney University made the comments while discussing the 10 sectorial industries at a consultation organised by the Ministry of Employment, Productivity, and Industrial Relations. “I don’t have to tell you but this is a problem sector by now, most of the mines have been depleted, exhausted. Resources have been taken away or have gone too deep, productivity rate is very slow, productivity growth since last year is 0.5 per cent and our concern is this sector brought a lot of resources, a lot of money to Fiji, a lot of employment, a lot of skill development and today it is a struggling sector,” Dr Gangopadhyay said. The proposed minimum wage for those in the mining and quarry industries is to have a wage increase by 1.029 per cent. The current national minimum wage is $2.68.

Govt told to make law to protect mine environment

May 25, 2018, The National National

Western Governor Taboi Ati Yoto says that the mining industry should heed of the lessons leant from OK Tedi and Bougainville Copper mine when pushing for new mining projects. Yoto said that there was catastrophic environmental damage done along the Fly River by the Ok Tedi Mine and Jaba River by Bougainville Copper. “So there was a bloody civil war on Bougainville because of the copper mine. So when you are pushing for the mining projects, don’t just brush aside the landowners and the environment issues,” Yoto said. “This government must make laws to protect our environment so our children can still benefit from the environment after the mine closes.” Debating on Mining Minister Johnson Tuke’s ministerial statement, Yoto said: “The mine does not come cheaply as we think. And OK Tedi and Panguna are controversial mines and now new mines are coming up. But the two controversial mines are a legacy for us to think.

Many environment damages have been done. And now Fly River is a dead river from the Ok Tedi mine in the North Fly to the River delta at the sea water in the South Fly.” Yoto said that mine beneficiary issues should also be considered. “Yes, OK Tedi mine project gave us K40 billion for the last 37 years and out of that only K10 billion was for the benefit of Western province. But when you see it now, the value for that money is not translating to the lifestyle of the people in the province. That money disappeared into thin air. Those funds were not with the provincial government. “Yes, we received royalties at that time. But much of the royalties was parked in the Mining Department and disappeared through various dubious claims, inflated and ghost projects. “There was a trust account created in the Mining Department and that money disappeared there. What we have now is K214 million in that trust account waiting for various clearances to be given before the people of Western can access it.

Will Hela be the next Bougainville?

By Matthew Allen, DevPolicyBlog, May 24, 2018

In the midst of the flurry of anxiety-driven commentary about the increasing influence of China in the Pacific and its security consequences for Australia, it is oddly refreshing to see some attention being given to what is arguably a far more pressing and immediate security challenge for many of Australia’s near Pacific neighbours: the pernicious social impacts of large-scale extractive resource industries. Much of this recent attention – including a report by Jubilee Australia – has focused on developments in Hela Province in the PNG Highlands where the devastating February 26 earthquake has compounded the social tumult unleashed by ExxonMobil’s giant PNG Liquefied Natural Gas (LNG) project, giving rise to a downward spiral of violence, death and disorder. Throughout the commentary on the unfolding human disaster in Hela, a recurring question is being posed: could all this blow up into a protracted armed conflict akin to the Bougainville Crisis of 1989 to 1998?

This is precisely the question that forms the point of departure for the research presented in my recently published book Resource extraction and contentious states: mining and the politics of scale in the Pacific Islands. The book's focus is on the region known to geographers as the Solomons chain of islands, consisting of the autonomous region of Bougainville and the Solomon Islands. These islands have hosted the region's two most serious armed conflicts since the Second World War: the Bougainville Crisis and the Solomon Islands "Ethnic Tension" of 1998 to 2003, which was largely confined to the island of Guadalcanal. Large-scale mining was implicated in both of these conflicts, but much more so in the case of Bougainville, where most informed commentators agree that the Crisis would not have occurred were it not for the impacts of Rio Tinto's Panguna mine, at the time one of the world's largest copper and gold mines. Given that these conflicts occurred on islands, the book sets out to ask whether there is something peculiar about islands — their "islandness" as it is referred to in the burgeoning island studies literature — that makes them unusually or exceptionally potent spaces for the contentious and frequently violent politics that attend extractive enclave economies.

Young men in Eastern Highlands, PNG engaged in tribal conflict walking to meet the opposing tribe (DFAT/Flickr/CC BY 2.0)

More specifically, the book asks whether the Bougainville conflict would ever have occurred, or occurred to the extent that it did, if Bougainville had not been a sub-national island jurisdiction (i.e. an island-province) of PNG but instead a landlocked province within "mainland" PNG, such as Hela Province, or, for that matter Enga Province, which hosts the violence-plagued Porgera gold mine operated by Canadian miner Barrick Gold and the subject of a damning Human Rights Watch report in 2011. Of course this is not a question for which there is a definitive answer: if there is anything we have learned from the vast corpus of research on intra-state conflicts in developing country settings, it is that such conflicts are always the outcome of a complex set of social, political, historical and ecological factors operating at multiple scales. When it comes to interpreting the "causes" of developing country conflicts, we have become acutely aware of falling into the traps of determinism, narrative simplification and mono-causal interpretation.

The book does suggest, however, that it is a useful question 'to think with', not least because it draws attention to the inescapabilty of geography, and, in particular, to how what geographers refer to as social-spatial relations – such as territoriality and the politics of scale – matter more than ever if we are to understand the violent ructions that are being engendered by contemporary forms of globalisation and what economic geographer David Harvey has described as "accumulation by dispossession". By territoriality I mean strategies to enclose and control geographical space; strategies that depend, crucially, upon the communication of territorial boundaries. By the politics of scale I mean struggles over the scales at which economic and political processes occur. Through these struggles, new, sometimes previously unimaginable, scales can be produced and the relative importance of existing scales reconfigured. Notable examples include the European Union, sub-national urbanised mega-regions, and globalised financial markets that transcend national regulatory systems.

Due to their unique geographic properties – their stark boundedness – islands have long been seen as paradigmatic settings for territorialising projects, including the nation-state and sub-national jurisdictions of various types. In the words of John Gillis, they are the "most clearly marked boundaries of all". In the book I argue that as well as having these distinctive territorial properties, islands can also be produced as a powerful scale of political and economic contestation. In the context of large islands in the western Pacific, such as Bougainville and Guadalcanal, island-wide identities and socio-political movements were, in the first instance, a product of the introduction of capitalist social relations in the form of the colonial plantation economy. The plantation experience, buttressed by the Christian missions and the colonial delineation of sub-national administrative units that were often coterminous with islands, united the culturally and linguistically heterogeneous populations of the large Melanesian islands in ways that were previously unknown, effectively producing the island as a scale of accumulation, dispossession and resistance.

And just as Melanesian islands were socially produced during the colonial epoch of globalisation, so too have they emerged as a critical, albeit problematic, scale of struggle in contemporary contestations around globalised extractive resource capitalism; demonstrated, most spectacularly, by the advent of island-scale armed insurgencies first on Bougainville and then on Guadalcanal. I say problematic because the island has been an ephemeral and elusive scale for collective action: it has only emerged at particular moments and conjunctures, and it competes with forces that constantly work to fracture it, not least of which in the context of Melanesian resource extraction is another relatively recently produced scale of contestation: customary landownership.

Indeed, it is the scale of customary landownership that has, in the first instance, been most productive of violence in the encounter with extractive industries as powerful individuals, invariably men, have captured economic benefits (such as rents, royalties and compensation payments) at the direct expense of other members of their landowning groups. These processes of exclusion have had salient gender and intergenerational dimensions, and, in the context of Melanesian socio-cultural norms of reciprocity and obligation, they have produced intense social disintegration and conflict. However, ethnic or indigenous claims to resource-rich territories have also been an important and analytically distinct feature of resource-related violence in Melanesia. This appears to be especially true when the territory or scale in question also happens to be a relatively large island; or, in other words, when it is possible for the scale of ethnicity/indigeneity to be coterminous with the territorial boundaries of an island.

Which brings us back to the question of whether Hela, or for that matter, Enga, could become the next Bougainville? Setting aside (critically important) specificities of history, culture and social organisation, my analysis suggests that the distinctive geographical characteristics of islands can indeed make them exceptionally potent platforms for armed conflicts over natural resources, at least in the context of the Melanesian Pacific. To be sure, many of the same spatial tensions are also evident around extractive projects in the PNG mainland: the social disintegration of landowning groups and benefit-sharing tensions between the local, provincial and national scales. Indeed it is worth recalling that the creation of Hela Province in 2012 was in large part driven by the desire of the 300,000 strong Huli-speakers, who had long been marginalised from the Highland's lucrative extractive projects, to capitalise upon the advent of the LNG project, which is located squarely in Huli territory.

However, while new provinces can be created, and while their borders may even be conterminous with language and cultural boundaries, there are no ready-made geographical platforms for sub-national collective political action in these mainland areas. Put simply, territory and scale can be coproduced in islands in ways they cannot in mainland settings. Of course only a fool would entertain ironclad predictions about social and political developments in Melanesia, but an unabashed geographical interpretation would suggest limits to the potential for localised tensions around extractive enclaves on mainland PNG to escalate into large-scale armed conflict with a distinctive ethno-nationalist or separatist character such as we witnessed in the case of Bougainville. That said, as demonstrated in the Jubilee Australia report, the current social chaos and disorder in Hela is clearly linked, at least in part, to the PNG LNG project, once again reminding us of the socially corrosive and frequently violent character of Melanesia's extractive economies.
Link: http://www.devpolicy.org/will-hela-be-the-next-bougainville-20180524/?utm_source=Devpolicy&utm_campaign=ae69786a85-RSS_EMAIL_CAMPAIGN_PNGPACIFIC&utm_medium=email&utm_term=0_082b498f84-ae69786a85-312087974

Rio Tinto plans to sell interest in Papua's Grasberg mine

Radio New Zealand, 24 May 2018

Multi-national mining giant Rio Tinto says it plans to sell its interest in the lucrative Grasberg mine in Indonesia's Papua province for $US3.5 billion. The Grasberg mine, which is the world's largest gold and second-largest copper mine, is majority owned by United States-based miner Freeport-McMoRan.

This photograph taken on August 16, 2013 shows a general view of the Freeport McMoRan's Grasberg mining complex, one of the world's biggest gold and copper mines in Indonesia's remote eastern Papua province. High in the snow-capped mountains, the sight of tribesmen roaming in loincloths contrasts sharply with that of miners using hi-tech machinery to extract gold and copper ore at a huge US-owned facility in remote Indonesia Photo: AFP/Olivia Rondonuwu

In a statement published on its website, London-based Rio Tinto said it was discussing the sale with Freeport and the Indonesian state-owned mining holding company PT Indonesia Asahan Aluminium. The government has appointed the holding company to buy shares in Freeport, in line with a law requiring foreign mining companies to divest 51 percent of their shares to Indonesian entities.

Negotiations over this process have been taking place since early 2017. The government extended the divestment deadline for Freeport until 2019. Rio Tinto says a final decision has not been made on the sale.

West Papuans have long expressed frustration about the environmental destruction caused by the Freeport mine operations in Mimika regency. Photo: MIneral Policy Institute

According to the *Jakarta Post*, Freeport-McMoRan and Rio Tinto established an unincorporated joint venture in 1995, which gave the latter control of 40 percent interest up to 2022 in certain assets and future production above specific levels in one of the blocks at Grasberg.

Rio Tinto about to offload stake in Grasberg mine for $3.5 billion

Cecilia Jamasmie, Mining.com, 23 May 2018

Grasberg mine on the island of New Guinea, one of the world's biggest sources of copper and gold. (Image: Google Earth)

World's No.2 miner Rio Tinto confirmed Wednesday is ready to sell its stake in the giant Grasberg mine, the world's second largest copper operation, to Indonesia's state mining holding company Inalum for $3.5 billion. The move could mark the end to a long-drawn-out, three-way dispute over the mine, which has been centered on bringing local ownership of Grasberg up to 51%, a main requisite set by the Indonesian government to allow Freeport-McMoRan to keep operating in the country. Discussions with PT Indonesia Asahan Aluminium, known as Inalum, and Freeport — the other two companies engaged in talks — were ongoing, Rio said, "including as to price," noting that no agreement had been reached. Rio's deal with Freeport was struck in 1995 and entitles it to a 40% share of production when certain output levels are hit. But as a result of strikes and other disruptions and as the open pit at Grasberg nears the end of its life, the Melbourne-based miner hasn't seen any benefit since 2014. Chief executive Jean-Sebastien Jacques publicly questioned Grasberg's place in Rio's future back in February 2017.

He followed in June with a remark about the mine being a world-class copper deposit, which might not be a world-class mining investment. "There is a fundamental difference between a world-class resource and a world-class business," he said again last week at the Bank of America Merrill Lynch Global Mining, Metals & Steel Conference. Indonesia and Freeport have been negotiating the terms for the company to give the government a majority ownership in Grasberg for over a year. But until today, it wasn't clear what would happen to Rio's interest in the mine. Grasberg, the world's second-largest copper mine and fourth largest gold operation, has transitioned to a fully underground operation, set to reach full capacity by 2022, when it will produce 160,000 tonnes per day of ore. The additional Deep Mill Level Zone block cave mine, currently under construction, is projected to contribute an additional 80,000 tonnes per day of ore once at full capacity, expected in 2021.

New Zealand's blue whales under threat from seafloor mining

SCUBA News, 23 May 2018

A group of blue whales that frequent the South Taranaki Bight between the North and South islands of New Zealand appears to be part of a local population that is genetically distinct from other blue whales in the Pacific Ocean and Southern Ocean, a new study has found. Hydrophones deployed in the region recorded blue whale calls on 99.7 percent of the days between January and December in 2016. "There is no doubt that New Zealand blue whales are genetically distinct, but we're still not certain about how many of them there are," researcher Dawn Barlow commented. "We have generated a minimum abundance estimate of 718, and we also were able to document eight individuals that we re-sighted in multiple years in New Zealand waters, including one whale seen in three of the four years with a different calf each time, and many others we saw at least once."

The study, led by Oregon State University's Marine Mammal Institute, is important because the South Taranaki Bight has several oil and gas extraction rigs and the New Zealand government recently issued its first permit for mining the seafloor there for iron sands. Churning up the sand could muddy the sea and disrupt the natural food chain. The sand will be sucked up to a floating production vessel, the valuable iron content removed and shipped away for further processing while the sandy remains are pumped back to the seabed. The blue whales found off New Zealand are not quite as large as Antarctic blue whales, which scientists believe to be the largest animals to have ever lived on Earth. Antarctic blues, when they reach adulthood, can range from 28 to 30 meters in length (nearly 100 feet). The other blue whales, though slightly smaller, are still formidable at about 22 meters in length (or 72 feet).

Highlands Pacific to increase its stake in Ramu mine

"Highlands' ownership of Ramu will increase to 11.3 percent from 8.56 percent"
Cobalt 27 agrees to streaming finance deal with Australian miner
Nicole Mordant, Reuters, 23 May 2018

Poor workmanship and construction has hampered the Ramu nickel mine

Canada's Cobalt 27 Capital Corp said on Tuesday it has agreed to the world's first cobalt-nickel streaming finance deal on a producing mine with an Australian miner as the industry looks to bolster supplies of the key battery metal. Streaming is a type of alternative finance that allows an investor to make an upfront payment in exchange for future production at a discounted price. The transaction is the world's first cobalt-nickel streaming deal on a producing mine, Cobalt 27 said in a statement. The transaction comes as Brazilian miner Vale SA was seeking to sell cobalt from its Voisey's Bay mine in eastern Canada in a streaming deal worth around $500 million, Reuters reported in January. Prices of cobalt, a critical component in rechargeable lithium-ion batteries for electric vehicles, have soared fourfold over the past two years to close to $100,000 a tonne on concerns of a shortfall as demand is forecast to spike. Cobalt 27 said it had reached a C$145 million ($113.33 million) deal with Highlands Pacific Ltd to buy cobalt and nickel from a Papua New Guinea mine that the Australian miner has a stake in.

Cobalt 27, a small buyer of physical cobalt, is also in advanced talks with other owners of the Ramu mine on Papua New Guinea's north coast for a further $87 million stream, it said. Both transactions can be funded from cash or a new debt facility. Under the transaction with Highlands, Cobalt 27 will purchase 55 percent of Highlands' share of cobalt production and 27.5 percent of its share of nickel output from the mine. That will result in Cobalt 27 receiving an estimated 450,000 pounds of cobalt and 2.25 million pounds of nickel in concentrate a year from Ramu. As a result of the deal, Highlands' ownership of Ramu will increase to 11.3 percent from 8.56 percent. The mine is majority-owned and operated by Metallurgical Corporation of China Ltd. Other shareholders include the Papua New Guinea government, landowners and other Chinese investors. Cobalt 27 has also agreed to buy a 13 percent stake in Highlands, a Papua New Guinea-focused mining explorer, developer and producer.

PNG Wants a Bigger Slice of Exxon's Gas Profits

Dan Murtaugh and Aaron Clark, Bloomberg, May 23, 2018

Hides Gas Conditioning Plant in Papua New Guinea. Photographer: Richard Dellman via Exxon Mobil Corp.

- Papua New Guinea seeking bigger cut of gas-export revenues
- IMF says country got 'quite limited' benefit from initial deal

The tiny, impoverished nation of Papua New Guinea came out on the short end of a $19 billion development with Exxon Mobil Corp. to build one of Asia-Pacific's biggest energy projects. But as the company pushes to expand the venture, the government is vowing that round two may require a much bigger payday for the locals. By most accounts, the liquefied natural gas business that Exxon and partners built from scratch is an engineering and commercial success. The PNG LNG venture, which started operating in 2014, is delivering more fuel than expected to Asian economic giants Japan and China. It's so promising that the U.S. company -- with annual revenue 10 times larger than Papua New Guinea's economy -- declared the Pacific island a key building block for its future growth and plans to double output.

Trouble is, the original deal reached a decade ago has failed to deliver the windfall to Papua New Guinea that the government and an Exxon-commissioned study predicted. An International Monetary Fund analysis showed "quite limited benefits" for the country, which granted Exxon generous rights to recover certain costs before paying taxes or fees. While the initial investment was welcome, the government has formed a new team to negotiate better terms before it approves the proposed expansion. "There is a general view that Papua New Guinea gave away too much for the first LNG project," said Peter Koim, a member of the negotiating team who is also director of the country's Gas Project Coordinating Office. For the next round "the country will not give away concessions as was the case in the PNG LNG project," he said. PNG LNG produces gas from wells in the forested mountains known as the Highlands, and sends it 700 kilometers (435 miles) southeast via pipeline to a processing plant on the shores of Caution Bay, near the capital, Port Moresby.

Doubling Down

Exxon and partners plan to boost gas exports

Source: USGS, Oil Search Ltd. **Bloomberg**

The gas is super-chilled to liquid form and loaded onto special tankers for shipment overseas. Originally designed to process a maximum of 6.9 million metric tons a year, the plant produced more than 8.2 million in 2017. Exxon last year spent as much as $3.9 billion buying access to additional reserves and drilling rights in the country and is working with partners including Australia's Oil Search Ltd. and France's Total SA on a separate $13 billion venture known as Papua LNG. The development would add 8 million tons of additional annual processing capacity at the existing PNG LNG plant, but tap gas deposits in a different part of the country and require a new pipeline. The country will negotiate separately with Exxon and Total on the different projects that will contribute to an overall expected rise in the nation's gas exports, Koim said. Demand for the gas has been strong. Long-term supply contracts were signed with buyers including chemical makers and utilities that are as much as 4,500 kilometers across the sea from Papua New Guinea, which is located on an island just north of Australia's Queensland state. With global consumption booming, analysts see a shortage of LNG coming in the early part of next decade, right when an expansion project would come online if work were to start soon.

Prospects are so promising that Exxon's Chief Executive Officer Darren Woods said as recently as March that he is counting on Papua New Guinea and several other countries to help reverse declining output at the company, one of the world's largest energy suppliers. Irving, Texas-based Exxon plans about $200 billion in capital expenditures through 2025, including in Mozambique, Brazil and Guyana, as well as America's Permian Basin. A more demanding Papua New Guinea could pose a hurdle to Exxon's plans. Already, the company has been forced to defend its contract in Guyana, a small South American country that signed a deal two years ago to develop the world's biggest new deep-water find in a decade. The IMF described that agreement as "favorable" for Exxon, compared with global norms. The company has said there's no need to renegotiate because the contract already included several concessions to the government. The Papua New Guinea government isn't seeking to revise the old contract. But the tenor of talks over the expansion will be influenced by the public perception that the massive project simply didn't deliver the benefits that were promised.

Unfulfilled Expectations

An April 2009 version of an economic impact study by ACIL Tasman (now ACIL Allen Consulting) for Exxon said the project "has the potential to transform the economy of Papua New Guinea, boosting GDP and export earnings, providing a major increase in government revenue, royalty payments to landowners, creating employment opportunities during construction and operation, and providing a catalyst to further gas-based industry development." And before production began, the government estimated PNG LNG would boost its revenue by 2 billion kina ($613 million) a year through 2021, the World Bank said in a December report.

Instead, the project's partners paid only about 495 million kina in taxes, royalties, dividends and other payments in 2016, data from the Extractive Industries Transparency Initiative show. A "complex web of exemptions and allowances" effectively mean that little revenue from the project goes to the government and landowners, the World Bank said. "It's an extraordinarily low level," said Paul Barker, executive director at the Papua New Guinea Institute of National Affairs. "If you are not getting much in the way of revenue, there is something a bit screwed up." A research and advocacy group, Jubilee Australia Debt & Development Research Centre, had an even harsher take, noting in a detailed report last month that by "almost every measure of economic welfare," Papua New Guinea "would have been better off without the PNG LNG project."

Gas Bust

Papua New Guinea worse off after giant LNG project fails to aid economy as promised

	2008 Prediction	Actual
Real GDP	Increase by 97%	Increase by 10%
Foreign Currency Exports	Increase by 85%	Increase by 114%
Household Disposable Income	Increase by 84%	Decrease by 6%
Government Expenditures	Increase by 85%	Decrease by 32%
Employment	Increase by 42%	Decrease by 27%
Foreign Currency Imports	Increase by 58%	Decrease by 73%

Source: Jubilee Australia Debt & Development Research Centre; April 2009 ACIL Tasmin report

Bloomberg

Of the total paid to the government in 2016 by PNG LNG partners, Exxon's share was about 216 million kina, more than half of which was income tax, according to EITI data. By comparison, the company's revenue from the project was more than ten times that, at about 2.56 billion kina, according to Bloomberg estimates using production figures and annual averages for crude prices and foreign exchange rates. Papua New Guinea has a stake in the venture through its state oil company, Kumul Petroleum Holdings Ltd. It's portion of the revenue was 1.28 billion kina in 2016, according to Bloomberg calculations. It contributed about 100 million kina to the treasury and gave the government an advance of 200 million kina, according to an EITI report. Exxon says it is honoring all contractually required payments and that the project delivers more than just government revenue. PNG LNG has contributed about 14 billion kina to local businesses and the government, and employs 2,600 workers and contractors, about 82 percent of whom are locals, an Exxon spokeswoman said by email.

To be sure, it's not unusual for a country without its own natural gas industry or infrastructure to make concessions to secure the huge investments needed to develop untapped reserves. But often, citizens of poor or underdeveloped countries see little or no benefit from commodity extraction by foreign companies because their governments were inept, corrupt or both -- a symptom of what economists call the resource curse. Royalties and development levies came under particular scrutiny by the World Bank and IMF. That's because the payments are calculated after deductions for operating costs, debt repayments and capital expenses. As a result, when LNG prices fall in line with oil, as they did when crude prices crashed shortly after the project started, the biggest impact is on the amount going to the government. In some cases the project can claim losses that offset future royalty payments, according to the World Bank. The government's "current level of revenue from the PNG LNG project is not sufficient due to the heavy concessions granted, loan repayments and subdued oil prices in the recent past," Koim said.

PNG Liquefied Natural Gas Plant near Port Moresby, Papua New Guinea.Photographer: Richard Dellman via ExxonMobil Corp.

Highlands Unrest

The distribution of royalties from the project have already caused unrest in the Highlands. Residents threatened violence against gas plants and pipelines in late 2016, after they didn't receive payments. The government said the distributions were delayed because of a review of clan records and property rights to make sure the money went to the right people. The first 15 million kina in royalties was paid to villagers in late 2017, according to Exxon and Port Morseby-based The National newspaper. Papua New Guinea has been through similar challenges before. Three decades ago, disputes over royalties from one of the world's largest copper mines helped fuel an independence movement on Bougainville Island. The autonomous region is planning an independence referendum next year. During the original negotiations, Papua New Guinea recognized that it needed to sweeten the deal with Exxon by allowing for things like tax breaks on infrastructure spending, according to Koim, of the Gas Project Coordinating Office, and Fabian Pok, the nation's energy minster. "Some incentives were given" during the original negotiations, Pok said. "These incentives may not be available" in talks over the expansion, he said.

Balancing Risk

The success of the initial project lowers the risk associated with future investments, which may give Papua New Guinea more leverage in negotiations, said Andrew Harwood, a research director with energy consultancy Wood Mackenzie Ltd. in Singapore. "The government is entitled to seek a larger share of any expansion, but needs to balance potential higher government revenues against the risk of deterring future investment," Harwood said. One way to increase government revenue would be for state oil company Kumul to take a bigger stake in the expansion. Koim suggested a 30 percent share, compared with 16.8 in the initial project. (The state also has a 2 percent interest through its Mineral Resources Development Co.) Other government officials want drillers to sell a portion of their gas domestically to fuel power plants and spur industrial development.

“Everything is on the table for negotiations,” said Pok, the energy minister. At the same time, he said, the government realizes that Papua New Guinea isn’t the only country courting LNG investments, with competition coming from places like Qatar, Mozambique and the U.S. “We need to remember that Exxon and Total are companies operating worldwide,” Pok said in a telephone interview. “They’ve come into PNG and built confidence in our oil and gas industry, and their investment is welcome. We will come to an agreement, but we need all the parties together and talking and focused on getting the best outcome.”

Call to review the unjust, primitive and self-harming laws of Papua New Guinea

Resource Owners Federation of PNG, 22 May, 2018

The PNG Chamber of Mining and Petroleum made statements last week claiming that the PNG mining laws are uncompetitive, in view of the government’s recent amendment to the Mineral Resources Authority (MRA) Act of 2005 and the proposed amendment to the Mining Act 1992. Their statements are untrue and are designed to scare off the National Parliament from amending the laws so that the mining companies can continue to reap all the benefits of mining in the country, whilst keeping the landowners and citizens who own the resources poor, as they have been successfully doing for decades. The Resource Owners Federation of Papua New Guinea believes that, although the Mining Act 1992, needs to be reviewed, it should not be reviewed for the benefit of the mining and petroleum companies, but for the benefit of the country and its citizens. The United Nation’s High Commissioner of Human Rights, during his visit to Papua New Guinea, in early February 2018, observed among others that; “Papua New Guinea was a resource-rich country but much of its population lives in abject poverty, with acute malnutrition rates in some areas comparable to Yemen, and minimal access to quality healthcare and education".

The UN High Commissioner’s observations are an accurate assessment of Papua New Guinea, being a country that was “so rich, but yet so poor”. Such assessment, is yet another official condemnation of the country’s state of affairs, in relation to the social and economic conditions of the country and its people. A significant reason for such condemnation is that, our natural resources have been managed in a way that all the benefits of the mining and petroleum projects are transferred to foreign shareholders, with nothing or very little being left for the country and its citizens. Such an official negative assessment from the United Nations must therefore, result in significant corrective actions to be taken by the State and its representatives, by way of reviewing the country’s inappropriate laws and policies.

The High Commissioner further went on to observe that; “it has strong civil society activists but there is little room for them to influence Government Policy“. The Federation and citizens have been calling on the National leaders of the country and the government over many years to review the Mining Act of 1992, on the basis that the country and its landowner citizens were not receiving a fair share of the profits from the mining and petroleum projects. The Mining Act 1992, proclaims the State’s ownership of all minerals found in any land, including and especially customary land, which land are owned by the traditional landowners throughout the country. The Federation is of the view that the State’s compulsory acquisition of minerals held under any traditional or customary lands without paying just compensation, as required by section 53 of the Constitution of Papua New Guinea, is unlawful. It is also in breach of the Article 17, of the Universal Declaration of Human Rights, which states that; “everyone has the right to own property alone or in association with others and no one shall be arbitrarily deprived of his property.”

The Mining Act 1992, as it stands and for the above reasons, is a primitive, unjust and self-harming law, which must be reviewed in its entirety, so that ownership of minerals is retained by the customary landowners. Minerals can still be mined only after development agreements are reached between the landowners and mining companies. Such arrangements have and are already in force, in many states of the United States of America. Under such an arrangement, the State stands to collect taxes from both the landowners and the mining companies. All parties then benefit from a project, in contrast to Papua New Guinea in the past and today, where the landowners are the ultimate losers.

The recent amendment of the MRA Act 2005, was justified in that, the mining industry members were regulating themselves from 2005 to 2018, after having gained a significant number of seats on the Board of the Authority. The MRA was therefore seen as an organization that was run by the mining industry for its own benefit and against the interest of the country and its citizens. The Chamber of Mining and Petroleum now calls the amendment uncompetitive, because of their exclusion from the Board that they controlled for many years to their benefit but to the detriment of the landowners, the country and its citizens. The Federation challenges the Chamber of Mining and Petroleum to identify any government in the western world that would allow the mining industry to take over the enforcement of its mining laws against itself. We would think that such a practice, if allowed, would be deemed to be corrupt and therefore unlawful.

The UN High Commissioner further went on to say that; “the government urgently needs to build a stronger nexus with its people, so it can better serve their needs in this vast and diverse land.” He saidthat it was unacceptable that many businesses had been granted licenses to engage in the extractive industries without the free, prior and informed consent of the people living on the affected lands… The Federation believes that the amendments to the Mining Act 1992, the MRA Act 2005 and the Petroleum Act 1998 are three laws which must be amended so that those citizens who are owners of the land under which any mineral or petroleum are found, are recognized by law, as the owners of those resources. This then will be the beginning of a new era, where the State will be building a stronger nexus with its people going forward.

Mining industry scrambling to find new ways to spin its benefits

"Papua New Guinea currently receives more income tax from resource company employees than it does from the companies themselves"Wafi Golpu mine would be good for the wider Papua New Guinea economy, says executive.

David James, Business Advantage, 22 May 2018

The proposed Wafi Golpu mine will contribute to the diversification of Papua New Guinea’s economy, according to Craig Jones, Executive General Manager Wafi Golpu at Newcrest Mining. He told the Australia Papua New Guinea Business Forum in Brisbane that, if the project gets the go-ahead, it will help local agriculture. Jones’ comments reflect a growing inclination among resources companies to present their operations as being good for the overall economy, not just good business. ‘There are many opportunities for the mining industry to contribute to the diversification of the Papua New Guinea economy through smart and sustainable development,’ Jones said. ‘Wafi Golpu is a case in point, as the development of the mine’s infrastructure paves the way for a substantial agricultural industry.’ Jones pointed to proposed new roads that will ‘open up’ the region, from the Highlands Highway to the Bulolo Highway. New infrastructure for the Wafi Golpu mine, a joint venture project between Newcrest and Harmony Gold, could create the opportunity for up to 10,000 hectares of land in the Watut River valley to be used for agricultural purposes. ‘The joint venture has a strong focus on unlocking Morobe’s agribusiness potential.’

Diversification
Jones' emphasis on stimulating local, non-resource industry benefits may be designed to counter critics within PNG who argue that extractive companies do not pay sufficient tax and that the tax laws should be changed. As the Executive Director of the Institute of National Affairs, Paul Barker, noted in the forum, according to the Extractive Industries Transparency Initiative, the State currently receives more income tax from resource company employees than it does from the companies themselves. The emphasis on economic diversification also appears to be a response to statements by PNG leaders, including Prime Minister Peter O'Neill and central bank Governor Loi Bakani, that PNG urgently needs to diversify its economic base to withstand the boom and bust cycles that routinely occur with resource industry projects. Jones said, however that the extractive industries are 'likely to remain critical to the future' while such economic diversification is being undertaken. He said the extractive industries account for 84 per cent of the total exports of PNG, with 45 per cent from oil and gas, and 39 per cent from mining in 2016.

Exports
Jones said Newcrest's Lihir gold mine contributed about K3.5 billion in export revenue in 2016. 'If it proceeds, the potential annual revenue from Wafi Golpu is expected to exceed even Lihir when it reaches peak production, with average free cash flows projected to be around US$900 (K2.92 billion) per annum. 'This goes on for about the first 10 years after the beginning of commercial production. 'It would make Harmony and Newcrest very significant contributors to the growth of the Papua New Guinean economy.'

Policy
Jones noted that the Wafi Golpu project requires very significant upfront investment and has very long lead times for its return on investment. He said there will be K16.7 billion (US$5.14 billion) invested over the life of the mine if it gets the go-ahead. 'This is why a stable investment and legislative environment is so crucial for the development of Wafi Golpu and other mineral projects. 'There are currently policy issues that remain a concern for our industry. 'Apart from the highly debated contributions made by resource companies in company tax there are many other contributions that resource companies make and many of them are voluntary. 'These benefits have a direct impact on the lives of Papua New Guineans.'

Multiplier effect
Jones pointed to Lihir's investment in infrastructure, including schools, roads, bridges, Lihir airport, Lihir medical centre, water and sanitation projects. He said K23 million was channeled through the PNG government's tax credit scheme 'which has been an effective vehicle' for delivering rural value in New Ireland Province. 'On top of royalties we paid K82 million to landowners and local and provincial governments, PNG employees earn K189 million in wages and one of the most substantial economic flows from the mine is the almost K1 billion paid to local businesses and suppliers to support the mine's operation. 'These are the economic drivers that have a multiplier effect on the economy.'

Govt approval sought Frieda mine's better design
By LEMACH LAVARI, May 21, 2018, The National Business

An improved project design of the Frieda gold and copper mine in West Sepik includes the construction of a dam, port and power grid, according to a mine consultant. PanAust adviser Tim Omundsen said a refined project design called the Sepik Development Project would be proposed to the Government soon. The project will include the Frieda copper-gold mine, Frieda hydro-electric project, Sepik infrastructure project and Sepik power grid. Omundsen made this announcement at the PNG Chamber of Mines and Petroleum Media Workshop last Thursday. PanAust has an 80 per cent share in the mine and 20 per cent is held by Highlands Pacific.

Omundsen said the costs of these projects would be in the billions of US dollars. He said the company was doing a feasibility study to determine the costs of the projects, with the hydro-electric project to see the construction of the largest dam in PNG. “It will take about six years to develop and will produce 400 megawatts of electricity,” Omundsen said. “This will primarily support the energy requirement of the mine. “The first 10 years of the mine will require 200MW of electricity. “An excess of 200MW can be used elsewhere in PNG. “After 10 years, the project will need approximately 300MW: This means there will be an excess of 100 megawatts.”

Claims fake landowners aiming for PNG gas royalties

A landowner representative in the Hides area of Papua New Guinea's Hela Province says there are many people in the area claiming to be landowners when that's not the case.
Radio New Zealand, 21 May 2018

Exxon Mobil PNG's Hides gas conditioning plant Photo: Richard Dellman

Andy Hamaga was speaking amid ongoing criticism of the government's failure to pay royalties to landowners for the huge ExxonMobil-led liquefied natural gas project. The project's main gas plant is located in Hides where Mr Hamaga says deals were drawn up in 2009 with landowners for Umbrella Benefit Sharing Agreements and Licensed Area Benefit Sharing Agreements. But he said the rightful landowners were not identified at that time and now fraudulent landowners have emerged. "Unfortunately the previous government and the current government have failed to identify the landowners. So when that happened anybody from Hides and anybody from Hela and neighbouring provinces and districts, they claimed to be a landowner."

Group questions Namatanai MP’s stance on seabed mining

Carmella Gware, Loop PNG, May 19, 2018

A recent response by the Namatanai MP on Radio New Zealand over the experimental seabed mining has not gone down well with some locals. In the May 16th article, Walter Schnaubelt was reported to have said though too much remained unknown about the environmental impacts of seabed mining, ‘that doesn't mean that we just shut the door’. Schnaubelt further said he was keeping an open mind on potential seabed mining, and he would maintain a neutral stand until adequate information on the benefits of the Solwara 1 project are made available to him. Following his statement, the Alliance of Solwara Warriors said as an educated elite, Schnaubelt has to come out clear on his stance, as being neutral only indicates two reasons:

- The benefits of seabed mining to support his election promises
- And to swing when people react as it will have a political implication

Furthermore, they said the shark calling culture is also under threat, hence why preach tourism when our action is contradictory. “We lose our culture and we lose our identity.” “The Morgado Square, which is the breeding ground for tuna, is also under threat. Fisheries is a sustainable and renewable resource, the local and national economy will be affected,” said the Alliance. Topaio Landowners Association Public Relations Officer, Towaira Manget, challenges the MP to look into sustainable development project rather than focus on the benefits of experimental seabed mining. He commended the Alliance of Solwara Warriors for taking the fight and speaking for the silent local majority. Apart from the vocal Alliance of Solwara Warriors, environmental experts, churches and NGOs have also protested against the first-of-its-kind seabed mining.

Fiji landowners to receive 80% of mining royalties

Losirene Lacanivalu, Fiji Sun, 17 May 2018

They will, for the first time, get royalties from mineral mining - 80% and Govt retains 20%. All landowners will, for the first time, be able to access a fair share of royalties from mineral mining. This comes after the FijiFirst Government managed to get the Fare Share of Mineral Royalties Bill passed and enacted in Parliament last night. Acting Prime Minister and Attorney-General Aiyaz Sayed-Khaiyum said under the new Act landowners would receive 80 per cent of all the royalties while the State would retain only 20 per cent. He said once the Act came into place, the first payment of royalty of around $1m would be made from the Trust to the landowners. The landowners referred to were owners of freehold land, iTaukei landowners, Rotuman and Rabi Island landowners, he said. Mr Sayed-Khaiyum said it had always been known that all minerals belonged to the State and surface land belonged to the landowners. He said through the provision of the 2013 Constitution there was a requirement for a fair share of royalties. He said a fair share of royalties would be given to the landowners.

Mr Sayed-Khaiyum revealed that a similar provision, not exactly the same as this, existed in the 1997 Constitution (section 186), stating that Parliament must make provisions granting to the owners of land or registered custom fishing rights an equitable share of royalties. He said the Sitiveni Rabuka SVT government and the Laisenia Qarase SDL Government failed to bring about any law to give effect to the 1997 provision on section 186. He said similarly there was a provision in the 1990 Constitution put in place by the Rabuka Government. He said from 1997 to 2006, the Rabuka and Qarase Governments had the opportunity to make the law but they didn’t. “Nine years and they are complaining to us about three years, let’s put things into perspective, appreciate what the Bill is doing and stop playing politics.” He said the FijiFirst Government had now put in place the law for the share of royalty. Mr Sayed-Khaiyum further revealed that even though by law the minerals belonged to the state, the landowners through this Act would receive 80 per cent of all the royalties while the state would retain only 20 per cent.

He said from Independence, from the Ratu Mara Government, they had the opportunity to change the percentage of royalties but none of them did. He said SODELPA MP Ratu Naiqama Lalabalavu was the Minister for Lands and Mineral Resources in the Qarase Government and why they did not do it then? Minister for Productivity, Employment and Industrial Relations Jone Usamate supported the Bill and said this was a historic moment. He said a lot had been said about the sharing of royalties in the past. He also reiterated similar sentiments as Mr Sayed-Khaiyum's that the similar provisions were there in previous constitutions. But nothing was done by previous Government. "So many times there were sentiments from the other side that the Government does not seem to care about the landowners, but then why was it, that those previous governments did not do anything about this."

Natural gas project that promised economic boom leaves PNG in 'worse state': report

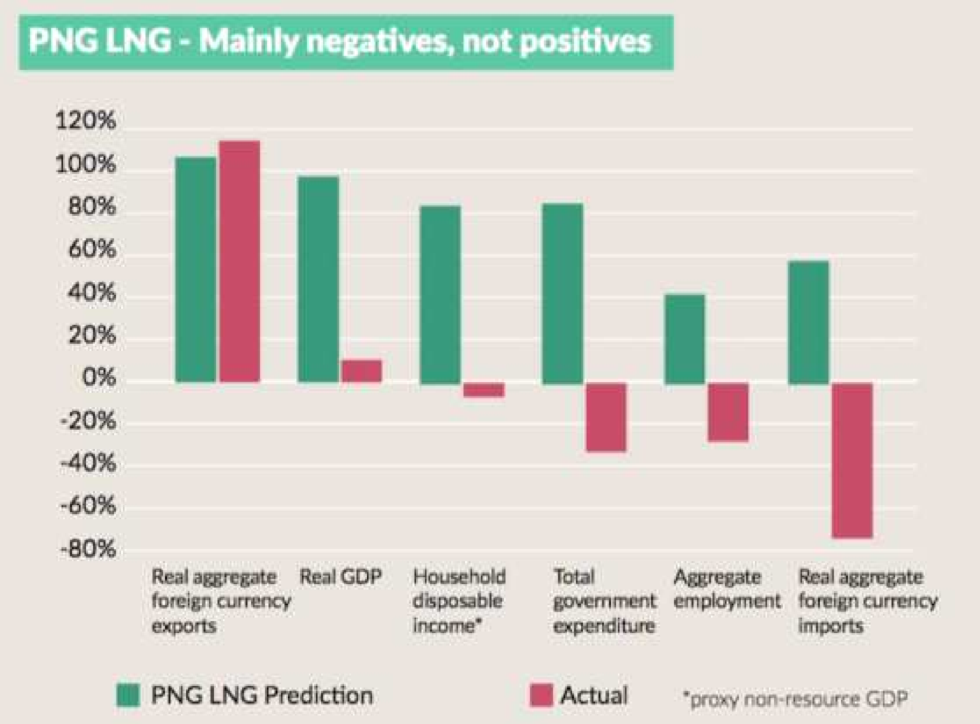
Isabel Esterman, Mongabay, 17 May 2018

- *Proponents of PNG LNP, an ExxonMobil-led natural gas project in Papua New Guinea, predicted it would bring massive economic benefits to landowners and to the country as a whole.*
- *According to two recent reports by the Jubilee Australia Research Centre, PNG's economy is worse off than it would have been without the project.*
- *Jubilee Australia also links the PNG LNG project to an upswing of violence in the areas around the plant.*

In 2008, when a consortium led by ExxonMobil was drumming up support for a $19 billion natural gas extraction and processing project in Papua New Guinea, proponents of the development predicted it would underpin the country's economy for decades. Production began in 2014, and now reaches approximately 7.9 million tonnes of liquefied natural gas per year. However, according to two recent reports by advocacy group Jubilee Australia Research Centre, the PNG LNG project has not only exacerbated conflict and inequality in the Papua New Guinea highlands, it has also failed to produce the promised benefits. According to Jubilee Australia's analysis, PNG's economy would be better off if the gas had been left in the ground.

Big promises

When pitching the project, developers made big promises about the economic and social benefits the megaproject would bring to the country. One influential 2008 study, an economic impact analysis commissioned by ExxonMobil and authored by Australian consultants ACIL-Tasman (now ACIL-Allen), predicted the project would bring a tremendous windfall not only to shareholders, but also to the people of PNG. It forecast the overall size of the country's economy would nearly double, household incomes would rise by 84 percent, and employment increase by 42 percent. Backers of the project argued that these anticipated benefits would more than compensate for any adverse environmental or social impacts a giant natural gas facility might bring in its wake. Instead, says Jubilee Australia, PNG is today worse off than it would have been if the country's economy had simply continued developing at the same pace as prior to the launch of the project.



Predicted economic impacts of the PNG LNG project compared to actual impacts (based on Jubilee Australia's analysis of underlying economic trends). While exports have exceeded expectations, GDP growth has been slower than forecast and income, employment and government spending have dropped. Image courtesy of Jubilee Australia.

"Currently, on almost all economic indicators, the people of PNG would have been better off had the project not happened at all," report co-author Paul Flanagen, who has served as a senior adviser to the Australian government and the PNG treasury, said in a press statement. Jubilee Australia's analysis found that instead of the 97 percent increase anticipated by ACIL-Tasman, PNG's economy in 2016 was just 10 percent larger than its pre-LNG growth path would have predicted — most of that concentrated in the largely foreign-owned extractive sector. Instead of rising by 84 percent, household incomes fell by 6 percent in the same period, while employment fell by 27 percent. Even with the moderate increase in the size of the economy, government expenditure to support better education, health, law and order, and infrastructure fell below the baseline by 32 percent, rather than the 85 percent increase anticipated by the ACIL-Tasman report. Significantly, these decreases came even though production at the facility has exceeded expectations — an increase Jubilee Australia contends was more than sufficient to compensate for the impacts of falling gas prices.

The Tari Gap in Hela Province in the Papua New Guinea Highlands. Photographed in 2003 before the arrival of the PNG LNG project. Image by Ron Knight via Flickr, CC-BY

Falling short

The authors point to several factors. First, they cite "serious flaws" in the economic impact analysis, describing the forecasts as "extraordinarily over-optimistic." Government revenue has also fallen short of expectations due to a combination of generous tax concessions offered to the project, and what the report describes as "aggressive tax avoidance" by the companies involved. "Exxon and Oil Search" — the second-largest stakeholder in the joint venture — "should be paying half a billion [Australian] dollars [$377 million] to the PNG government every year, since the gas started to flow in 2014," Jubilee Australia executive director Luke Fletcher said in a press statement. "Instead, they are paying a fraction of this amount, partly because of their use of tax havens in the Netherlands and the Bahamas." Drawing on an analysis by the Extractive Industries Transparency Initiative, the authors note that the PNG government received more money from personal income taxes paid by ExxonMobil employees than it did from corporate tax from the company.

Further, the report points to "poor policy decisions made by the PNG government in response to the gas boom." Exuberant spending in the early years of the project led to debt and deficit when the anticipated revenue failed to flow into government coffers. Landowners, too, have not received the royalties they expected, a problem Jubilee Australia attributes largely to a failure to vet and identify beneficiaries before production began. Clan boundaries were mapped, but the individuals entitled to payments were not specified as part of the original agreement. This, the reports argues, has been an ongoing source of conflict and uncertainty and has fed into violent unrest in the territories around the project. "During the construction phase of the project landowners had jobs, families had money, and conflict between clans was minimal," report co-author and anthropologist Michael Main said in a press statement**.** "When construction ended and people lost their jobs, money stopped flowing, frustrations built up and violent conflict escalated to catastrophic levels."

'Utter nonsense'

PNG Prime Minister Peter O'Neill has challenged Jubilee Australia's conclusions, as have ExxonMobil and Oil Search. During a May 2 speech in Brisbane, Australia, O'Neill denounced the first of the Jubilee Australia reports as "fake news" and "utter nonsense." He said he had not read the paper, but accused its authors of aligning themselves with his political opponents. ExxonMobil and Oil Search, meanwhile, pointed to their royalty payment agreements as well as their corporate social responsibility initiatives, and noted it was the government, and not them, who was responsible for relaying payments to landowners. "PNG LNG royalty payments due to the government began, and have continued, since the start of production operations in 2014.

Payment and distribution of royalties and other benefits due to landowners in the Project is the responsibility of the PNG government and is based upon benefits sharing agreements previously executed between the government and Project area landowners," ExxonMobil said in a statement to the Business and Human Rights Resource Centre. The company also pointed to its social investment program and its support for humanitarian relief in the aftermath of an earthquake that struck the project area in February. Oil Search said royalty payments were distributed to the PNG LNG plant site and to traditional landholders in 2017, although it added that "significant payments" were still outstanding. "[W]hat is good for Oil Search is good for PNG. We have a strategic interest in ensuring that we maintain a stable operating environment based on strong and enduring relationships with local communities," the company said.

(Australian) New Territory seabed mining moratorium extended, drawing mixed reaction from stakeholders. By Jacqueline Breen, ABC News, 16 May 2018

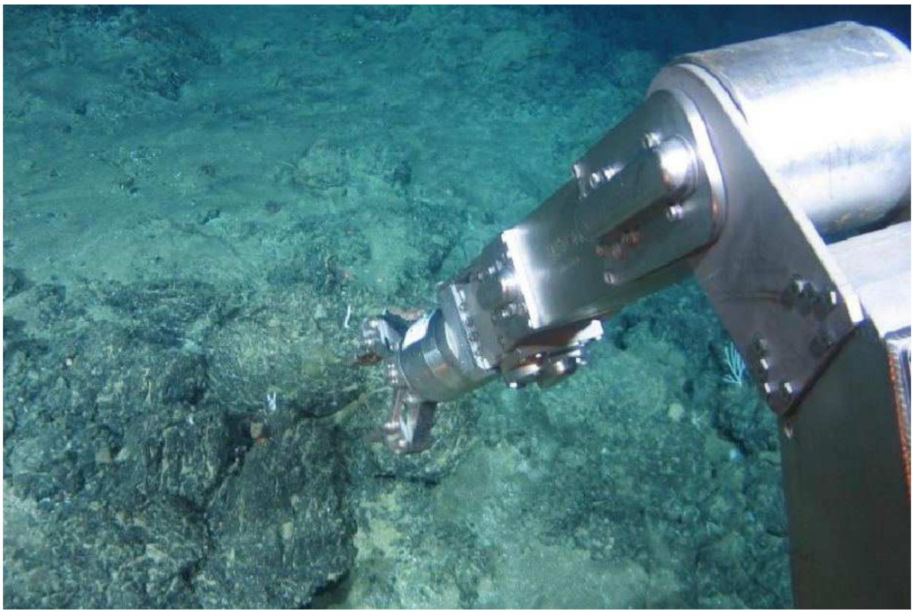


Photo: There are 14 applications for exploration permits currently lodged, despite the moratorium. (Nautilus Minerals)

Key points:
- The moratorium on seabed mining was implemented in 2012
- It will now remain in place until 2021
- The extension was never publicly announced by the NT Government

The ban, prompted by concerns about potential environmental impacts, was put in place for three years by the-then Country Liberals in 2012 and extended for another three years in 2015. It put a pause on growing interest in deposits of manganese along the coast of Arnhem Land and the Gulf of Carpentaria. The ABC confirmed that the moratorium, which was due to expire, will now remain in place until 2021, although there has been no public announcement. A spokeswoman for the Environment Minister's office did not directly respond to questions about when the decision to extend the moratorium was taken and why. A report into the impacts of excavating the seabed for minerals is still not complete five years after it was first commissioned, and a spokesman for the Department of Environment and Natural Resources said it had requested more time. "Seabed mining is a highly complex activity and [the department] wants to be certain that any report it prepares is fully considered," the spokesman said.

The spokesman said the department and the Environment Protection Authority aimed to provide a final report to the Northern Territory Government early next year after a public consultation process. Doug Daws is the former chairman of mining company Northern Manganese, which had tenements revoked when seabed mining was banned permanently around Groote Eylandt in 2013. He said he was unsurprised that the issue had not progressed. "The Northern Territory Government is a basket case," Mr Daws said. "I'd venture to suggest that despite their promises they were going to do studies to find out what could or couldn't be done, they've probably done absolutely nothing." There are 14 applications for exploration permits currently lodged with the Department of Primary Industry and Resources.

Extension 'good news' for traditional owners, recreational fishers

News of the moratorium's extension has been welcomed by groups with concerns about seabed mining, but environmental campaigners continue to call for a permanent ban. A seabed mining industry would threaten marine life, water quality and culturally significant sites, said Adele Pedder from the Australian Marine Conservation Society. "Seabed mining is like bulldozing the marine floor," she said. "We know that there's many places across the Territory coast where seabed mining has already been approved or where applications to mine exist. "This moratorium will only delay dealing with those, when we believe we should have a permanent ban on seabed mining and that's the only way we could protect those areas." An extension was a common-sense decision, said Joe Morrison, CEO of the Northern Land Council. "Obviously there needs to be further detailed work in understanding the nature of the risk, but also the impacts on sacred sites," he said. Anglers were opposed to the prospect of seabed mining but would engage with the Government's process, said David Ciaravolo, CEO of the Amateur Fishers' Association NT. "We benefit enormously from having an intact ecosystems and high-quality environment, not least of which is our fisheries," he said. "We would hate to see that put at risk for any short-term gains in terms of exploring those mineral resources."

Call for clarity on PNG seabed mining project

Radio New Zealand, 16 May 2018

The MP for Namatanai in Papua New Guinea says more information is needed about the impacts and benefits of seabed mining. The Solwara 1 Project, in which Canadian company Nautilus Minerals plans to extract gold and copper from under the Bismarck Sea, is facing a growing chorus of opposition from local community groups over environmental concerns. Nautilus has yet to complete equipment requirements for beginning mining, and has seen investors recently withdraw from the project.

The MP, Walter Schnaubelt, said too much remained unknown about the environmental impacts of seabed mining. "I'm of the view that of course it's going to be something new, yes, maybe some unknowns are going to happen," he said. "But that doesn't mean that we just shut the door. I would like to delve into it a bit more and know exactly what it is." Mr Schnaubelt said there was also a lack of clarity on what benefits the project could bring. However he said he was keeping an open mind on potential seabed mining. Mr Schnaubelt said his constituents voted him in to help pave the way for economic development and he was not ruling out that the project could have benefits. "Provided that those economic benefits do have tangible developments attached to them in the long run, then it's not so bad," he said. "What I'm a little unclear about is what the exact benefits are. I've heard some figures, some percentages, but nothing concrete at this point in time." Walter Schnaubelt said he could understand the fear local communities had, given that it was the first seabed mining project in the world, and the extent of environmental impacts remain unknown.

Seabed mining machinery Photo: Mike Smith

However he said he would maintain a neutral stand until more adequate information about the project and clarity on its benefits were made available to him. The MP conceded "a group opposing the project seems to be gaining momentum". But he said some landowners on Namatanai's west coast were supportive of the project if it brought economic benefits. "The economic benefits are not really that clear cut," he explained. "We don't know exactly what it is and what our (new Ireland's) shares are, with the East New Britain government." He said if the project went ahead, he would want to see a better monitoring system in place to monitor the environment closely and carefully. Additional measure had to be taken, he suggested, to ensure that an environmental disaster was not left for future generations to struggle with. However the MP said the company appeared to be struggling for finance, with investors pulling out, and that the project may not proceed. Mr Schnaubelt said it was another aspect of the project over which he and his constituency had not been given up to date, clear information about.

Namatanai MP, Walter Schnaubelt Photo: Namatanai Star

Hela governor hits out at LNG project developers
The Governor of Papua New Guinea's Hela province has criticised developers of the LNG gas project over lack of payments to his province.
Radio New Zealand, 16 May 2018


ExxonMobil's LNG Project cuts a swathe of development through Hela province in PNG's Highlands. Photo: RNZI / Johnny Blades

Philip Undialu said when establishing the project, corporate giants bullied PNG politicians into a substandard agreement. The Governor said Provincial Governments of the LNG Project area lost nearly US$240 million in Development Levies and Royalties over the last four years. Mr Undialu said there were hundreds of millions more dollars in royalties which Hela people should have been paid. He called on lead developer ExxonMobil and its project partner Oil Search to admit this failure and pay Hela what belongs to its people, saying the province desperately needs money after February's major earthquake.

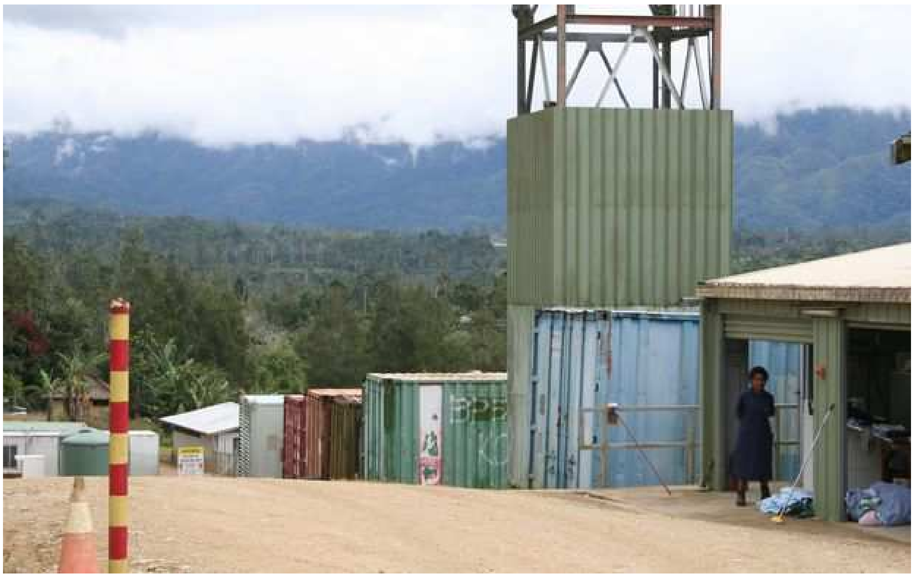
His comments come after the Oil Search chairman said community discontent and violence around the project was not his company's fault but a result of the PNG government's failure to distribute royalties. "It is pathetic for Chairman of Oil Search to attack the Government after robbing it's people through a flawed agreement the Somare Government facilitated between 2008 to 2010," Mr Undialu said. "It's by time we take everything back to round table and ascertain who is to be blamed. "This is a human rights issue and I will not allow my people being deprived of. I need those monies to rebuild infrastructure devastated by the earthquake disaster... so we will rebuild our communities."

Oil Search denies blaming PNG govt for project problems

Radio New Zealand, 16 May 2018

The oil and gas company Oil Search denies that it blamed Papua New Guinea's government for non-payment of benefits from the LNG gas project. This comes after statements by the Oil Search chairman at its Annual General Meeting last week acknowledging landowner frustrations over project payouts. Oil Search claimed its chairman's comments were mis-reported.

In a new statement it said that during the annual meeting, the company outlined the need to ensure royalty payments and other benefits owing to landowners were distributed as soon as practicable. Oil Search said it was working closely with the PNG government and other stakeholders to ensure the project benefits owing were distributed as soon as possible. The statement said that at no time had Oil Search accused the government of being responsible for the delay in the payment of these benefits, rather it had outlined to its shareholders that it had fulfilled all of its requirements under the Oil and Gas Act. "We also stressed that substantial progress had been made by the Government in this area over the last 12 months and more was expected in the short term," Oil Search said.



There have been complaints of a lack of benefits coming from the LNG project Photo: RNZI/Johnny Blades

However, the Governor of PNG's Hela province criticised developers of the LNG gas project, ExxonMobil and Oil Search, over lack of payments to his province. Philip Undialu said when establishing the project, corporate giants bullied PNG politicians into a substandard agreement. The Governor said Provincial Governments of the LNG Project area lost nearly $US240 million in Development Levies and Royalties over the last four years. Mr Undialu said there were hundreds of millions more dollars in royalties which Hela people should have been paid. "It is pathetic for Chairman of Oil Search to attack the Government after robbing it's people through a flawed agreement the Somare Government facilitated between 2008 to 2010," Mr Undialu said. He called on lead developer ExxonMobil and its project partner Oil Search to admit this failure and pay Hela what belongs to its people, saying the province desperately needs money after February's major earthquake.

In the past there have been protests and petitions related to the LNG projects Photo: Supplied

VGM awaits board of inquiry results in Fiji

Felix Chaudhary, The Fiji Times, 15 May, 2018

ANY steps that could be taken to increase safety at Vatukoula Gold Mines PLC (VGM) will be highlighted during a board of inquiry into the death of Avinesh Ram, a miner who allegedly lost his life during an underground incident last week Wednesday. This was the word from VGM corporate services manager and special adviser to general manager Dinny Laufenboeck in response to questions raised by this newspaper. “A board of inquiry under the chairmanship of an independent official appointed by the Mineral Resources Department continues into the fatality which occurred underground at the Vatukoula Gold Mines on May 2, 2018,” she said. “As this is a legal process mandated by the Mining Act, please address any requests for information to the PS (permanent secretary) for Lands and Mineral Resources. “Recommendations on what more VGM could do in managing risk to employees at Vatukoula will be provided as an outcome from the board of inquiry.”

Mr Ram allegedly died after he fell into a sinkhole in the R1 underground shaft on May 2 and became trapped under 20m of rock and soil.

PNG miners to present in Sydney

PNG Industry News, 14 May 2018

Drilling at Edie Creek

RAPID-FIRE presentations by four companies with interests in Papua New Guinea will be delivered in Australia on Thursday at the inaugural ResourceStocks Sydney conference. Kingston Resources is first up at 11.45am, followed by Geopacific Resources, Kalia and Niuminco Group. Each company has a 15-minute slot at the event, which is to be held at the SMC Conference and Function Centre over two days, May 16 and 17.

• Kingston Resources has the advanced exploration Misima gold project which has 2.8 million ounce resource which Kingston aims increase. Misima Island is 625km east of Port Moresby in the Solomon Sea and was operated as an open pit gold mine from 1989 to 2004, producing 3.7Moz gold at an average cost of $218/oz. Kingston owns 49% of Misima and is earning in to 70% and the joint venture partner PPC, is owned by JX Nippon Metals and Mining (66%), and Mitsui Mining and Smelting (34%).

• Geopacific Resources has the advanced exploration Woodlark Island gold project in Milne Bay Province. Geopacific recently released a prefeasibility study on the project which indicated that Woodlark has the potential to be a robust, low-cost, low-stripping ratio open pit operation that can deliver an average of 100,000 ounces of gold per annum over 10 years. Highlights of the study include: an initial head grade of 1.63 grams per tonne gold; an all-in sustaining cost of $A990 per ounce for the first five years and $A1110/oz over the life of mine; capital cost of $A180 million; and a reserve of 34.7 million tonnes at 0.99gpt gold containing more than 1.1 million ounces.

• Kalia describes itself as an exploration company targeting energy metals across a range of mineralisation styles – and one of the company's areas of interest is Bougainville Island. Kalia says that from the preliminary work completed, including the re-processing of the data collected in 1986 by Fathom Geophysics and the analysis of raw data from other studies, sufficient sites have been identified to begin exploration.

• Niuminco Group has the brownfields Edie Creek gold project in Morobe Province 120km south of Lae. The mining leases cover nearly four square kilometres and lie in a valley between high slopes. Since becoming involved in the Edie Creek project, Niuminco has upgraded existing buildings and power supplies and constructed service roads in the lease area. Edie Creek ore is currently being processed at an average 15.0 tonnes per day – an increase from the previous 12 month averages of 6.4tpd. With new infrastructure purchased, it is anticipated Edie Creek will scale up to run at more than 40tpd – a three-times increase over recent production rates (13 to 15tpd).

Benefits from PNG LNG project hit K14 billion

May 14, 2018, The National Business

The value of benefits from the PNG LNG Project total about K14 billion, according to Oil Search Ltd chairman Rick Lee. This was revealed at the company's annual general meeting on Friday in Port Moresby. Lee said this was an accumulated value of benefits from multiple-revenue sources such as taxes, development levies, royalties and cash equity distributions to the Government. Managing director Peter Botten said that the company acknowledged that benefits had yet to reach all landowners. He said K709 million was held in trust waiting for final landowner identification. Botten said 12 of 15 licences were close to receiving payments while three awaited resolution of various court orders. "We will continue to support communities and the Government in their efforts to resolve final issues," Botten said. A shareholder in the company raised concern about a recent report published by the Jubilee Australia Research Centre titled 'Double or Nothing: The Broken Economic Promises of PNG LNG'. The report revealed that much of the predicted benefits to PNG and people in the project area did not eventuate. Botten said all payments due to the PNG government and other stakeholders had been paid by the PNG LNG project in line with the Oil and Gas Act.

PNG told to think again about gas reliance

There are calls for Papua New Guinea to re-think its emphasis on oil, gas and minerals.

Radio New Zealand, 11 May

Exxon Mobil PNG's LNG plant near Port Moresby Photo: (C)2014 {Richard Dellman/AdvantagePNG}, all rights reserved

The human rights NGO, Jubilee Australia, has published two damning reports on PNG's ExxonMobil-led LNG project in the past month, saying it has brought few positives to the country. In the latest report called '*On Shaky Ground,'* Jubilee said the people of Hela province, where the project is centred, were angry and frustrated that the promised benefits had not been delivered. Jubilee's Luke Fletcher said the PNG government could re-negotiate the deal and improve the flow of royalties. But the report also encouraged people to reconsider reliance on extracting resources, he said. "In a general sense I think the report is also encouraging PNG to think about gas as the answer to it solving problems in general. "And in that sense, really, some long hard thinking about all these new LNG projects that are being mooted and whether they are going to cause the same sort of problems." Discontent with the LNG project was threatening unrest, Mr Fletcher said.

MEDIA RELEASE

Increased violence in PNG as a result of Australian government funded project - new report
Jubilee Australia, 11 May 2018

A new report on the adverse social impacts of a Papua New Guinea Liquefied Natural Gas project will back Australia's assistant trade minister's call last week for an investigation into the decision to give AU$500 million taxpayer money to the venture. Jubilee Australia's new report **'On Shaky Ground: PNG LNG and the Consequences of Development Failure'** is the first independent comprehensive report of the social impacts of the PNG-LNG pipeline since it started operating in 2014. Summary of findings:

- Although some royalties have been paid to communities near the LNG plant, no royalties have yet been paid to Hela communities.
- The landowners of the resource in the areas of Hela Province are still living in conditions of abject poverty.
- Despite warnings about the dangers of starting production before the completion of landowner identification and vetting, the companies proceeded into production phase before this was complete.
- The majority of the promised infrastructure and services has not been delivered.
- For the past two years, there has been a series of incidents of violence, sabotage and kidnapping that are clearly connected with frustrations and discontent about the project. Since August 2016, the violence has escalated in the Hela communities.

PNG LNG is an Exxon-led project which supplies about 8 million tonnes of LNG a year to Japan, South Korea and China. It is projected to run for 30 years. In 2009, Australia's Export Credit Agency, Efic lent AU$500 million to the project joint venturers Exxon, Oil Search, Santos and the Government of PNG. Efic's decision was based on advice from DFAT provided to the then-Minister for Trade, Simon Crean. This is the largest loan ever made by Efic.
Link: http://www.jubileeaustralia.org/_literature_162799/On_Shaky_Ground_Report

PNG gas project may spark 'new civil war'
Australian Associated Press, 10 May 2018

A new report on a partly Australian-funded Papua New Guinea gas project warns landowner discontent could "spiral out of control". A partly Australian-funded liquefied natural gas project in Papua New Guinea's southern highlands has the hallmarks of another Bougainville civil war, a new report warns. The ExxonMobil-led project, which attracted a half billion dollar Australian government loan in 2009, supplies eight million tonnes of gas a year to Japan, South Korea and China. Despite gas flowing since 2014, landowners in Hela province are yet to receive royalty payments, resulting in escalating tensions, tribal violence, incidents of hostage-taking, blockades and sabotage.

A new report from Australian think tank Jubilee Australia warns there are risks landowner discontent could "spiral out of control" and might force the PNG government into a military crackdown. "The build-up of arms has accelerated to a pointed where it is often speculated that the landowners are in possession of more firepower than the entire PNG defence force," the report says.

Armed clansmen in the town of Komo in Papua New Guinea’s Hela Province. Photo - Michael Main.

Between 1987-1997, 20,000 people died in a civil war between PNG and its Bougainville province. Panguna, one of the world's largest copper and gold mines, sparked the conflict. "The PNG state lost its war with Bougainville against a population that began the war armed only with bows and arrows," the report says. "In Hela, the population is far more numerous and heavily armed with weaponry that is increasing in sophistication and firepower by the day." The report is scathing of undelivered infrastructure projects resource companies promised landowners including roads, airports, hospitals, housing and sewerage projects. Report author Michael Main, who spent seven months on the ground in Hela province, said the vast majority had not been built. A few were incomplete or not maintained properly or were white elephants. He pointed to the Komo hospital, which has no equipment, staff, fuel for its generator, or beds.

"Tari airport does not even have a security fence, and on one occasion the author was required to chase away a cow that had wandered on to the airstrip, away from the Air Niugini plane that was coming in to land," the report said. The gas project was partially funded by Australia after the export credit agency Efic made its largest-ever loan of $500 million to ExxonMobil, OilSearch, Santos and the PNG government in 2009. The report is critical of the due diligence undertaken by consultants paid for by ExxonMobil. It calls for a full Senate inquiry. Last month, Jubilee Australia released another report which concluded the touted economic boom from the project had not eventuated and the PNG people would have been better off if it hadn't gone ahead. PNG Prime Minister Peter O'Neill dismissed the report as fake news, despite admitting he hadn't read it, while some of his ministers acknowledged the government had some lessons to learn. Comment has been sought from ExxonMobil and the PNG government.

EITI: Management of revenue from extractive sector hailed

By LUKE KAMA, May 10, 2018, The National Business

THE International Secretariat of Extractive Industries Transparency Initiative (EITI) is pleased with the progress Papua New Guinea has made to promote transparent and accountable management of revenues from its natural resources. Alex Gordy, who is the validation director for the EITI International Secretariat based at Oslo, Norway, said this in Port Moresby yesterday during a media conference before leaving the country. Gordy and a senior official from the EITI International Secretariat, Gay Ordinez, had been in the country since April 1 to assess and validate the work PNG EITI Secretariat has been doing since its establishment in the country in 2013. “I came in 2013 to assist Lucas Alkan, who is the head of the PNGEITI Secretariat now, to set up the secretariat,” he said. “I am pleased to say that PNG, through the secretariat, is producing information and data which was never available in the country before concerning revenue and transactions from the extractive industries.

“Great progress has been made and that is critical to improve transparency and accountable management of revenues from the extractive sector.” He said PNG was one of the 51 resource-rich member countries of EITI, which aimed to promote transparent and accountable management of revenues from their natural resources. Gordy and Ordinez met with key agencies of the State involved in the extractive sector, like the Department of Petroleum and Energy, Finance and Treasury departments, Mineral Resources Authority, Auditor-General’s Office, oil and gas and mining companies operating in the country. They also met with civil society and non-government organisations, and media. Gordy said he would provide a validation report to the EITI International Secretariat which would then do further assessment and give a rating on PNG’s performance. He said the assessment process would take about three months, after which a report would be released on the performance of PNG as a country.

Fears of job losses due to New Caledonia mining vandals
Radio New Zealand, 9 May 2018

There are fears of massive job losses in New Caledonia as a result of continued vandalism at the Kouaoua mining site. Another fire has damaged the belt system which feeds nickel ore to the coast for shipping to the SLN nickel smelter in Noumea.


The SLN plant in Noumea. Photo: RNZ / Johnny Blades

It is the third such incident in a year, causing substantial material damage each time and interrupting operations for days while repairs are made. The mayor of Kouaoua said he was exasperated by the attacks and feared that SLN might shut down the site, on which about 400 jobs depend. In the past, he implored locals to break the code of silence and help catch those who keep setting fire to the 11 kilometre conveyor belt system. Reports said it was unclear who was behind the attacks and who was being targeted. An SLN spokesperson said questions needed to be asked about why a work place was being damaged. SLN, which is New Caledonia's biggest private sector employer, has been running at a loss because of a drop in the price of nickel.

Court hearings in Port Moresby and Melbourne over future of Bougainville's Panguna copper mine. Kevin McQuillan, Business Advantage, 8 May 2018


The abandoned Panguna copper mine. Credit Sydney Morning Herald

Two court hearings on May 17, one in Port Moresby and the other in Melbourne, will help determine the future of the exploration licence for the Panguna copper mine in Bougainville. *Business Advantage PNG* looks at the ongoing competition for the rights to exploit the resource. The decision to refuse an extension of Bougainville Copper Limited's exploration licence and to impose an indefinite moratorium over the Panguna resource, followed a statutory Warden's meeting in December 2017. There was 'a narrow divide between those supporting the mine to be opened by Bougainville Copper Ltd (BCL) and those that oppose it', according to Bougainville President John Momis. BCL has successfully sought leave to apply for a judicial review of the decision to refuse its licence extension, citing legal and procedural concerns. 'While the moratorium has been gazetted, it has no impact on existing exploration licences or applications for extension, lodged prior to the moratorium,' BCL Company Secretary, Mark Hitchcock, tells *Business Advantage PNG*. 'BCL remains the holder of the exploration licence (EL1) until the matter is ultimately determined,' he says.

BCL has held the licence since the mine closed in 1989. The company is now owned by the PNG national government (36.4 per cent), the Autonomous Bougainville Government (36.4 per cent), European shareholders (four per cent) and 23.2 per cent through the Australian Securities Exchange (ASX). Rio Tinto gave away its stake in 2016. Those opposing BCL's involvement are led by Philip Miriori, who claims chairmanship of the Special Mining Lease Osikaiyang Landowners' Association (SMLOLA). He has thrown his support behind a bid by Perth-based junior miner, RTG Mining, to gain the exploration licence, setting up a joint venture company, Central Exploration, of which RTG owns 24 per cent. One of RTG's major shareholders holds another 32 per cent, and the SMLOLA retains 44 per cent. Miriori's chairmanship of the SMLOLA remains in dispute. The 367 authorised customary heads of the 510 blocks of land within the special mining lease area of Panguna say they do not recognise Miriori as the Chairman of the SMLOLA and support the extension of BCL's exploration licence.

Melbourne hearing

On the same day as the Port Moresby hearing, BCL will be in court in Melbourne, seeking disclosure about the relationship between RTG Mining and the SMLOLA. Miriori and other supporters admit they are being paid by RTG, but Miriori has told the ABC that the payments are legitimate salaries, not inducements. 'That is always a normal part of anything, nothing is free,' he says. The action seeks disclosure from RTG Mining and Central Exploration about any compensation or benefits paid to the SMLOLA. One analyst close to the proceedings says any disclosure could determine the possibility of 'unlawful interference' with BCL's exploration licence. For his part, Momis says his government believes it would be 'untenable under current circumstances' for any developer to develop the mine. 'We have some problems with RTG right now,' Momis tells *RNZI*. 'In fact, they are causing a lot of confusion and division in the community and we are not prepared to go ahead while this situation prevails.'

Exploration data

Should RTG Mining or any other company win the exploration licence, the next battle will be over the data about the location and extent of resources. 'BCL has an extensive database of historical data and project information from the mine operations prior to closure in 1990,' says Hitchcock. 'This data remains the intellectual property of the company.' Even if that data is not protected by intellectual property law but is only considered confidential information, it will still require cooperation from BCL to access, according to Alexandra George, Senior Lecturer at the University of New South Wales, who specialises in international intellectual property law. She tells *Business Advantage PNG* it might be expensive and time-consuming to obtain.

She says under Australian copyright law, ownership of a database is not straightforward. Whether or not RTG Mining could access the data may depend on the terms of the exploration licence, any special legislation, and on the terms of any contracts or licence agreements that have been entered into. 'If [the data] was not available, having to reinvent the wheel would add significant costs,' says George. 'Perhaps the safest way of assessing value is what the market is prepared to pay.' 'We estimate it would take any other company or entity at least two-to-three years to replicate the BCL database through exploration activities and would cost in excess of A$200 million (K400 million),' says Hitchcock.

O'Neill 'undermining' Bougainville peace deal, vote plan, says Miriori

Pacific Media Centre, May 8, 2018

A Bougainvillean leader has accused Papua New Guinean Prime Minister Peter O'Neill of "undermining" the island's 17-year-old peace agreement and the independence vote due next year. Martin Miriori also condemned O'Nell for lacking sensitivity over Bougainville that struck a New Zealand-brokered peace agreement which ended a 10-year civil war and included a referendum vote on independence. Miriori, a Panguna landowner and pro-independence leader, was reacting to a statement by O'Neill at the Business Forum in Brisbane last week and repeated in PNG's *The National* newspaper that the vote was not about independence, but what was best for the people of Bougainville. "When the prime minister comes out openly making such a statement in public, my view is that he is already undermining the good intentions and the spirit of the Bougainville Peace Agreement which, among other issues, clearly states that the issue of independence for Bougainville will be also among the options for a referendum vote to be taken by the people [in] June next year," he said today in a statement.

"This is also the common understanding of the international community as well [as] including the United Nations," Miriori said. "For the prime minister to water down the main focus on the independence issue at this time is simply a big slap on the face [of] the people of Bougainville." Miriori said Bougainvilleans would not have "fully committed themselves" to the joint partnership with Papua New Guinea in the peace process if they knew that they were "going to be tricked". "We must not lose the trust and confidence of the people at all cost, and in doing so try to confuse them by making such statements, which could easily undermine all our good work and tireless efforts being invested in this very delicate and sensitive process since we first fully committed ourselves at Burnham [New Zealand] in July 1997 towards achieving lasting peace by peaceful means," Miriori said. RNZ Pacific reports that O'Neill told the Business Forum in Brisbane that when the outcome of the referendum was tabled in the national Parliament, he was sure every MP would vote in the interests of a unified and harmonious country.

Guitars instead of guns

Meanwhile, the film maker of a forthcoming documentary about the Bougainville peace process, *Soldiers Without Guns*, has released a trailer. In a social media message message to supporters last week, Will Watson said: "We were celebrating the 20th anniversary of lasting peace for Bougainville yesterday. "Yes, the 30 April 1998 was the signing of the peace accord. "The other big news is that I completed the trailer for the upcoming movie, *Soldiers Without Guns*. It took lots of work but I think it describes the Pacific's worst civil war and peacekeeping with guitars instead of guns. "Still lots of work to do to complete the film. I hope you like the trailer. "I have been inspired to tell this story for the last 12 years. I am now very close to completing the feature length film." Watson won the 2017 Cannes Film Festival peace feature for his documentary *Haka and Guitars*. He has appealed for support in a funding campaign to complete the Bougainville project.

Investor withdraws from PNG seabed mining project

Radio New Zealand, 8 May 2018

A multinational mining company has withdrawn its support from the Solwara 1 seabed mining project in Papua New Guinea. In advance of its London annual general meeting today, Anglo American has confirmed it is divesting from the project, led by Canadian company Nautilus Minerals.

Sampling copper under the sea Photo: Nautilus Minerals

Nautilus plans to extract gold and copper from deep under the surface of PNG's Bismarck Sea, but it has yet to complete it equipment requirements for beginning mining, amid signs that it is struggling for finance. Anglo American has told the Deep Sea Mining Campaign that it has exited its investment in Solwara. The Campaign's Dr Helen Rosenbaum, said the company indicated its minority stake in the project was inconsistent with its commitments to sustainability, human rights, and environmental stewardship. Dr Rosenbaum said it was the latest sign that Nautilus' project was floundering. The PNG government has a 15 percent equity stake in the project, and has been under pressure from environmentalists and local communities to not renew Nautilus' license.

Late last year, community groups in New Ireland launched legal proceedings in a bid to obtain key documents around the Solwara 1 agreement. They accuse the government of withholding information on the project's approval and environmental impact reviews. "The legitimacy of the Solwara 1 project has been questionable right from the outset with independent reviews highlighting significant flaws in the Solwara 1 Environmental Impact Statement," Dr Rosenbaum said. Anglo American's divestment comes after recent high profile opposition to the world's first planned deep-sea mining project. The British environmentalist broadcaster Sir David Attenborough described the Solwara 1 project as "deeply tragic." Nautilus' recent investor updates revealed it was unable to raise the finance to complete the production equipment essential to its operational model.

Anglo American divests from Nautilus over risks of deep sea mining

Major mining company withdraws from high risk Solwara 1 deep sea mining project – will Nautilus Minerals go under before reaching the ocean floor?

Deep Sea Mining Campaign, Monday 7 May 2018

In advance of their London AGM on 8th May, Anglo American has exclusively confirmed to the Deep Sea Mining Campaign that they have exited their investment in the Nautilus Minerals Solwara 1 deep sea mining project. Dr. Helen Rosenbaum, of the Deep Sea Mining Campaign said: "We are pleased that Anglo American engaged with us and listened to the concerns of coastal and islands communities in Papua New Guinea, whose environment and way of life would be devastated by Nautilus's proposed Solwara 1 mine." Dr. Rosenbaum continued: "Anglo's decision to dump their minority stake in this controversial and floundering company was the only option consistent with their international commitments to sustainability, human rights, and environmental stewardship. Deep sea mining is financially and environmentally risky. The legitimacy of the Solwara 1 project has been questionable right from the outset with independent reviews highlighting significant flaws in the Solwara 1 Environmental Impact Statement."

Legal action launched by Papua New Guinean communities will also answer questions about whether the Solwara 1 project was lawfully approved. In the meantime local communities have turned out in force at formal hearings held in PNG's New Ireland Province to object to the extension of Nautilus exploration licences. Anglo's decision reinforces the growing opposition to deep sea mining. Sir David Attenborough is the latest to add his voice against this hazardous and unnecessary emerging industry, describing the Solwara 1 project as "deeply tragic." Andy Whitmore of the

Deep Sea Mining Campaign, who will attend the Anglo American AGM noted that: “In terms of financial and reputational risk, Anglo American have chosen a good time to be exiting. But for Nautilus it looks like it could not have come at a worse time, and may well be the final nail in the coffin for this dangerous experiment.”

"The company continues to limp along with bridging loans from its two long term major shareholders - MB Holdings and Metalloinvest – while continuing to accumulate significant debt with interest payable at 8% per annum. One wonders how long this can continue and when these shareholders will be forced to pull the plug." Nautilus' recent investor updates reveals it is even unable to raise the finance to complete the Production Support Vessel essential to its operational model. The investor update notes “there can be no assurances that the Company will be successful in securing the necessary additional financing transactions within the required time or at all.”

It must be a standalone gas project warns Western Province Governor

Loop PNG | May 7, 2018

The Fly River Provincial Government is putting the State and the O’Neill-Abel Government on Notice that discussions on developing P’nyang Gas Field must be a STANDALONE GAS PROJECT in Western Province. “This statement is on behalf of P’nyang Gas Project landowners, Western Province and the 8 million shareholders of Papua New Guinea,” says Western Governor Taboi Awi Yoto. While welcoming the recent announcement by O’Neill-Abel Government on the accomplishment of the national building policies to ensure its citizens participate more fully and directly in our country’s gas industry, Yoto noted that the Fly River Provincial Government has to use this opportunity to benefit its people by utilising development of gas projects in the province. Governor Yoto also noted that leveraging from Ok Tedi Mine of its skill labour, professionals and established contractors, Papua New Guineans including his people could participate from the PDL gas conditioning facility, to the pipeline and downstream storage and gas treatment plants.

This complements the requirement of the national and local content policy, utilise Domestic Market Obligation requirement for domestically produced gas for power generation and related downstream products for investment opportunities under the Third party Access code. “Fly River Provincial Government has the capability and the capacity to undertake challenges to ensure that the P’nyang Gas project is developed in the province. My Government as the host province to more than 20 Trillion Cubic Feet (TCF) of gas deposit, currently featuring the 4.6TCF in P’nyang Gas field, we are prepared to host the next LNG in the province. “This standalone project will enable the stranded gas fields in the province to optimise the opportunity for further development my people and the people of Papua New Guinea hope to benefit from,” the Governor said. The Governor noted that Papua

New Guinea has learnt many mistakes and gained enough experiences from the first LNG Project, called PNG LNG, under the operatorship of ExxonMobil. Juha Gas field was committed to the PNG LNG Project and awarded a PDL9 in 2009 without development. It was warehoused under a unitisation development concept and it is still anticipating development in 15-20 years' time.

P'nyang gas eld PRL13 with others holds 80 percent of the Recoverable Gas Fields yet to be committed. "Papua New Guineans cannot afford to make another mistake by simply ignoring the glaring facts the country is facing when granting a PDL licence to developers who would not only warehouse the gas field, denying beneficiaries' rights, but also do not comply with the laws of our sovereign State, statutory and regulatory requirements of the various licence conditions, and undermine public service mechanisms." In noting the serious negligence to the regulatory and compliance requirement, the Governor said ExxonMobil contradicts mandatory pre-requisites to qualify a Petroleum Development Licence stipulated in the Oil and Gas Act, and yet provided additional 18-month extension under section 54(2) Instruments to resubmit the licence conditions as specified below.

1. Section 47 to SMLI – P'nyang Landowners successfully restrained developers to comply with this before development license was granted
2. Third Party Certification of Reserves for blocks
a. Need to know how much can be produced and how much shareholders should own in the pool for the years of production.
3. Confirmation of extension of hydrocarbon pool into undrilled blocks
4. Complete pre-FEED and FEED Studies
a. Very important for Provincial Government and LLG to understand the corridors of impact and planning required on expected risks and opportunities. FEED directs priorities on gas development agendas, and beneficiary matrix.
5. Furnish Economic Model
a. FRPG Need to be included in the discussions leading up to gas agreement terms, to agree on provincial government's terms before gas agreement is executed
6. Full Scale Social Mapping and Landowner beneficiary Identification
a. SMLI report does not specify the actual beneficiaries of the PDL, and the Pipeline and Processing LNG facility areas? When will this be done? This is a grave concern to the beneficiaries of the LNG project and the very issues affecting the PNG LNG Project landowners and provincial governments
7. How Environmental Permit was obtained without Pre-Feed and FEED?
a. Environment impact Statement was done in PDL areas only, how about the Pipeline areas without consultation with the Provincial Government and LLG?
8. Conceptual Development Basis and Development Plan to start construction immediately
a. We cannot grant a PDL and wait in anticipation for 20 years. It is lawful that PDL is contingent on the actual Development of the Project. P'nyang Gas Field is not part of the Foundation project and therefore will not utilise the PNG LNG gas transport, gas treating and liquefaction plant. It will be built as a STANDALONE Project upon the grant of PDL.

The Governor, while thankful of the Government for taking a strong stand following consultation with the State and stakeholders said ExxonMobil quickly submitted its application for PDL in 2015 after noting the expiry date of Petroleum Retention Licence of P'nyang (PRL 13) in August 2016. "In November 2016, DPE contentiously issued to ExxonMobil an Instrument under section 54 (2) of Oil and Gas Act, to provide additional information to support application for grant of a Petroleum Development Licence. The instrument contains specific mandatory requirements by law that Esso PNG P'nyang Limited (subsidiary of ExxonMobil PNG Ltd) was to fulfil after they have failed to meet/satisfy the pre-requisites for consideration of a PDL during the 15 years term under various licensing periods as specified by law. "On 16th December, confirmation from a 2015 subsequent NEC decision 386/2015 noted PRL 3 Application does not meet the minimum statutory requirement for the grant of a PDL. That application failed to commit to Specific Field Development

Plan for State to consider, contradicting section 54 of Oil and Gas Act, among detailed development proposal that will give the beneficiaries, provincial government and Local Level Government and landowners the benefit of a doubt.

“One of the case in point is in December 2015, P’nyang Landowners and affected pipeline Local Level Government successfully challenged the validity of Social Mapping and Landowner Identification (SMLI) studies by ExxonMobil and obtained a National Court order restraining ExxonMobil and the State from rushing into a Development Forum in Kiunga,” stated Governor Yoto. “We are speaking for the benefit of the 8 million shareholders of this country, and PNG Government under the leadership of O’Neill-Abel simply cannot afford to suffer another misery from the hands of ‘economic hitmen’. “This important project will compensate for the losses and lessons learnt from PNG LNG project and Fly River Provincial Government is prepared to take necessary steps to ensure that my Project will be developed and processed in the Province.” The Governor pointed out that Western Province has contributed significantly to the development of this country through Ok Tedi Mining operation and it’s time the Government gives back to the people of this country to develop the gas project in the province as a standalone project, under new fiscal terms and commercial arrangements.

NZ Scientists to simulate controversial seabed mining effects

Jamie Morton, NZ Herald, 7 May 2018

The Chatham Rise is home to an abundance of seafloor species. Trawling operations and seabed mining proposals there have been controversial. (Photo / File)

Kiwi scientists investigating the impacts of controversial seabed mining are about to simulate the effects themselves, in one of the most challenging underwater experiments Niwa [National Institute of Water and Atmospheric Research] has ever attempted. Only two seabed ventures have ever been developed in New Zealand and both have been met with staunch opposition. That was amid concern the operations would disturb sea life at their operation sites - and more widely through drifting plumes of sediment and other environmental effects. In an MBIE-funded effort to learn more about the impacts, scientists will deploy at least nine high-tech instruments on the seabed on the Chatham Rise - the area off the Canterbury coast where one company has plans to mine phosphate. Among the equipment, to be placed in water 500m deep, is an underwater glider, three undersea observational platforms known as "benthic landers", a multi-corer to take sediment samples, seabed moorings, water column sampling equipment, an underwater camera that will be towed above the seafloor and a "benthic disturber".

The dispersal of the plume will then be monitored, and surveys before and after the disturbance will measure the effects on the seabed animals. Voyage leader and Niwa principal scientist Dr Malcolm Clark said some of the equipment has not been tried before in this situation and deploying so many instruments at once was "extraordinarily complex". "However, this is very important work that will enable us to provide information about the nature and extent of impacts associated with human activities in the deep sea and the level of resilience of the organisms living there." The data collected will be used to build up a picture of how the biological communities on the seabed may be affected by the sediment stirred up by mining, as well as bottom-trawl fishing. Uncertainty about the effects of sediment plumes had contributed to applications for seabed mining being declined - and the plumes were also a big environmental concern for sustainable fisheries certification.

"These activities create plumes of sediment but we don't know how the sediment affects seabed life as it settles again on the seafloor, and how much deep-sea animals can withstand," Clark said. "We are doing this experiment on a small scale on the Chatham Rise but it will give us a much better idea of how environmental managers and industry can work to mitigate larger-scale disturbance effects." The benthic disturber was about 4.5m-long and 2.4m-wide and contained a pump that mixed sediment with water and turned it into a slurry as it was towed along. The slurry was then pumped out a central chimney to create the plume, which would be tracked and monitored as it drifted and dispersed through the ocean. It was estimated the disturbance would take place over about half a square kilometre of seabed. The benthic landers, which have been built by Niwa and not yet used at sea, would carry a variety of high-definition cameras, lights and instruments to record physical, chemical and biological activity.

Niwa's ocean glider and a modified acoustic towfish would follow research vessel Tangaroa, measuring turbidity and the density of the plume, while water samples from inside and outside the plume will be collected. A towed camera would also record high-definition still images and video of the seafloor, which would be sampled by small coring and sled equipment. Three seabed moorings were also being installed at an undisturbed control site, where they would remain for a year. The information they record would be used for comparison with the disturbed area. A lab-based programme would run alongside the work at sea that will provide further information on the resilience of the seabed ecosystem.

Niwa's research vessel Tangaroa will lead the expedition. Photo / File

The research team planned to collect live sponges and corals and bring them back to a Niwa laboratory, where their resilience to various sediment loads will be tested. "We will compare the measurements taken during the Chatham Rise disturbance experiment with a controlled experiment in the lab, which may be able to tell us the tipping point at which these communities either cope well or are significantly impacted," Clark said. "The field and laboratory studies together will be a powerful combination to address when too much sediment is ecologically significant." The collaborative project was the first of three surveys, with the monitoring to be repeated next year and in 2020 to measure longer-term effects and potential recovery of seabed communities.

Anglo American to exit stake in deep sea mining company

Neil Hume, Financial Times, 4 May 2018

Anglo American is set to end its investment in a controversial deep sea mining company that is trying to develop a gold and copper deposit off the coast of Papua New Guinea. “We are in the process of exiting our small minority shareholding in Nautilus Mining, as part of the prioritisation of our portfolio on our largest and greatest potential resource assets,” an Anglo American spokesman told the Financial Times. Interested by the company’s technology — it was never involved with work on the deposit — Anglo took a 10 per cent stake in Nautilus back in 2006, which it later increased to 11 per cent. As Nautilus has raised money to develop the Solwara project, 1.6km below the surface of the Bismarck Sea, Anglo’s shareholding was diluted down to 4 per cent. It is that interest it is now looking to exit.

“In terms of financial and reputational risk, Anglo American have chosen a good time to be exiting,” said Andy Whitmore of the Deep Sea Mining Campaign. “But for Nautilus it looks like it could not have come at a worse time, and may well be the final nail in the coffin for this dangerous experiment”. Environmental campaigners have slammed the project, which is proposing to use three robotic machines weighing up to 310 tonnes to mine copper and gold from extinct hydrothermal vents on the ocean floor. Nautilus then wants to mix the ore with seawater to create a slurry, which can be drawn to the surface, stored and then put on other ships for transport. The extracted seawater is then pumped back to the seabed. The Deep Sea Mining Campaign came says the project has been “questionable” from the start with independent reviews highlighting flaws in Nautilus’s environmental impact statement.

The underwater vehicles it wants to use were assembled in the north-east of England and have huge spikes like medieval cudgels that can tear through rock. Nautilus, which counts Metalloinvest, Alisher Usmanov’s metals group, as its second biggest shareholder, warned last month that production from Solwara, originally scheduled for the third quarter of 2019, had been pushed back. It cited delays securing the remaining project financing and a production vessel for the setback. Nautilus claims Solwara offers the prospect of extracting high grade minerals without the large overheads and long timescales of land-based mining. The company’s share price has slumped 94 per cent over the past seven years and it is now valued at just over $100m. Nautilus could not be reached for comment.

ExxonMobil gas project a disaster for Papua New Guinea’s people

John Braddock, World Socialist Website, 4 May 2018

The massive $US19 billion ExxonMobil-led liquid natural gas (LNG) project in the Hela region of Papua New Guinea (PNG) has failed to deliver a promised economic boom for the country, a non-government organisation report has found. The Jubilee Australia report, titled “Double or Nothing; the Broken Economic Promises of PNG LNG,” says the project “has contributed to PNG going backwards on most economic indicators." According to the author Paul Flanagan, a former Australian treasury official, the country's impoverished population would have been better off "on almost every measure of economic welfare" without the project. ExxonMobil, the lead operator, is supported by the Australian-PNG company OilSearch. Both have stakes of just under one third in PNG LNG. The PNG government also has a large stake, as does Australian gas company Santos. The project, expected to run for 30 years, ships liquefied gas to Japan, South Korea and China.

The operation was substantially financed by the US Export-Import Bank, backed by a $A500 million loan from the Australian government's Export Finance and Insurance Corporation. ExxonMobil invested primarily in order to profit from low labour and start-up costs. The company began exporting LNG in 2014, amounting to 7.9 million tonnes per year, delivering an initial boost to the country's output. In 2016, however, the global economic crisis saw a precipitous drop in LNG prices to $US6.45 per million British thermal units (Btu), from a peak of $19.70. The facility remains vital to Washington's geo-strategic interests in the Asia-Pacific. Speaking to a Congressional committee in 2011 following a visit to PNG, then US secretary of state Hillary Clinton declared: "We are in a competition with China … ExxonMobil is producing it [natural gas]. China is in there every day in every way trying to figure out how it's going to come in behind us, come in under us."

Donald Trump's nomination of ExxonMobil's former CEO and chairman Rex Tillerson as US secretary of state in 2016 was welcomed by PNG Prime Minister Peter O'Neill, who declared him to be a "very good and genuine friend" of the country. PNG became nominally independent from Australian colonial rule in 1975. US and Australian-based banks and conglomerates, however, still dominate much of the country's economic and social life. Almost 5,000 Australian companies do business there, with total investments worth $A5.8 billion. PNG's military and police are funded through Australian grants and trained and advised by Australian forces. Proponents of the LNG project boasted it would be a "transformational" initiative for the PNG economy, contributing to a doubling of gross domestic product (GDP). The Jubilee report, however, catalogues a litany of economic failures. These included a GDP gain of just 10 percent, all "focused on the largely foreign-owned resource sector."

The decline in the social position of ordinary people has been stark. A "significant recession" hit the non-resource sector from 2015. By 2016, household incomes fell by 6 percent, employment by 27 percent and government services, including education, health and infrastructure, by 32 percent. Imports fell by 73 percent, and agricultural exports by 40 percent, due to exchange rate increases following the expansion of gas exports. The report notes that the "extremely disappointing" government revenues from the project cannot be put down to low global gas prices or cost blowouts in construction. Revenue, predicted to be around 1.4 billion PNG Kina ($A567.8 million) per year in 2016, despite low gas prices, was less than K0.5 billion. Including the interest costs of buying the government's equity share and direct payments to landowners, the project had a negative impact on the budget of at least K200 million in 2016 alone.

Several reasons are advanced for the project failing to deliver on its promises. There were serious flaws in the Exxon-commissioned modelling produced in 2008 by consultants Acil Tasman. The model failed to take into account, among other factors, generous tax concessions and the "aggressive tax avoidance methods" of ExxonMobil and OilSearch, including their use of subsidiaries, shell companies and tax havens. Luke Fletcher, executive director of Jubilee, told the *Guardian* there was generally little or no transparency about the assumptions made by economic modellers hired by resource firms proposing large-scale projects. The report claims the PNG economy performed worse than would have been expected without any new gas projects at all. "Poor policy decisions" were made by the PNG government in response to the gas boom. They included ramping up expenditure on what the Sydney-based Lowy Institute criticised as "prestige projects" as gas prices fell, contributed to the largest budget deficits in the country's history.

The only beneficiary has been a corrupt layer of business leaders and politicians who operate in the interests of the US and Australian-based banks and corporations, looting the country's extensive natural resources at the direct expense of working people. While O'Neill has been embroiled in corruption allegations, his government's austerity measures have further impoverished the working class and rural poor. With none of the promised benefits to improve living standards realised, the government has turned to police-state methods to suppress social tensions that have produced student protests, workers' strikes and, in the remote Highlands region, armed unrest. In April 2017, the government intensified a police and military operation, involving 300 personnel, to protect the ExxonMobil operations. Traditional landowners in Hela province carried out protests and blockades over the non-payment of promised royalties, development levies and dividends from the project, estimated at over K1 billion.

During 2017, ExxonMobil and OilSearch boasted sharp jumps in profits on the back of rebounding energy prices and cost-cutting. OilSearch reported a net profit rise of 405 percent to $US129.1 million, from $25.6 million, for the first half-year, mainly from its PNG operations. ExxonMobil's quarterly global income spiked to $8.38 billion, up from $1.68 billion in the same quarter a year previously. The result included a $5.9 billion non-cash benefit from recent US tax cuts. While the transnational energy corporations amass huge profits, PNG remains ranked at 154 out of 188 countries on the UN Human Development Index. Nearly 40 percent of the population live in grinding poverty, subsisting on less than $1.25 a day. PNG has one of the world's highest rates of maternal deaths. Nearly half the people live in squatter settlements, and illiteracy is rampant. PNG has the highest percentage of its population in the world—60 percent—without access to safe water.

PNG tribal violence not our fault: Santos

Lisa Martin, Australian Associated Press, 3 May 2018

Armed clansmen in the town of Komo in Papua New Guinea's Hela Province. Photo: Michael Main

Energy giant Santos insists it is not the company's fault villagers in Papua New Guinea are yet to see royalties from a major liquefied natural gas project in the four years since it started. A report by think-tank Jubilee Australia released this week concluded the project had failed to deliver a promised economic boom and PNG residents "would have been better off" had it not happened at all. The report, co-written by former Australian treasury official Paul Flanagan, was critical of economic, household income, employment, government revenue and import impacts of the project. Flows from the ExxonMobil-led project began in 2014 and it now supplies eight million tonnes of gas a year to Japan, South Korea and China. Delays in the landholder identification process mean locals in Hela province are yet to receive royalties from the project, resulting in tribal violence.

Santos chairman Keith Spence defended the project saying he certainly believes it had benefited Papua New Guineans. "I can stand here and say we have made a significant difference," Mr Spence told the company's annual general meeting in Adelaide. Mr Spence pointed to the refurbishment of a hospital in Hela province. "We have met every obligation... the moneys that were promised to the landholders have been paid to the government," he said. "It's for the government then to distribute those funds." Jubilee Australia's Luke Fletcher was skeptical and called for an investigation. "There are significant discrepancies between what the company says has been paid and what the government says they have received," Dr Fletcher told AAP.

"The chairman's blanket claim that the project has been economically beneficial for the people of PNG is based on no evidence." Papua New Guinea's Prime Minister Peter O'Neill has dismissed the report as "fake news" despite admitting he hadn't read it. His Treasurer Charles Abel welcomed the analysis and said there were lessons to learn. The gas project was partially funded by Australia after the export credit agency Efic made its largest-ever loan of $500 million to ExxonMobil, OilSearch, Santos and the PNG government in 2009. ExxonMobil PNG managing director Andrew Barry on Wednesday trumpeted the company's efforts to help get humanitarian relief to remote villages and restore road access following February's deadly earthquake in the Highlands.

Gas team for Gulf

May 3, 2018, The National Main Stories

PRIME Minister Peter O'Neill says a government negotiation team will be appointed in the next few weeks to develop a new gas agreement for the Papua LNG project in Gulf. He made the announcement during a business forum in Brisbane, Australia, this week. "We will continue to work with ExxonMobil and other partners to further develop existing fields where there is indication of more reserves so that we can expand on the existing LNG project," O'Neill said. The prime minister met with top executives of Papua LNG operator Total and said the front-end engineering and design (FEED) would be made known before the year ended. "We are determined to make that announcement well before Apec in November this year," O'Neill said. "In the coming weeks, I will meet with the Japanese government to explore further market opportunities for our gas, and will do the same with governments in other current and potential customer markets.

"Papua New Guinea and ExxonMobil delivered our country's first LNG project on time and within budget. "We will look to this success when negotiating with investors for the next wave of projects. "It is disappointing when so-called economists, who are aligned with political groups, continue to try to talk-down the economy and release fake news. "From one particular commentator recently, and I quote what they said:'Currently, on almost every measure of economic welfare in 2016, PNG would have been better off without the PNG LNG project'. "What utter nonsense. "The PNG LNG project has made a massive contribution to our economy, to jobs and community development. "So it is quite unrealistic to suggest that the LNG project is not contributing to economy of the country."

Meanwhile, ExxonMobil, operator of the US$19 billion PNG LNG Project, announced it that it had restarted its second LNG train this week. The PNG-LNG plant is now operating at normal production rates, and exports of LNG have resumed following an earthquake in February. The Komo Airfield in Hela has also reopened. Oil Search production has commenced from Kutubu, and Gobe in Southern Highlands will resume shortly after completing a scheduled maintenance. The worst-affected Moran fields will still take some time before production resumes.

Police warn anti-mining groups in Temotu not to block roads
Radio New Zealand, 2 May 2018

Police in Solomon Islands are warning anti-mining groups in Temotu Province not to set up road blocks or throw objects at vehicles on public roads. This comes after an incident last week when representatives of an overseas mining company called on police to help take down a barricade on a road leading up to their proposed prospecting site. In a statement the Temotu police superintendent James Toaki warned protesting groups that such behaviour was illegal and anyone caught would be fined and could face up to three months imprisonment. Mr Toaki said the incident was disappointing given a memorandum of understanding had been signed between the mining company and leaders of both pro and anti mining groups in the province. He urged disgruntled landowners to pursue legal means to challenge the miner's claim.

Geopacific Resources raises $10m for Woodlark gold exploration
Ewen Hosie, Australian Mining, May 2, 2018

Woodlark Island

Gold explorer Geopacific Resources has raised $10 million in exploration funding for its Woodlark gold project in Milne Bay, Papua New Guinea. The funds were raised in a placement of 280 million shares at $0.036 cents each, a 5.3 per cent discount on the company's closing price before making the announcement. Geopacific hopes to establish a drill program to define the project's wider potential beyond near-pit reserve drilling. The company is targeting an aspirational resource of 5 million ounces (Moz) of gold, a significant expansion on the current resource figure of 1.57Moz. "Any new discoveries have the potential to ultimately improve the forecast gold production profile in excess of the current 100,000oz per annum and extend the mine life," said Geopacific managing director Ron Heeks.

"Having established Woodlark as a robust gold development project it's encouraging to see strong financial support for our strategy to finalise the definitive feasibility study (DFS) and bring a significant exploration program online to continue to grow the project," he added. More than half of the $10 million will go towards resource development and drilling at $5.6 million overall; $900,000 is budgeted for completion of Woodlark's DFS, $1.1 million for exploration costs at company projects in Cambodia and Fiji, and the remaining $2.4 million will be for working capital, offer and other project costs. In addition to Woodlark, Geopacific's projects include the Kou Sa copper-gold project in Cambodia and five gold projects in various stages of exploration in Fiji, being the island nation's largest licence holder. These include the Nabila, Sabeto, Vuda, Rakiraki and Cakaudrove projects. In March, completion of a pre-feasibility study (PFS) on Woodlark allowed Geopacific to increase its interest in the project to 93 per cent under agreement terms with joint venture partner Kula Gold.

Citigroup Commits to Ditch Ocean Mine Waste Dumping

Earthworks, 2 May 2018

This week Citigroup announced it will no longer finance mining projects that dump mine waste into the ocean. The move comes in response to pressure from the Ditch Ocean Dumping campaign, which is calling on financial institutions to divest from any project or company that employs the practice. “Citi’s decision says loud and clear: ocean dumping is dirty, unnecessary and wrong,” said Ellen Moore of Earthworks, who is coordinating the campaign. “It’s high time we ditched ocean dumping once and for all. Banks and financial institutions must actively take steps to ensure that they are not bankrolling the destruction of our oceans.” After negotiations with the campaign, Citigroup agreed to add specific language to its environmental and social policy framework: "...Citi will not directly finance new mining projects... that utilize submarine waste disposal.” The policy framework covers corporate loans over $50 million, general corporate transactions and project finance.

Companies that employ aqueous mine waste dumping will land on the bank’s watchlist, an internal policy and process document used to identify high risk practices. Inclusion on the watch list means companies are identified as having elevated environmental, social or reputational risks and are automatically subjected to additional environmental and social review. The policy change does not, however, address Citi's brokerage business that holds nominee or custody shares on behalf of clients, which makes is possible for such investors to remain anonymous. “We are encouraged by Citi’s decision but remain concerned about transparency in financing of these types of harmful practices,” said Eiliv Erdal, local chair of the Association of Norwegian Salmon River Owners. “My livelihood depends on a healthy Førdefjord and I should be able to communicate directly with shareholders about how their investment will affect my business and my community.”

Mining companies dump 220 million tonnes of mine waste directly into our oceans, rivers and lakes every year: more waste than the United States puts into its landfills. While the outdated practice has been phased out in many parts of the world, new mining proposals in Papua New Guinea and Norway signal ocean mine waste dumping is being ramped up, not phased out. Following Citi’s commitment, the campaign will shift focus to other financial institutions that facilitate mine waste dumping. In Norway, two proposed mines escaped a recent moratorium on submarine dumping permits, jeopardizing the fish-rich Førdefjord and Repparfjord, as well as the traditional lifestyle of the indigenous Saami people.

“The Saami Parliament has twice voted against dumping mine waste in the Repparfjord,” said Silje Karine Muotka, member of the Governing Council of the Saami Parliament of Norway. “It is illogical and immoral to sacrifice our traditional, sustainable and profitable fisheries for an uncertain mine project that relies on outdated practices to turn a profit.” Traditional reindeer herding and fishing are an important source of sustenance and livelihoods for the Saami. According to the Institute for Marine Research, the area of the Repparfjord designated for mine waste dumping is a critical cod spawning ground. Mine waste can contain up to three dozen dangerous chemicals, including arsenic, lead, mercury, and cyanide. These metals accumulate in fish and, ultimately, the wildlife and people that eat them. The pollution contaminates drinking water, decimates ecosystems, and destroys fisheries.

ExxonMobil's project in PNG is economic parasitism
PNG was lulled with wildly unrealistic modelling. It would be dangerous to conclude that this couldn't happen to Australia. Scott Ludlam, The Guardian, 2 May 2018

The OED defines a parasite as "an organism that lives in or on an organism of another species (its host) and benefits by deriving nutrients at the other's expense." Parasitic relationships exist throughout the natural world and are defined by their one-sided nature. Ticks, mites, tapeworms: they all get something for nothing, and in all cases you're better off without them. Exxon's Liquefied Natural Gas (LNG) project in the highlands of Papua New Guinea provides a distressing case study of large-scale economic parasitism. A new economic analysis of the project by Jubilee Australia quantifies the ways in which the resource industry can drain the life out of an economy while providing less than nothing in return. That it was pulled off with Australian taxpayers' assistance is even more damning.

There have been any number of warning signs. Last year in a budget estimates session, I was keen to understand how Australian officials representing our export credit agency Efic could justify lending half a billion dollars to the project. After all, ExxonMobil advertises itself as "the world's largest publicly traded international oil and gas company", declaring revenues of nearly a quarter of a trillion US dollars in 2017. Why they would need Australian taxpayer assistance to get a gas project off the ground seemed highly suspect. At the time, the company was celebrating the 300th shipment of LNG from the project's export terminal, and yet the landowners in Hela hadn't been paid any royalties. Predictably, this was raising tensions in the area and there were – and are – very real fears that the project could end up triggering an armed insurgency.

The resource industry spends a fortune downplaying the negative social and environmental consequences of its presence. Their arguments generally gravitate to the simple appeal that the economic benefits more than compensate for the costs to country and culture. The Jubilee report craters this line of argument, demonstrating that the economy of PNG would have been better off without the project. It was co-written by executive director of the Jubilee Australia Research Centre Dr Luke Fletcher and economist Paul Flanagan, who has held senior roles within treasury departments in both Australia and PNG. It puts hard numbers to the economic case against the project, demonstrating that since it started up, household incomes have fallen, employment has fallen, government expenditure has fallen, and imports have fallen. It shows how a combination of project economics and policy decisions made by the PNG government combine to act as a net drag on the economy.

Buoyed by wildly unrealistic predictions of the flood of tax revenues that the project would unleash, the PNG government went on a debt-fuelled spending spree, sending the budget sharply into deficit. The Jubilee report details how in 2012, PNG prime minister Peter O'Neill told a mining and petroleum conference in Sydney "… we are borrowing now certain in the knowledge the revenue inflows from mining and LNG projects will make repayment manageable." We know how this story ends. ExxonMobil paid about "one-thousandth of its expected share of LNG sales from the project" in 2016. The company's aggressive use of tax havens and clever drafting of the deal between the parasite company and the host government are all it takes for the revenues to vanish into a thicket of holding companies and a PO box in the Bahamas. The Jubilee report was instantly dismissed as "fake news" by O'Neill, lending a Trumpian flavour to the unrepentant gouging of the people and landscape of PNG by a foreign oil and gas multinational. O'Neill has since admitted he hasn't read the report.

Professor of economics Michael Hudson has some words of warning for people trying to rid themselves of economic parasites. "In nature, parasites don't simply attach themselves to a host and suck out blood, or take the surplus in an economy. In order to do that, they have to numb the host. They need an anesthetic so that the host doesn't realize it's being bitten." The anesthetic comes in the form of economic modelling used by project backers and beneficiaries to lend an aroma of scientific legitimacy to their cause. In this instance, wildly unrealistic Acil Tasman (now Acil Allen) modelling commissioned by ExxonMobil in 2008 provides a textbook case of why these documents should be treated with utmost suspicion. The Jubilee report demonstrates how Exxon's economists-for-hire were about as wrong as it is possible to be in their hallucinations of employment, tax revenues and a doubling of the size of the host economy.

The PNG LNG project has it all. Dispossession of traditional landholders and non-payment of royalties. 7.9 million tonnes of fossil gas exported and then discharged into the atmosphere every year. Aggressive tax avoidance by Exxon and its commercial partners. Outstanding returns for Exxon shareholders , and a half-billion dollar soft-loan by Australian taxpayers to make the whole venture stack up. We'd be dangerously wrong to conclude that this kind of parasitic resource-curse afflicts only our less fortunate neighbours: ExxonMobil pays no tax in Australia, either. While we do what we can to help the people of PNG wring some kind of redress from this debacle, we also need an honest diagnosis of the amount of anesthetic being applied here at home.

PNG LNG Benefits Are Below Average

The Government admits that the scale of benefits has not fully matched government expectations, especially when it coincides with the collapse of oil and gas prices.

BY ISAAC NICHOLAS, Post-Courier, May 2, 2018

The Government admits that the scale of benefits has not fully matched government expectations, especially when it coincides with the collapse of oil and gas prices. Deputy Prime Minister and Treasury Minister Charles Abel said this yesterday when welcoming the analysis on the PNG LNG Project outcomes by Australian think tank Jubilee Australia. Mr Abel said the government would develop a template for future project agreements that would be presented to Cabinet for approval. "We welcome any analysis of our project arrangements including this one. The Treasury Department has to examine the veracity of their numbers but we are aware that the scale of benefits from the project has not matched expectations fully, especially when commencement of production coincided with a collapse of the oil and gas prices," Abel said in response to the latest Jubilee Report, Double or Nothing, released this week.

"If the price of oil had remained above $US100 we probably would not be having this conversation. "The PNG LNG Project is our first gas project and demonstrated that PNG can deliver large scale projects. "It provided a significant boost to the economy during construction and continues to do so through the taxation, royalty and dividend streams. Nevertheless, as I have stated previously, we must learn from past experiences and structure agreements going forward that are simpler to administer and smooth our revenue flows in high and low price situations. "In line with the 25-point (100-day) plan I have given written instructions to Treasury to develop a template for project agreements going forward where the tax regime is more production (royalty) based rather than profit based, where the royalty calculations are based on full export value, where a portion of our back in equity is free carry, where the forex regulations ensure all surplus funds return to the country. "This will have to go to Cabinet. We also have the White Paper on the petroleum sector which clarifies domestic market obligations, local content and third party access to infrastructure like pipelines." Mr Abel said this before he left yesterday morning to attend the Asian Development Bank annual meetings in Manila as a member of the board of governors.

Prime Minister rejects LNG report he hadn't read as 'fake news'
Liam Fox, ABC News, 1 May 2018

Peter O'Neill admitted the LNG project had not delivered the massive benefits that had been predicted. (Supplied: Santos)

Papua New Guinea's Prime Minister Peter O'Neill has rejected as "utter nonsense" a report — he later admitted he hadn't read — that claims his country would have been better off without a massive liquefied natural gas project. The report released by the Jubilee Australia Research Centre on Monday said the ExxonMobil-led PNG LNG project had not delivered the massive economic benefits that had been predicted.

Predictions vs outcomes:

- The **size of the economy** was predicted to double, but is **up only 10 per cent**, mostly in the largely foreign-owned resource sector
- **Household incomes** were predicted to rise by 84 per cent, but are instead **down 6 per cent**
- There was a predicted 42 per cent increase in **employment**, but employment is actually **down 27 per cent**
- **Government expenditure** was expected to rise by 85 per cent, but is **down 32 per cent**
- **Imports** were predicted to rise by 58 per cent, but are **down 73 per cent**
- The only area where outcomes were underestimated was in the **export sector**, where a 106 per cent increase was forecast. The outcome was an **increase of 114 per cent**.

Source: Double or Nothing: The Broken Economic Promises of the PNG LNG Project, Jubilee Australia Research Centre

It also claimed the PNG economy would have been better off if the project, PNG's biggest resource venture, had never been constructed. During a speech to the Australia PNG Business Forum and Trade Expo in Brisbane Mr O'Neill dismissed the report as "fake news". "It's quite disappointing to note that some of our experts continue to try and talk down the economy." After his speech, Mr O'Neill said he had not read the Jubilee Australia report. He acknowledged the PNG LNG project had not delivered the massive benefits that had been predicted, such as doubling the size of PNG's economy. But he said that was the result of a drop in the price of oil. "The flow-on effects of that is that none of the stakeholders will get the benefits that we were all anticipating," he said.

Household incomes and employment have fallen since the PNG LNG project began. (ExxonMobil PNG)

One of the co-authors of the Jubilee Australia report, economist Paul Flanagan, was in the audience during Mr O'Neill's speech and described it as "disappointing". He said he stood by the report and its conclusions. "That report indicated that on almost all economic criteria, welfare has decreased in PNG because of the PNG LNG project," he said. "We stand by the point that at this stage, because of poor policies, PNG would've been better off without the PNG LNG project."

‘Fake news’: Papua New Guinea prime minister ridicules report on gas project

Australian Associated Press, 1 May 2018

Peter O’Neill at the PNG-Australia Business Forum in Brisbane, where he described a report saying an LNG pipeline had not contributed to the economy as ‘utter nonsense’. Photograph: Dave Hunt/AAP

Papua New Guinea’s prime minister has dismissed as “fake news” a report that claims a partially Australian-funded liquefied natural gas project is failing to deliver a promised economic boom to his people. Peter O'Neill is in Brisbane for the Australian-PNG business forum and used a keynote speech to attack a damning report by Jubilee Australia, which questioned whether projected economic benefits were flowing from the ExxonMobil-led project. The project supplies 8m tonnes of gas a year to Japan, South Korea and China, with the flow starting in 2014. Australia's export credit agency, Efic, made its largest ever loan of $500m to ExxonMobil, OilSearch, Santos and the PNG government in 2009. "The people of PNG would have been better off had the project not happened at all," said report co-author Paul Flanagan, a former Australian Treasury official. O'Neill characterised the report as "utter nonsense". "It's quite disappointing to note that some experts, who align themselves with political groupings, continue to talk down the economy and continue to release fake news," O'Neill told the forum. "It's quite unrealistic to suggest the LNG project is not contributing to the economy of the country."

ExxonMobil has defended the project saying it had contributed $5.69bn to local businesses and the government through employment tax and royalties. "Good governance, accountability and revenue transparency are critical to ensuring that the value unlocked from gas resources in PNG results in economic growth, increased opportunities and a better standard of living for Papua New Guineans," a spokeswoman said. Australia's assistant trade minister, Mark Coulton, focused on the "game changer" upcoming Asia Pacific Economic Cooperation leaders summit in Port Moresby. "It is an opportunity to showcase the business potential of PNG to the world – a stable, reliable democracy and an attractive commercial environment," Coulton said. "It is incumbent on us, during tough times, to keep making the case about the growth and competitiveness that comes from opening markets to trade and investment." He praised PNG's decision to reconsider joining up to the Pacific Pacer Plus free trade agreement. Australian companies have $18bn invested in PNG and more than 4,600 Australian businesses are exporting goods into PNG.

PNG PM expected to defend gas project

AAP, 1 May 2018

Papua New Guinea's prime minister is expected to defend his country's partially-Australian funded liquefied natural gas project, which a new report claims is failing to deliver a promised economic boom to his people. Peter O'Neill is in Brisbane for the Australian-PNG business forum and will deliver a keynote address on Tuesday. The ExxonMobil-led project supplies eight million tonnes of gas a year to Japan, South Korea and China, with the flow starting in 2014. Australia's export credit agency Efic made its largest-ever loan of $500 million to ExxonMobil, OilSearch, Santos and the PNG government in 2009. On the eve of the forum, Jubilee Australia released a damning report that slammed the joint venture's inflated growth projections. "The people of PNG would have been better off had the project not happened at all," report co-author Paul Flanagan said. The report was critical of economic, household income, employment, government revenue and import impacts of the project for PNG. ExxonMobil has defended the project saying it had contributed $5.69 billion to local businesses and the government through employment tax and royalties.

"Good governance, accountability and revenue transparency are critical to ensuring that the value unlocked from gas resources in PNG results in economic growth, increased opportunities and a better standard of living for Papua New Guineans," a spokeswoman said. The company's PNG managing director Andrew Barry will speak at the forum on Wednesday. Meanwhile, Assistant Trade Minister Mark Coulton's Tuesday speech to the forum will focus on the "game changer" upcoming Asia Pacific Economic Cooperation leaders summit in Port Moresby. "It is an opportunity to showcase the business potential of PNG to the world - a stable, reliable democracy and an attractive commercial environment," Mr Coulton will say. "It is incumbent on us, during tough times, to keep making the case about the growth and competitiveness that comes from opening markets to trade and investment." Australian companies have $18 billion invested in PNG and more than 4600 Australian businesses are exporting goods into PNG.

Exxon restarts 2nd LNG train closed after quake

The National, May 1, 2018

ExxonMobil PNG has restarted its second LNG train since it closed after the earthquake in February. Pictured: The PNG LNG plant outside Port Moresby.

OPERATOR of the PNG LNG Project ExxonMobil PNG Ltd has restarted its second liquefied natural gas (LNG) train since it closed after the earthquake. The company announced yesterday that the plant was now operating at normal production rates, and exports of LNG had resumed. Production has been gradually increasing since the Hides gas conditioning plant and one train at the PNG LNG plant restarted early last month. The company expects to reach full capacity this month. ExxonMobil PNG managing director Andrew Barry, pictured, commended all stakeholders who had worked tirelessly to safely resume operations and assist communities in earthquake recovery efforts. “I am extremely proud of the spirit of partnership and commitment that has been displayed by so many in recent weeks to help our business and communities through these events,” he said.

“We know there is a lot of work to be done and communities are still struggling. “It will take some time to restore homes, food gardens, health centres and education services. “We remain committed to working with the Government, our community partners and aid organisations to continue providing assistance and support in the weeks and months ahead.” Humanitarian support to date by ExxonMobil PNG includes the delivery of 50 tonnes of food and drinking water, 600 tarpaulins, 1020 solar lights and other essential items such as purification tablets, cooking aids and hygiene kits. Exxon Mobil Corporation has provided nearly K3.5 million towards humanitarian relief. ExxonMobil PNG is also assisting the Government to build infrastructure and key roads and bridges for Hela and Southern Highlands provinces that were destroyed during the disaster.

PNG Sweats On Meeting EITI Global Reporting Standards

Post Courier, May 1, 2018

Officials from the Extractive Industry Transparency Initiative (EITI) International Secretariat in Norway will be in the country today to begin a week-long consultation with relevant stakeholders for Papua New Guinea’s EITI validation. PNGEITI head of National Secretariat Lucas Alkan said the officials will meet and consult with government agencies, extractive companies, civil society organisations, journalist and academics to gauge their feedbacks on EITI implementation to prepare PNG’s Validation report. Mr Alkan said, “The purpose of validation is to drive reforms in the extractive sector, access performance and promote dialogue, identify opportunities to increase the impact of EITI implementation, identify opportunities for mainstreaming EITI implementation in government systems and safeguard the integrity of the EITI. The validation will determine whether PNG has made meaningful progress in implementing EITI global reporting standards or have little or no progress at all.

Lucas Alkan and the 2016 EITI Report

“On behalf of the members of the PNGEITI multi stakeholder group and its chair Charles Abel, I am happy we have made progress in terms of inducing reforms either directly or indirectly through the EITI process,” Mr Alkan said. Other government initiative such as the review of the Infrastructure Tax Credit Scheme and the Department of Finance review of Government trust accounts goes hand in hand with PNGEITI recommendations. “These are the progresses so far and we want to see more done to bring about global best practices into the mining and petroleum sector for better management and use of revenues derived by the sector. “Our desire for EITI in Papua New Guinea is long term- to making sure that EITI serves a useful function in the extractive dependent PNG economy,” Mr Alkan said.

Papua New Guinea’s resource curse
Disaster strikes the nation’s massive gas project
Jo Chandler, The Monthly, May 2018

Armed clan near Komo, Hela Province, Papua New Guinea. Photo by Michael Main

Link: https://www.themonthly.com.au/issue/2018/may/1525096800/jo-chandler/papua-new-guinea-s-resource-curse

Editorial

The embarrassing early negative effects of the LNG project

PNG's first billion dollar liquefied natural gas project put the country on the world map among not so many other producers. Post-Courier, April 30, 2018

PNG's first billion dollar liquefied natural gas project put the country on the world map among not so many other producers. With it were the many promises of the country being "flush with cash" and warnings about facing the high risks associated with the "Dutch Disease". And while PNG experienced phenomenal growth of six per cent and above during the construction phase of the LNG project, the financing aspects remained unknown and to which some information are starting to trickle in now. Jubilee Australia's latest report on the LNG project is critical of Australia's export credit agency EFIC's K500 million lent for the project. It is damning for PNG because it highlights some early miscalculations about major economic benefits associated with it. Initially EFIC had refused to lend money to the project, but what with the all inclusive persuasive powers of majors like Oil Search, Santos, Exxonmobil and Australian economic consultants ACIL-Tasman, it was left with no choice but to do so.

Jubilee Australia's new report "Double or Nothing: The Broken Economic Promises of PNG LNG" is co-authored by Paul Flanagan and Dr Luke Fletcher. Flanagan worked for the Australian government in senior executive positions and with the PNG Treasury where he was team leader and senior adviser to the SGP Program from February 2011 to August 2013. Fletcher is the executive director of Jubilee Australia and said in the report "Australia's export credit agency, EFIC is an agency that is out of control. It has deplorable due diligence and accountability, as a result, it makes decisions like this that not only undermines the livelihood and prosperity of our neighbours in PNG, but also our own nation's security." Earlier in the report its summary included despite predictions of a doubling in the size of the economy, the outcome was a gain of only 10 per cent and all of this focused on the largely foreign-owned resource sector itself. Despite predictions of an 84 per cent increase in household incomes, the outcome was a fall of 6 per cent.

Despite predictions of a 42 per cent increase in employment, the outcome was a fall of 27. Despite predictions of an 85 per cent increase in government expenditure to support better education, health, law and order, and infrastructure, the outcome was a fall of 32 per cent, and despite predictions of a 58 per cent increase in imports, the outcome was a fall of 73. The above summary is a very useful insight into the shortfalls of the LNG project and in addition Exxonmobil and Oil Search should be paying PNG half-a-billion Australian dollars every year since first flow in 2014 instead of paying a fraction of this amount partly because of their use of tax havens in the Bahamas and Netherlands. The PNG government has promised to issue a statement in relation to the report. The second paper will discuss the unpaid royalties and development benefits and the escalating violence as a result of the PNG LNG project.

The Race to Send Robots to Mine the Ocean Floor

Eric Niiler, Wired, 6 April 2018

When the 300-foot Maersk Launcher docked in San Diego early Monday morning, it unloaded a cargo of hardened black blobs scooped from the bottom of the sea. The blobs are not rocks, but naturally-occurring metallic nodules that could one day yield metal deposits of cobalt, manganese, and nickel—not to mention scarce rare earth minerals. As worldwide demand rises for electric vehicle batteries and wind turbines, along with next generation technologies and weapon systems, demand for these metals has taken off. And the seabed is a prime target for those mining operations. Of course, it's no small feat to bring these potato-sized nodules from the bottom of the remote Pacific Ocean, and then sail them to a processing plant where the metals can be extracted.

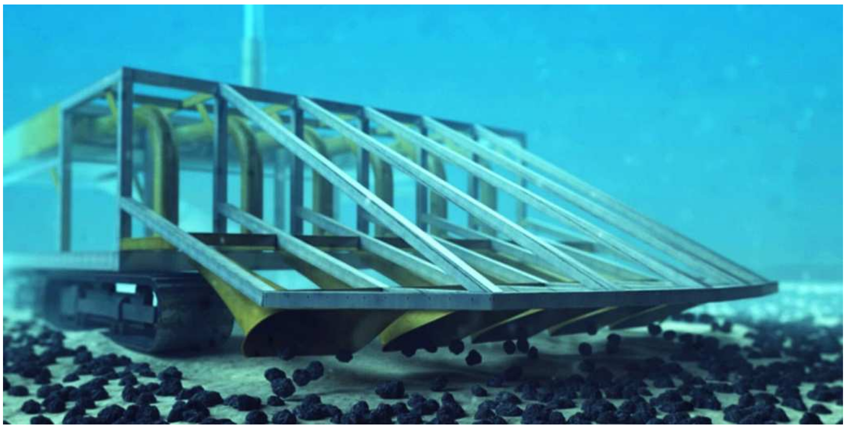
Seafloor polymetallic nodules recovered from NORI's exploration license area. *DeepGreen*

But leaders of Canada-based mining company DeepGreen Metals and its subsidiary NORI (Nauru Ocean Resources Inc.) think they have figured out how to harvest the nodules without wrecking the deep ocean habitat—and make a profit at the same time. "Nature created this abundant resource filled with all the metals we need for our future," says Deep Green CEO Gerard Barron, a former advertising technology entrepreneur from Australia who says he has plowed $8 million of his own money into the undersea mining enterprise. "It's the new oil. Everything you need to build an EV battery is contained in our nodules." A team of more than 70 DeepGreen technicians, researchers, and scientists just completed a seven-week voyage aboard the Maersk Launcher to the Clarion Clipperton Zone, a 1.7 million square mile hunk of the Pacific between Hawaii and Mexico where much of the world's supply of these nodules exist.

Deployment of box core to collect seafloor polymetallic nodules. *DeepGreen*

Researchers aboard the ship dropped box-shaped coring devices 12,000 feet to the seafloor to sample the nodules as well as bring up sediments and mud from the seafloor. Roving autonomous underwater vehicles filmed the operation, provided directions, and collected water quality data. The mission is the first of several that are required as part of an environmental impact statement that DeepGreen must complete before getting a final permit from the International Seabed Authority. The authority regulates exploration and mining activity in the Clipperton zone and has partitioned mining rights to various nations, including DeepGreen's partner, the island nation of Nauru.

DeepGreen says it wants to do the right thing when it comes to the seafloor habitat. It recently hired Greg Stone, a former chief scientist for Conservation International, to help it make a plan for low-impact seafloor mining and the bottom habitat. “This is the first time that we’ve sat back prior to launching mineral extraction thought about it,” Stone says. He notes that DeepGreen is also relying on data from previous efforts to scoop up these mineral-laden deposits. That includes the infamous Glomar Explorer that turned out to be a clandestine effort by the CIA to recover a sunken Soviet submarine. “We are relying on decades of policy development and years of research to characterize the seafloor and build models of the deep sea so we understand how the currents flow, what animals live there, and what changes there will be,” Stone says.



DeepGreen

DeepGreen says it is designing a harvester running on treads that it hopes to test within the next year or two. The idea is to drive the autonomous device across the seabed, scooping up just a few inches of the seabed. The scoop will be attached to a vacuum-line that sucks the nodules up to the ship on the surface. The enclosed-loop system will return the cold ocean water to the bottom rather than dumping it into the warmer surface layers to minimize environmental impacts, Stone says. They also want to make sure the seabed isn’t left a mess. One way to do that is by harvesting in a checkerboard pattern of squares. The idea would be to allow untouched areas where deep sea animals and plants could either find shelter or recolonize. “We will be applying the best practices and principles, cataloging all the species that live down there to find out if there are any discongruities on the seafloor,” Stone says. “If we find an area that has a unique species clustered around several hundred square kilometers or square meters, we would give that a pass. If we find the whole seafloor is the same, we will make sure our work down there is done in a patchwork fashion so we don’t go through an area and wipe it out.”

Despite these precautions, some marine scientists believe it is difficult to leave the seabed untouched. Andrea Koschinsky-Fritsche of Jacobs University in Bremen, Germany, has been studying the potential impacts of mining on various deep sea habitats. She compares mining to the impacts of fishing trawl nets that are dragged across the seafloor. “The effect on the bottom sediment is quite similar, but recovery of deep sea is much slower than bottom trawling areas,” Koschinsky-Fritsche says. “The continental shelf has more food than the deep sea ecosystem.” She says that scientists still don’t know much about the diversity and population of the worms, mollusks, fish, and other inhabitants of the dark world at the seafloor. Of course, these uncertainties aren’t stopping mining companies like DeepGreen or London-based UK Seabed Resources, a subsidiary of Lockheed-Martin, which are planning more tests and pilot projects before full-scale operations could begin in the next few years. In April, Japanese researchers announced they found a trove of similar black nodules that contain hundreds of years worth of rare-earth metals just 1,150 miles southeast of Tokyo. It appears the slow-motion race to to undersea riches has just kicked up a notch.