

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

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Abbreviations in common use:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PIR: Pacific Islands Report

PNG: Papua New Guinea

Websites:

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

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

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

Panguna dispute: Bougainville threatens to cancel Bougainville Copper licence over mining row

Eric Tlozek, ABC News, 31 August 2016

The Autonomous Region of Bougainville is engaged in a new struggle with the Papua New Guinean Government over the ownership of the island's controversial Panguna copper mine.

Disputes over the Panguna mine sparked a decade-long armed insurgency that cost an estimated 20,000 lives. PNG's Prime Minister wants to give landowners on the island a minority shareholding in Bougainville Copper Limited (BCL), the company which operated the mine.

This would prevent the Bougainville Government from having a controlling share. Bougainville's President has responded by threatening to cancel the Australian-listed company's exploration licence. BCL holds the only exploration licence over the large copper deposits around the former Panguna mine, and also holds valuable drilling data that any company wanting to mine the area would need. Bougainville's President John Momis said that would count for little if the PNG Government refused to hand over a controlling interest in the company.

"The ABG (Autonomous Bougainville Government) will have no option but to cancel Bougainville Copper Limited's licence, and when that happens, then you'll have a lose-lose deal," he said. The PNG Government has long held 19 per cent of the BCL shares. Mining giant Rio Tinto had 53 per cent, and recently decided to get rid of its interest. It gave the Bougainville Government 36 per cent and the PNG Government an extra 17 per cent to give both parties an equal shareholding. But on August 17, Papua New Guinea's Prime Minister Peter O'Neill announced the national Government would give the extra 17 per cent to unspecified landowners of the mine area. "We have given our shares to the landowners," he said. "The ABG will keep theirs, we will keep 19 per cent, [and] 17.4 per cent that was gifted to us by Rio Tinto will be now given to the landowners and the people of Bougainville." The decision infuriated the Bougainville Government, which has passed its own Mining Act and taken responsibility for the complex negotiations with the various landowner groups and former combatants in the conflict.

Mr Momis said landowner groups were rejecting the Government's offer of share ownership because it would lead to further disputes. "We've been dealing with them and their representatives unanimously resolved that 17 per cent should go to the ABG," he said. 'It's a political move': ABG Minister. Part of the peace agreement to end the Bougainville crisis was the promise of a referendum on Bougainville's independence, which is scheduled for 2019. But many people in Bougainville think the province would need the revenue from a restarted Panguna mine if it was to secede. Bougainville's Mining Minister Robin Wilson said the Prime Minister's handling of the shares could be designed to weaken the case for independence. "I think it's a political move and I've been suspecting all along that there is this kind of thinking in the national Government that if Bougainvilleans take over Panguna mine on their own, it will boost their chances of getting independence," he said.

Bougainville's threat to cancel BCL's exploration licence would not just affect its own shareholding and the national Government's stake; 27 per cent of the shares are owned by smaller investors, and the decision would dramatically affect the value of their holding. "We're quite aware of the sensitivities around the shareholding and the directors are continuing to act for the benefit of all the shareholders, including the minority shareholders," Mark Hitchcock, company secretary of BCL, said. Mr Hitchcock said the company was talking to both governments and was waiting for more detail about their plans. "There's still more to be known about just how that will work," he said. "We're sort of still business as usual and getting the things done that need to be done now, including the transition from the Rio Tinto services agreement, which will make Bougainville Copper a truly independent PNG company." There is still a large resource under the ground at Panguna, but the Bougainville Government estimates it will cost about \$8 billion to restart the mine and provide the environmental management the site badly needs.

Vessel to conduct environment exploration

August 31, 2016, The National Business

A DEEP sea marine research vessel is in Lihir, Namatanai district, New Ireland, to conduct environmental exploration along the New Britain Trench in the Pacific Ocean. The mv Zhang Jian arrived in Lihir last weekend. Staff on board will sample seafloor sediment and conduct other marine surveys until September 3, 2016. The visit to Lihir was commissioned by gold mine developer Newcrest Mining Limited. It is the mother ship of Rainbow Fish, a submersible capable of diving to 11,000 metres. Welcoming the visiting 16 scientists from three Chinese universities and crew members, Lihir Mining Area Landowners executive chairman James Laketan said the people of Lihir were looking forward to the survey and exploration findings. "Environment and health issues are among our priority areas of concern. Deep-sea tailings have been banned in most resource project

areas around the world,” he said. “But the story has been different here in Papua New Guinea, especially for the Lihir gold and Ramu nickel and cobalt projects.

“Such surveys will identify the amount of sediment and wastes in our waters and coastlines and assist the Government and local authorities manage and prevent damage to our marine environment and protect the health of our people.” He said since mining started on the island, villagers had been experiencing health and other concerns as a result of chemical spills contaminating the environment. “While control mechanisms have been established, there is no 100 per cent guarantee on prevention of health issues relating to mining,” he said. “LMALA has raised these issues time and again with the developer and we will continue to do so for the good of Lihirian people. “We are hopeful that with its state-of-the-art facilities, the Zhang Jian team will deliver findings that will help all stakeholders continue to properly monitor and manage our ocean environment.” Zhang Jian is carrying 16 scientists from the Tongji University, Shanghai Ocean University and Chinese Academy of Sciences who will test the navigation abilities of the ship and its scientific equipment before it heads out on a more challenging voyage to the 11,000-metre-deep Mariana Trench at the end of year.

MRSM welcomes Government move

Post-Courier, August 30, 2016

THE decision by the Government to offload 33 per cent of its equity shares in Ok Tedi to landowners and Western Province has been welcomed by the board of directors of Mineral Resources Star Mountains Limited (MRSM). Board chairman Bill Menim said this is the first time since the Government has made such an announcement of historical significance to the landowners and the people of Western Province and Papua New Guinea as a whole. Mr Menim said the decision will allow the locals to have direct equity participation in the project rather than just receiving dividends.

MRSM is a mine area landowner entity with direct shareholding in Ok Tedi. “We the MRSM board of directors take this time to show our heartfelt gratitude to the government on behalf of the landowners and the people of Western Province. ‘We encourage our people to leave all differences aside, take this opportunity and work hand in hand for the benefit of our people.’” The board of MRSM has also made a call for MRDC to also manage the new shares offloaded by the Government upon the endorsement of the National Executive Council under existing agreement.

Be fair, give free equity to Porgera Landowners: Mangape

Post-Courier, August 30, 2016

BY JEFFREY ELAPA

LAIGAP-Porgera MP Nixon Mangape said if the Government can award free equity for the OK Tedi and Paguna mine then can it also do the same to Porgera landowners. Mr Managape said the Porgera gold mine in Enga Province has sustained the national economy after the Paguna gold mine was forced shut in 1989 and contributes 16 per cent of the GDP during the past 25 years. He said in recognition of the contribution to the economy, can the government also give free equity from the Porgera gold mine to the Porgera landowners to be fair. He said the landowners had to pay for the 3 per cent equity stake in the mine and was not given freely like the Ok Tedi mine and the Paguna mine landowners.

He also asked if the Government can reimburse the K50 million used to buy the 3 per cent equity in the mine as the other 2 per cent is compulsory free carry equity in the project for the landowners. Prime Minister Peter O’Neill said all other mines around the country is different from the arrangement of the Ok Tedi mine landowners that was given 33 per cent and the 17.4 per cent to the Pa-

guna copper mine landowners. Mr O'Neill said the two mines are 100 per cent nationally owned and is different from other existing mine around the country. He said the issues of the other mines around the country will be looked at in the new Mining Act review that is now ready to be tabled in Parliament.

Bougainville Copper Limited has minimal value

Post-Courier, August 30, 2016

The Bougainville Government says, as it stands, the once powerful mining company Bougainville Copper Ltd (BCL), now has just minimal value. The company had operated the now closed Panguna mine, but in June its former majority owner Rio Tinto pulled out and gave its shares away. Papua New Guinea government to give it the shares now gifted to the landowners on Bougainville. But the Autonomous Bougainville Government (ABG) now has a 36 percent stake in the company and wants the Papua New Guinea government to give it the shares now gifted to the landowners on Bougainville. The ABG wants majority control and said without this, the company could be denied an exploration licence, which would end its chances of future involvement in Bougainville. The government said the only way the BCL shares will ever have significant value is if three conditions are met including that a new and technically qualified developer agrees to participate; that that developer has the billions needed to prepare the mine for re-opening; and that the mine operates profitably. It said the real value for landowners will come from the guarantees in the Bougainville Mining Act for mine lease landowners for free equity, royalties and preference in employment and business opportunities.

PNG MP Calls For State Of Emergency To Be Declared In Hela Province To Contain Disruption Of Law And Order

Ongoing tribal warfare threatens to impact liquefied natural gas production with immense economic consequences

PORT MORESBY, Papua New Guinea (PNG Post-Courier, August 29, 2016) – Koroba-Lake Kopiago MP Philip Undialu has called for a state of emergency to be declared in Hela Province to contain serious law and order issues that is now posing security threat to the LNG project. “Hela people and those directly and indirectly affected by lawlessness and senseless killing going on in Hela during the past six months is a serious security threat not only to us but entire PNG as we host the most important project in PNG LNG Project.” “I received report from Hela provincial police commander that within three months we had seven tribal fights resulting 50-plus deaths, hundreds of casualties and millions worth destruction to properties. This is unbearable.” Mr Undialu said the Hela assembly and provincial executive council will convene an urgent meeting early this week and take necessary measures.

“For the short term, state of emergency throughout Hela is an option. In the long term, Hela has to open up Hawa jail, expand its capacity to hold more prisoners, increase police manpower and reintroduce reservists.” He said the state of emergency should call for following, ask instigators of tribal fight and murders to surrender to police, surrender all guns and wage war against all forms of crime in the society. “I expect all public servants to be on the ground to provide us with first hand information and cooperate in unity. I also appeal to all citizens of Hela not to harbor criminals, murders, warlords and further report and surrender guns and drugs like marijuana. Mr Undialu said Finance Minister and Tari-Pori MP James Marape has been consulted and is keen on the state of emergency. Other assembly members will be consulted today and public opinion would be sought before a submission is put to the National Executive Council.

Fly River wants to keep Ok Tedi shares

August 29, 2016, The National National

Reports by GYNNIE KERO

THE Fly River provincial government (FRPG) wants to keep 33 per cent of the shares from Ok Tedi mine that the Government recently transferred to mine landowners. This is according to deputy speaker of parliament and South Fly MP Aide Ganasi in Kiunga last Thursday during the launching of three high-impact projects for North Fly district. “The people are delighted that the Government has allocated 33.3 per cent shares from Ok Tedi back to Western,” Ganasi said. “This allocation now confirms to the people of Western, on whose land the Ok Tedi mine has operated over the last 30 years. “They can now share more meaningfully in a fair way. “We request that the shares remain with the Fly River provincial government. “We acknowledge that the Ok Tedi mine will continue to operate and generate wealth and distribute benefits to this nation and the people of Fly River.” Works and Implementation Minister Francis Awesa, who was in the province on behalf of Prime Minister Peter O’Neill to launch the three projects, said he could not make the decision on the request regarding the shares. “This is not a decision that I will make,” Awesa said. “It has to go back to the cabinet, the Fly River provincial government will put a case to the Government and we will sit down and come up with an answer that is satisfactory to all parties. “Right now, I cannot decide it.”

Wafi, first large scale underground mine

Post-Courier, August 29, 2016

AN application to develop PNG’s first major multi-million dollar underground gold and copper mine at \$US4.191 billion in Wafi, Morobe Province, was lodged with the Mineral Resources Authority in Port Moresby last Thursday. Tenement holder Wafi Mining Limited lodged a special mining lease (SML10) on behalf of the Wafi-Golpu Joint Venture on behalf of its partners. WML is a wholly owned subsidiary of Harmony Gold Mining Company Limited (Harmony), a listed company in South Africa, and Newcrest PNG 2 Limited, whose ultimate holding company is Newcrest Mining Limited (Newcrest). MRA’s managing director Philip Samar said the project will be the first major, large-scale underground resource project in the Morobe Province, although Newcrest and Harmony subsidiaries jointly operate the Hidden Valley mine near Wau.

Mr Samar said registration of the SML is a significant milestone for the companies involved and for Papua New Guinea, coming at a time when the mining sector is commencing a recovery from a severe cyclical downturn. “This Wafi-Golpu project application, together with the recent Frieda River application, further boosts PNG’s status as a highly ranked and prospective, global, mining investment destination. “It provides growing confidence for the future of our mining industry, which has long been the mainstay of the Papua New Guinea economy. “As a developed mine, the project will increase national gross domestic product and export earnings and provide a long term boost to government revenues. It will also generate benefit streams to landowners and host communities, as well as create new employment and business development opportunities during project construction and operation,” Mr Samar said. Mr Samar said Wafi-Golpu will be the largest underground mine in Papua New Guinea, utilising a proven block cave mining method, which has been highly successful in Newcrest’s Cadia mine in Australia.

It is a high productivity, low cost mining method, generating less surface waste material and enables higher value ore located at depth to be accessed earlier. The Golpu deposit has a JORC compliant mineral resource of 824 metric tons (MT) at 1.05 per cent copper, 0.70grams/ton (g/t) gold, 1.25g/t silver and 90ppm molybdenum. The capital cost to achieve commercial production for the project is estimated at \$US2.64 billion, with a sustaining capital (post steady-state production) cost

of \$US1.551 Billion giving a total project capital cost of \$US4.191 Billion. Mr Samar said there will be an estimated development period of five years to commencement of production. “The initial life of the mine is expected to be 28 years, with the pre-feasibility study supporting further expansion to extend the initial operation beyond 40 years. The estimated average annual production of metal in concentrate over the initial life of mine is 102,000 tons of copper and 198,000 ounces of gold,” Mr Samar said.

Fiji Ministry clarifies on bauxite mining processes

Luke Rawalai, The Fiji Times, August 28, 2016



BAUXITE has only been mined at Nawailevu and Naibulu and chiefs from both areas have consented to the project, says Ministry of Land's deputy secretary Malakai Nalawa. Mr Nalawa said that hence approval had been given by the two chiefs to the companies. Responding to outcry from Bua Urban Youth about the need for obtainment of Free Prior and Informed Consent (FPIC) from landowners before any mining processes, Mr Nalawa said that this has been obtained. Meanwhile, BUY representative Vani Catanasiga says that officials must do more than just seeking the chief's consent as a signal of the community's approval. Ms Catanasiga said they needed to prepare dialogue spaces between landowners and companies so that they can discuss on the pros and cons of mining before any decision is reached.

Wafi-Golpu Joint Venture

Post-Courier, August 25, 2016

Landowner communities would benefit from royalty streams, compensation and community development projects which focus on skills development, local business opportunities, agribusiness, health and education. An Environmental Impact Statement is being prepared for the Project and is expected to be lodged with the Conservation and Environment Protection Authority (CEPA) in the near future. Any future development of the Project will be subject to the grant of an SML and obtaining all other necessary permits, approvals and agreements required from the Government, landowners and other stakeholders, and ultimately approval by the Board of Directors of both Newcrest and Harmony. The Wafi-Golpu deposit is located approximately 65 kilometres south-west of Lae in the Morobe Province of PNG. Lae is the second largest city in PNG. Newcrest and Harmony each currently own 50% of the Wafi-Golpu Project through the Wafi-Golpu Joint Venture. The Independent State of Papua New Guinea retains the right to purchase, at a price pro-rata to the accumulated exploration expenditure, up to a 30% equity interest in the Wafi-Golpu Project, at any time before the commencement of mining. If the State chooses to take up its full 30% interest, the interest of each of Newcrest and Harmony will become 35%.

Harmony and Newcrest submit application for Wafi-Golpu mining lease

Allan Seccombe, Business Day Live, 25 August 2016



Harmony and Newcrest already operate the Hidden Valley mine which is expected to close soon

HARMONY Gold and its Australian partner Newcrest Mining have submitted an application for a special mining lease for its copper and gold Wafi-Golpu project in Papua New Guinea. Harmony and Newcrest are equal partners in the Golpu deposit, which has a resource of 824-million tonnes containing 1.05% copper, 0.7 grams per tonne of gold and 1.25 grams a tonne of silver. It also contains 90 parts per million of molybdenum, which is used in various steel applications and as an alloy. Harmony CEO Peter Steenkamp said recently the partners had pencilled in a two-year wait to secure the lease. The partners are conducting further work to optimise the costs of bringing Golpu into production, giving Papua New Guinea its largest underground mine, Harmony said on Thursday.

"Further project development will be subject to the granting of the special mining lease, the obtaining of all necessary permits, approvals and agreements, and, ultimately, approval by the boards of both Harmony and Newcrest," it said. The Papua New Guinea government has the right to buy a 30% stake in the Golpu project at any time up to the start of mining, which would reduce the partners' stakes to 35% each, Newcrest said on Thursday. Harmony wants to grow its gold production to 1.5-million ounces in the next three years, from 1-million ounces this year, to give it the mass to take on the funding of the Golpu project, Steenkamp said. Harmony has put three South African mines into harvest mode, stopping mining at the operations over the next three to five years and taking more than 200,000oz out of its production profile, leaving it too small to tackle the project, he said.

Another environmental disaster for Australia's world class mining industry

Mark Willacy, ABC News, 25 August 2016

Pump crews work at abandoned silver mine to keep toxic spill out of Murray-Darling Basin. Queensland Government officials have taken emergency action to stop massive mine storage ponds on the Queensland-New South Wales border discharging heavy metals into the Murray-Darling system, the ABC can reveal.

Heavy rainfall this week threatened to trigger a spill of the processing ponds and dams at the Texas silver mine in southern Queensland. The mine's storage sites hold about 240 million litres of by-products such as copper, aluminium, iron, manganese, zinc and nickel. Queensland's Environment Department is managing the site after its former owners went broke and abandoned the mine last

year. The ABC last year obtained an internal government document revealing [it could cost up to \\$10 million to fully rehabilitate the site](#). The government holds just \$2 million from the former owners in financial assurance for the mine site.



The mine's storage sites hold millions of litres of by-products. (ABC News)

The internal document warned that as little as 40 millimetres of rain could trigger a spill from site and send cyanide and other heavy metals into the Dumaresq River and into the Murray-Darling Basin. The Dumaresq is a major source of irrigation water for primary producers in the region. The site of the silver mine has received more than 90 millimetres of rain in the past 48 hours, while the region has experienced some localised flooding. In response to the rain, Department of Environment staff and contractors were pumping to minimise the potential for the release of contaminated water, with ponds and dams on the site reaching capacity.

"As soon as this weather event became clear, [the department] had people on the ground, and dispatched additional officers on Wednesday to monitor the situation," Environment Minister Steven Miles said. "[The department] has been liaising with its counterparts in New South Wales about site management, and will continue to consult with them about any possible environmental impacts. I want to stress that this is a problem [the department] inherited." The minister said the Texas silver mine was an example of why it was important to have a strong financial assurance system, "otherwise taxpayers can be left with the shortfall".

Better deal seen in proposed mining act

August 25, 2016 The National National

THE proposed mining act will give a better deal to mining landowners around the country, says Prime Minister Peter O'Neill. He said that yesterday after Lagaip-Porgera MP Nixon Mangape asked whether the Government would give such preferential treatment as extended to Ok Tedi and Bougainville landowners, to those from other mines around the country. O'Neill said the case of other mines was different from those of Ok Tedi and Bougainville. He said the State had significant shareholding, hence, it was able to cater for landowners. "We've also taken into account the sufferings both provinces and the communities have suffered, and what our people have gone through," O'Neill said. "That is why the Government was able to do that. "But in terms of the other mines around the country, as I said last week, we are very mindful of the new mining act, which is coming before Cabinet for discussion. "We will be bringing it into Parliament to approve that new mining

act. "That will specifically clear the new benefits arrangement that we are trying to work out for all other landowners and provinces throughout the country."

One million sign petition against Nautilus and Solwara

PNG Mine Watch, 25 August 2016



Over one million people have signed a [global petition](#) opposing Nautilus Minerals' plans for experimental seabed mining in Papua New Guinea and the number is still rising. The petition calls on the PNG government and potential investors not to support the mining plans which could be catastrophic for our climate and biodiversity - and for people living around the mine site who rely on the sea for their subsistence lifestyles. Community advocacy group [ACT NOW!](#) advertised the petition on [their Facebook page](#)

Fiji: Chinese to finance Tuvatu gold mine

Lion One Metals, Junior Mining Network, 24 August 2016

China's largest iron ore miner, Ansteel Group, to finance the Tuvatu gold mine

Lion One Announces MOU for EPC Contract and Vendor Financing with Ansteel-CapitalAsia for Construction of the Tuvatu Gold Project

Lion One Metals Limited is pleased to announce the signing of a non-binding Memorandum of Understanding (MOU) for an EPC Contract and Vendor Financing Agreement with Ansteel-CapitalAsia Global Engineering Inc. (the EPC Contractor, or Ansteel) covering a comprehensive Engineering, Procurement, Construction, and financing package for the development of the Company's 100% owned and fully permitted Tuvatu Gold Project in Fiji.

The scope of the EPC contract covers the design, construction, start-up testing, and commissioning of the Tuvatu gold processing plant. Ansteel will also furnish all materials, equipment, machinery, tools and consumables, provide quality control and administration, and will develop the Project Health and Safety Plan at the Project Site. In addition to the EPC Contract, Ansteel will also provide vendor financing for up to 80% of the anticipated value of the EPC Contract in the form of a Deferred Payment Amount of approximately US\$39,000,000-\$44,000,000. The Company will fund a minimum of US\$10,000,000 or approximately 20% of the anticipated value of the EPC Contract. The Deferred Payment will be a senior secured obligation of the Company guaranteed by the Company's assets, to be serviced through a Deferred Payment Plan with 7% annual interest payable in quarterly installments. In connection with the Down Payment, Lion One will issue, subject to TSX-V approval, warrants in the amount of approximately 10% of the Loan Facility at a price of \$1.42

per share for a period extending to the maturity date of the earlier of the final scheduled payment under the Deferred Payment Plan or 5 years from closing. Early repayment of the Deferred Payment Amount may occur any time without charge. The Company and Ansteel will proceed to preparing definitive binding agreements for the transactions contemplated by the MOU, and are targeting completing the transaction in the fourth quarter of 2016.

The EPC Contractor, Ansteel-CapitalAsia Global Engineering Inc., is a JV company of Ansteel Group Engineering Technology Development Company Ltd and CapitalAsia Consulting (Canada) Inc. The Ansteel Group is based in Liaoning Province in northern China and is that country's largest iron ore miner and third largest steel maker, with a production capacity exceeding 38 million tons of raw steel and pig iron. Ansteel's steel unit is focused on products such as hot and cold rolled and galvanized steel sheets, color coating plates, silicon steel, wire rods, steel pipes, and large steel products widely used in automobile manufacturing, construction, ship-building, home electrical appliances, and in the manufacture of railways, pipelines, bridges, and power plants. The company operates several large iron ore mines and more than a dozen steel-rolling and steel production plants worldwide. Ansteel exports its products to over 30 countries including the USA, UK, Japan, and Australia, and is listed on the Hong Kong and Shenzhen Stock Exchanges. In 2015 Ansteel was ranked number 451 on Fortune's Global 500 List.

The Tuvatu Gold Project is located 17 km from the Nadi International Airport on the main island of Viti Levu in Fiji. Discovered in 1987, Tuvatu was advanced by previous owners through underground exploration and development from 1997 through to the completion of a feasibility study in 2000. Acquired by Lion One in 2011, the project has over 100,000 meters of drilling completed to date in addition to 1,600 meters of underground development. Tuvatu is a high grade, low sulphidation, epithermal gold deposit hosted inside a South Pacific-style volcanic caldera, along the Viti Levu lineament, Fiji's own corridor of high grade gold deposits. In January 2016 the Hon. Prime Minister of Fiji, Mr. V. Bainimarama, formally presented the previously granted Tuvatu Mining Lease to Lion One, concluding the permitting process for the development of an underground gold mine and processing plant at Tuvatu, demonstrating strong government support for Fiji's 85 year-old gold mining industry.

The Company envisages a low cost underground gold mining operation producing 352,931 ounces of gold at head grades of 11.30 g/t Au over an initial 7 year mine life, including 262,000 ounces at 15.30 g/t through year three, at cash costs of US\$567 per ounce with all-in sustaining costs of US\$779 per ounce. Total capex of US\$48.6 million includes a contingency of US\$6.1 million with an 18 month preproduction schedule and 18 month payback on capital. At a US\$1,200 gold price the project generates net cash flow of US\$112.66 million and an IRR of 52% (after tax). Tuvatu is situated upon a 5 hectare footprint inside a larger 384 hectare mining lease that contains numerous high grade prospects proximal to Tuvatu, at depth, and up to 1.2 km along strike from the resource area, giving the project near-term production potential and further discovery upside inside of one of Fiji's underexplored volcanic goldfields.

The information in this report that relates to the Exploration Results or Mineral Resources is based upon, and fairly represents, information and supporting documentation compiled by Mr. Stephen Mann, who is an officer and director of the Company and is a member of The Australasian Institute of Mining and Metallurgy. Mr. Mann has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and the activity in which he is undertaking to qualify as a Competent Person under 2012 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Mr. Mann consents to the inclusion in this news release of the matters based on his information in the form and context in which it appears. The Company confirms that it is not aware of any new information or data that materially affects the information included in previous news releases referred to above, and confirms that the

form and context in which the findings are presented have not been materially modified from the original news releases. Albert Siega, P. Eng., a full time employee of the Company and Qualified Person as defined by NI 43-101 has reviewed and approved the technical content of this release.

Panguna decision undermines Bougainville autonomy says Momis

Bougainville News via PNG Mine Watch, 24 August 2016

Letter from Bougainville President to PM of PNG

Dear Prime Minister,

I refer to your Government's decision to allocate the 17.4 per cent equity in BCL (recently received from Rio Tinto) to 'Panguna landowners and the people of Bougainville'. The decision must be rejected by the Autonomous Bougainville Government (the ABG). You are reported as telling the Parliament on Thursday 18 August 2016 that you:

'deliberately' decided that the ABG should not be majority shareholder in BCL, 'wanted a separate vehicle that the landowners can meaningfully and directly participate in BCL', and do 'not believe' that the 5 per cent interest for landowners in mining operating companies provided under the Bougainville Mining is 'sufficient enough to compensate some of the suffering the people of Bougainville had'.

Prime Minister, the reasons for your decision on the equity suggest that you believe that you know better than the ABG about Bougainville's mining policy needs. You substitute your views for ours. Yet under the Bougainville Peace Agreement, responsibility for Bougainville mining policy has been transferred, so that these are now matters solely for the ABG. We have given careful attention to mining policy. We give landowners veto power over ABG grant of mining licences, giving them real and direct involvement in decision-making. They must be satisfied with conditions and benefits before a project proceeds. A minority 17.4 per cent BCL equity that you propose will not give them any control over decision-making. ABG policy also guarantees landowners 5% free equity in any mining operating company. If Panguna does re-open, that will be worth much more than 17.4% in the current BCL. Because re-opening will cost about K20 billion, a new developer will definitely be needed. The new capital requirements would then dilute all present BCL equity shares to tiny percentages. So 17.4 per cent in the existing BCL will only make landowners etc. minority shareholders in a company now worth very little.

By comparison, our Act guarantees they will have valuable equity in the fully funded project, if it re-opens. Our act also guarantees separate 1.25 per cent royalty shares each for: 1) mine lease landowners; 2) projects for those landowners; 3) adjacent landowners; and 4) infrastructure development for Bougainville generally. It also guarantees landowner preference in mine employment and business opportunities. So our law offers very real financial benefits especially to landowners, but also to all Bougainvilleans. The ABG believes that you are making ill-informed decisions about a complex situation that you clearly do not understand, and which do not bring real benefits to landowners. The decisions undermine autonomy, and are bad for Bougainville. As the government of all Bougainvilleans, the ABG needs majority BCL shareholding to give it clear decision-making authority about Panguna in the interests of all Bougainvilleans, both landowners and others.

Bougainvilleans ask why you interfere in our mining policy. Do you fear that ABG control of Panguna could provide the revenue needed for Bougainville independence? In fact, no one knows if the agreed process under the Peace Agreement will lead to independence. More important, interfering in mining issues only causes deep anger in Bougainville. That is likely to cause increased support for independence. The only way you can now reduce support for independence is to work in cooperation with the ABG to make people see that autonomy really meets the needs of Bougainville. Supporting our mining policy is an essential start. The ABG cannot allow your bad decisions

to stand. I now offer you a final opportunity to resolve this issue. I request you to direct transfer of the 17.4 per cent to the ABG.

If you refuse to do so, the ABG must use other means to keep clear control of decisions on Panguna. In particular, we will cancel BCL's exploration licence under the Bougainville Mining Act (notice to show cause why it should not be cancelled has already been given to BCL). We will then seek a new developer by inviting tenders using powers under our Mining Act. That licence is BCL's major asset. So cancellation would probably make all BCL shares almost worthless, including the 19.2% BCL equity PNG has held since 1972. Until now the ABG has been open to PNG retaining that equity. If Panguna re-opens, the National Government could then keep equity involvement. But if interference in ABG control of mining continues, we have no choice but to cancel the licence and completely end PNG involvement in Panguna. That will not reduce landowner involvement in decisions about Panguna, or their sharing fairly in revenue, for the Bougainville Mining Act ensures their full involvement in both.

I await your response.

Yours sincerely,

John L. Momis
President, ARoB

NZ communities vow to fight seabed mining – again

KASM, Scoop, 24 August 2016



Coastal communities are preparing to fight a new application to mine the seabed, lodged with the Environmental Protection Agency yesterday, Kiwis Against Seabed Mining said today. Trans Tasman Resources (TTR), whose 2013 bid to mine ironsands from the seabed in the South Taranaki Bight was turned down by the EPA in 2014, is making another attempt to get a marine licence, lodged with the EPA yesterday. It is understood TTR is applying to mine the same 66sqkm of seabed as its last application. “Last time this company tried to get permission to dig up 50 million tonnes of sand a year from the seabed, communities up and down the west coast of the North Island objected in their thousands, with record numbers of submissions against the project,” said Phil McCabe, KASM chairperson. “From surfers to recreational fishers and local Iwi, ocean lovers made a stand against this destructive and experimental practice, and we were proved right. The EPA said there were too many unknowns, and nothing has changed.”

"It's disappointing that TTR is back with the same application, trying to wear down public opposition, but this foreign-owned company should know that they will continue to meet strong resistance from Kiwis who will stand up for their beaches ocean and marine environment." "From the public reaction this week on social media, we know the strength of feeling against seabed mining hasn't gone away. If anything, it's stronger," he said. Given the unknown impacts of seabed mining, KASM has gathered more than 4700 signatures on a petition calling for a moratorium on seabed mining in New Zealand waters. The EPA has turned down two applications on seabed mining: the first was Trans Tasman Resources application to mine the South Taranaki Bight, and then Chatham Rock Phosphate's bid to mine phosphorus off the deep seabed of the Chatham Rise.

Frieda Mine Road Construction a Threat to Upper Sepik Environment

William H. Townsend, Ph.D., P.E., PNG Mine Watch, August 24, 2016



It is clear that constructing the Frieda Mine Access Road from Nikie to Kubkain by way of Yabatawe in East Sepik Province will have major impact on the forest along the road, which runs through several Sanio-Hiyewe communities. By damaging their sago and other food sources, a sustainable food supply will be threatened in this challenging environment. I lived with the Saniyo-Hiyewe for 20 months in 1966-1967 and shorter periods between 1980 and 1984. One of my activities during this time was mapping ridges, swamp forests, and paths between villages. Another was weighing food and measuring sago stands. In 1981 through 1984 I served the PNG Government as its technical advisor on the Ok Tedi Mine, reporting to the Secretary of Minerals and Energy and the Secretary of Finance. As a civil engineer, I was responsible to monitor construction of the mine and report on OTML's progress as it affected local facilities and environmental impact.

Responding to a Directive from Parliament in 1982, I did an inspection of the Access Road from Kiunga to Tabubil and reported back to Parliament. This inspection revealed that the construction of the road through rain forest was slower and more difficult than anticipated. The side cast method of road construction used there discarded topsoil away from the roadway, pushing it into the adjacent forest. (See photo.) If the same construction methods for mine access roads are used on the Frieda Mine that were used in Western Province, runoff will deposit materials that will damage the prime sago areas, which have taken generations to develop, and other food sources. Damage to the fragile forest during construction would take decades to remediate and restore sustainable living to the people of the Upper Sepik tributaries.

While commentators are rightly concerned about the massive damage that occurs from riverine disposal of mine wastes during production or through the failure of poorly constructed tailings dams after mine closure, vigilance is also necessary from the beginning of construction. Environmental damage from construction shortcuts is especially likely during the pre-production and early production phases, before the project returns a profit, as Ok Tedi should have taught us all.

Nautilus closes Port Moresby office

Insider, PNG Mine Watch, August 24, 2016

Nautilus Minerals has sacked twenty-six people from their organisation. All of the Port Moresby office employees have been made redundant, AGAIN, and the POM office is closing its doors, AGAIN. This will be the third time this has happened (redundancies), yet the Executive Committee look like they are sitting pretty YET AGAIN. In all probability MB Holdings will probably buy out the company and see it forward from here. The employees, the shareholders and the people of PNG have been taken for a ride AGAIN. Someone should look into the way Nautilus Minerals has been operated over the past 10 years and look closely at how money has been spent on things such as travel, furnishings for offices, nepotism and cronyism, where did the \$10M dollars actually go, and how was it possible that Shontel Norgate made a transfer without checking the banking details, and, why was she allowed to keep her job after losing such a huge amount of money???????

The excessive travelling of staff, to and from Moresby office and Brisbane office and the appointment of unqualified people to positions such as CSR Specialist. It is time to stop trusting the individuals from Nautilus (or any other company for that matter) who operate under the concept of White Privilege and realise that if Nautilus Minerals (or whatever form it takes from this point on) or any other company that wishes to exploit the riches and people of PNG, had better start acting in a manner that actually reflects the so called values of the company. "Nautilus Cares", pfffff, Yeah Right.... It truly has been a race to the bottom, just not the one we expected to see!

33 percent equity shares welcomed by MRSML

Post-Courier, August 24, 2016



THE decision by the government to offload 33 per cent of its equity shares in Ok Tedi to landowners and Western province has been welcomed by the board of directors of Mineral Resources Star Mountains Limited. Board chairman Bill Menim said this is the first time since the government has made such announcement of historical significance to the landowners and the people of Western

Province and Papua New Guinea as a whole. Mr Menim said the decision will allow the locals to have direct equity participation in the project rather than just receiving dividends. MRSMP is a mine area landowner entity with direct shareholding in Ok Tedi. "We the MRSMP board of directors take this time to show our heartfelt gratitude to the government on behalf of the landowners and the people of Western Province.

'We encourage our people to leave all differences aside, take this opportunity from the government and work hand in hand for the benefit of our people and our children of Star Mountains,' he said. The board of MRSMP has also made a call for MRDC to also manage the new shares offloaded by the government upon the endorsement of the National Executive Council under existing management agreement. MRSMP is managed by the MRDC. Under the agreement MRDC, as MRSMP's manager and agent; manages, controls, and run all its corporate, investments, client services and other affairs. MRSMP were incorporated under the Companies Act to acquire the local landowner's equity interests in the Ok Tedi Mining Limited.

Minister Zeming Calls for Sir Mekere Morauta to 'do the right thing' and step down from PNG Sustainable Development Program

Post-Courier, August 23, 2016

The Minister for Fisheries, Hon. Mao Zeming MP, has called on Sir Mekere Morauta to do the honourable thing and relinquish control of the PNG Sustainable Development Fund to the people of Western Province after yet another court ruling went against Sir Mekere. On Friday the Supreme Court dismissed Sir Mekere's challenge relating to the government's decision to acquire shares belonging to the PNG SDP. "The time has come for Sir Mekere Morauta to walk away from the PNG Sustainable Development Program and give the people of Western Province access to their money," the Minister said. "Mekere has again been shown the door in the Papua New Guinea Supreme Court and continues to lose cases before the Singapore High Court.

"There has to be a time when Sir Mekere admits that he has no claim over these billions of Kina belonging to the people of Western Province. "This money has to be given to the men, women and children of Western Province. "PNGSDP ceased all development projects three years ago, before moving its operations offshore, where it continues to incur millions of dollars on administration, legal and professional fees. "This is all money that could be used for development projects that will directly help the people of Western Province. "In the latest Supreme Court ruling, Sir Mekere's application was described as incompetent and an abuse of the process of the court. "Mekere is a former Prime Minister and he should behave with the dignity that is expected of someone who once held the highest office in the land."

Minister Zeming said a massive change in attitudes is taking place around the nation in respect accorded to the rights of landowners, and this must take place in the PNG SDP. "Last week the Prime Minister stood up in Parliament for the interests of the landowners of Western Province and other areas where resource development activities are taking place around the country. "As PM O'Neill said, for too long the rights of landowners had been ignored, and this is now changing. "The Government will not let up in its efforts to regain rightful oversight and control of PNGSDP and its assets. "The State will continue to pursue the Singapore High Court action against PNGSDP to ensure that the interests of the people are safeguarded," Minister Zeming said.

Editorial

Are big mining projects risky?

Post-Courier, August 23, 2016

THE Frieda River gold and copper project in the Sandaun Province is being touted as Papua New Guinea's next big mining venture. It is one of the largest undeveloped copper-gold deposits in the world with estimates suggesting 13 million tons of copper and 20 million ounces of gold. The project is 70 km south of the Sepik River and is on the border of the Sandaun and East Sepik Provinces. Highlands Pacific currently holds 20 per cent in the project with 80 per cent held by PanAust Ltd, which is a wholly owned subsidiary of the Guangdong Rising Assets Management Co Ltd of China. The PNG Government can acquire up to 30 per cent interest in the project, which would reduce Highlands Pacific's stake to 15 per cent and PanAust to 55 per cent. The proposed project came under scrutiny during Question Time in the National Parliament yesterday. Telefomin MP Solan Mirisim asked the Environment and Climate Change Minister John Pundari whether an independent environmental assessment on the impact of the mine will be done before a mining lease is approved by the Government.

Mr Pundari, in response, said: "I am aware that the developer is putting together a detailed investigation report as far as the project is concerned and until such a time that an environment impact statement is provided, we will than undertake independent reviews of the environment impact statement to be able to consider approval going forward by the environment council." There is reason to be concerned about the impact of mining in what is described as one of the Asia Pacific's last remaining large river systems in the Sepik. The Frieda River flows down into the Sepik River catchment area hence the risk of environmental contamination is high and worries conservationists. International conservation organisation WWF has done work in the Sepik region and says the Upper Sepik region contains "one of the largest uncontaminated freshwater systems in the Asia-Pacific region". It is home to some of PNG's rare plants and over half of the region's species are endemic. Seventy-six mammal species are known to live in the region and include 13 species that are endemic or near endemic.

A lot more of the region's biodiversity is yet to be discovered according to the WWF. The importance of the region as a biological hotspot was not lost on world renowned Australian mammalogist Professor Tim Flannery. "From a biological perspective I can hardly think of a worse place for a copper mine. I spent a decade in that general region doing a faunal survey and was able to show that the mammal faunas in that area were the richest in all of Australasia," he told Radio Australia in an interview in June. Professor Flannery's concerns underscore the need for the public to do a comparative analysis on the benefits of increasing mining activity versus the environmental and social cost that Papua New Guineans have to live with for the rest of their lives. The PNG landscape has examples of big mining projects that failed to transform the lives of nearby communities and only led to the pollution of their river systems, the loss of livelihoods and social upheaval including death.

Papua New Guinea-Bougainville mine row intensifies

Rowan Callick, The Australian, 23 August 2016

Papua New Guinea Prime Minister Peter O'Neill has escalated his feud with Bougainville's President, insisting his cabinet's offer to hand over a key parcel of shares in Bougainville Copper to mine landowners is final. "The distribution of shares for Bougainvilleans will be done by themselves," Mr O'Neill said. President John Momis had "furiously" rejected the PNG plan, announced by Mr O'Neill to the parliament last week, to transfer to "the landowners and the people of Bougainville"

the 17.4 per cent parcel recently given to the national government by Rio Tinto, the former owner. If combined with the further 36.4 per cent parcel given by Rio to the Autonomous Bougainville Government led by Mr Momis, this gives the island a controlling stake over the mine — which still contains copper and gold worth about \$50 billion, but is estimated to cost upwards of \$6.5bn to reopen.

However, if the 17.4 per cent parcel is given to a Bougainvillean splinter group that is at odds with the autonomous government — and several remain, leftovers from the civil war of 1989-2001 — then that group would hold a veto power over further development in the island. The mine is widely seen as the key potential income source for the island, whether Bougainvilleans choose in their 2019 referendum to seek independence from PNG or to remain autonomous within PNG. Mr Momis said he was “angry because it’s the ABG that speaks for the people of Bougainville”. “Mr O’Neill has rejected my advice,” he said. “He is interfering in Bougainville. He acts in the same high-handed manner as the colonial administration and BCL when the mine began. That caused the Bougainville crisis.” Mining legislation passed by the Bougainville parliament already provides landowners with “full decision-making involvement and a good revenue share, if mining resumes”, he said.

Mr O’Neill responded yesterday: “We have had enough of this nonsense and attempts manipulate the peace process for political gain. “I have deliberately given these shares to the people so that the ABG does not have outright control of 53.8 per cent of the mine. The ABG is very welcome to participate in the consultation process with the landowners, but these shares will go to the people who have a direct stake in the mine.” The legislation guarantees landowners 5 per cent free equity in the operating company once the mine starts producing again — which, Mr Momis said, would be worth much more than the 17.4 per cent being handed to them by Mr O’Neill since the cost of re-opening the mine would fall on existing shareholders, “dramatically diluting” their equity. “The future of (mine site) Panguna is Bougainville’s most sensitive issue,” Mr Momis said. “I have explained to the PM several times why it is vital the ABG holds the Rio shares in Bougainville Copper Ltd.”

Nautilus Obtains Bridge Financing and Restructures Solwara 1 Project Delivery

Marketwired, 22 August 2016

Nautilus Minerals Inc. (the "Company" or "Nautilus") announces that it has signed a subscription agreement (the "Subscription Agreement") with Mawarid Offshore Mining Ltd. ("Mawarid") and Metalloinvest Holding (Cyprus) Limited ("Metallo," and together with Mawarid, the "Purchasers") under which the Purchasers have agreed to purchase such number of common shares of the Company that will raise gross proceeds of up to US\$20 million. Mike Johnston, Nautilus' CEO commented "the Company appreciates the ongoing support of its two major shareholders through this bridge financing arrangement, especially given current market conditions. We are also heartened by the continued support of all of our key stakeholders, in particular, our joint venture partner in the Solwara 1 Project, the Independent State of Papua New Guinea's nominee and our vessel contractors, Marine Assets Corporation and Fujian Mawei shipyard. The global interest in seafloor mining continues to grow, and Nautilus remains the industry leader in this expanding field."

As previously disclosed, the Company requires significant additional funding in order to complete the build and deployment of the seafloor production system to be utilized at the Solwara 1 Project by the Company and its joint venture partner (as to 15%), the Independent State of Papua New Guinea's nominee. The gross proceeds available under the Subscription Agreement will provide the bridge financing necessary to enable the Company to operate and to carry on the Project as described in detail below, while it continues to explore additional financing, joint ventures or other transactions that provide the funding required in order to complete the development of the Solwara

1 Project. There can be no assurances that the Company will be successful in securing any such transactions. Pursuant to the Subscription Agreement, the shares will be purchased on a private placement basis and will close in tranches, on a monthly basis, during the period from December 1, 2016 through to November 30, 2017 (the "Financing Period"), at the election of the Company. The Company will determine the amount of funds to be raised under each tranche during each month of the Financing Period, subject to the limitations of receiving maximum subscription proceeds of US\$2 million per month and an aggregate maximum total amount of US\$20 million during the entire Financing Period.

Shares will be issued under each tranche at a price that is equal to the volume weighted average trading price of the Company's common shares on the Toronto Stock Exchange (the "TSX") for the 10-day period immediately prior to the date the Company issues the Purchasers a notice that the tranche will proceed. Closing of the bridge financing remains subject to the approval of the TSX. As the Purchasers are related parties to the Company, Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* and the rules of the TSX require that shareholder approval be obtained in order for the issuance of shares in the bridge financing to exceed 25% of the Company's market capitalization or 10% of the Company's current number of outstanding shares. The Company plans to hold an extraordinary general meeting of its shareholders on October 26, 2016 in order to seek approval of the bridge financing. Further information regarding the terms of the bridge financing and the relationship between the Company and the Purchasers will be included in the information circular to be mailed to the Company's shareholders and filed on SEDAR in connection with the meeting of shareholders.

For the purposes of the additional funding required and in order to continue operating during the Financing Period, the Company will implement a restructuring plan that involves the following:

- Completing the Company's three key equipment contracts and storing that equipment when delivered, which includes:
 - the Seafloor Production Tools and associated equipment being supplied by Soil Machine Dynamics;
 - the Riser Pipe being supplied by General Marine Contractors; and
 - the subsea slurry lift pump being supplied by GE Hydril.
- Marine Assets Corporation continuing the construction of the production support vessel at the Fujian Mawei Shipyard up to the completion of the hull, with further construction dependent upon the Company securing additional funding.
- Undertaking, with its joint venture partner, the activities necessary to maintain the good standing of the Mining Lease and Environmental Permit for the Solwara 1 Project, including the completion of Environmental Management and Monitoring Plans, as well as the completion of local community projects in the regions of Papua New Guinea closest to the Solwara 1 Project area.
- Terminating other contracts for the construction of any seafloor production equipment that are in the early stages of development and not entering into any new construction contracts until additional funding is secured.
- Reviewing the joint venture's remaining development, testing and operations plans to take account of current market conditions.
- Reducing Company staff numbers by approximately 60% to maintain the key resources required to implement the above activities, whilst ensuring project and corporate knowledge is retained. In this regard, the remaining members of the Company's executive management team, who will be responsible for implementing the restructuring plan, are:
 - Mike Johnston, President & CEO; and
 - Adam Wright, Vice President -- PNG Operations.

- Staff reductions will include the departure of the following members of the Company's executive management team by September 2, 2016:
 - Shontel Norgate, Chief Financial Officer;
 - Kevin Cain, Vice President -- Projects;
 - Jonathan Lowe, Vice President -- Strategic Development and Exploration; and
 - Karen Hauff, General Counsel / Company Secretary.

The Company previously disclosed that in the event that the required funding is secured and the Company is able to continue development of the Solwara 1 Project, the schedule would be delayed. The Company has now secured the necessary bridge financing to facilitate the time required to secure that additional required funding. If the additional required funding is secured by June 2017 and subject to ongoing detailed planning, the Company could be in a position to commence the initial deployment and testing operations at the Solwara 1 Project by the end of Q1 2019.

There can be no assurances that the Company will be able to obtain the necessary project financing on acceptable terms or at all. Failure to secure project financing may result in the Company taking various steps aimed at maximizing shareholder value, including suspending or terminating the development of the Solwara 1 Project, and engaging in various transactions including, without limitation, asset sales, joint ventures and capital restructurings. The Company will provide updates as circumstances warrant. Any transaction(s) will be subject to all necessary stock exchange and, if applicable, shareholder approvals, as well as compliance with all other regulatory requirements.

Rio Tinto welcomes ABG share deal

August 22, 2016, The National National

By GEDION TIMOTHY

MINING giant Rio Tinto has welcomed the decision by the Autonomous Government of Bougainville to take up offers of shares in the Bougainville Copper Limited. This follows Rio Tinto's decision to give its 53.8 per cent BCL shares to the PNG Government and ABG at 17.4 per cent and 36.4 per cent respectively. It will leave both parties owning 36.4 per cent of BCL. "We welcome the decision of the ABG to take up the offer of shares in BCL," a spokes-person said. "It also provides a platform for the ABG and PNG Government to work together on future options for the resource." Rio Tinto believes that the resource (copper and gold reserve at Panguna) will have a stronger future under the ownership of stakeholders best placed to ensure a stable and safe operating environment.

"This includes political, financial and legal capability as well as the consent and active involvement of landowners and local communities," the spokesperson said. BCL ceased operations in 1989 following the landowner's concerns over issues relating to the mining impact on the environment. The conflict resulted in hundreds of people killed. "Neither BCL nor Rio Tinto as a shareholder has been assured safe access to the mine site since 1989. We believe that the best way to deal with any of these concerns is to have an operating asset again. The only way that BCL or any other operator would be able to consider reopening the mine is if there is a stable and safe operating environment supported by an investor friendly mining law which provides security of tenure."

PM warns Momis not to play politics

POST-Courier; August 23, 2016

THE Prime Minister Peter O'Neill has warned John Momis not to play politics and use the peace process as leverage to get his hands on Bougainville Copper Limited shares. Mr O'Neill issued the caution after Mr Momis complained that the Government would be transferring 17.4 per cent of BCL shares which Rio had offloaded to Waigani to landowners and other community stakeholders. "The ABG is very welcome to participate in the consultation process with the landowners, but these shares will go to the people who have a direct stake of the mine. I really do not understand what President Momis is trying to achieve with this political grandstanding. The views of the ABG were taken into account in Cabinet, but the decision of NEC is final, and I hope President Momis can understand this. "Our Government is committed to advancing the peace process, and not to play petty politics that can only undermine peace. "I stated in Parliament last week that I have deliberately given these shares to the people so that the ABG does not have outright control 53 per cent of the mine.

"I wanted a separate vehicle so that the landowners can fully, meaningfully and directly participate in BCL. "This is better for transparency, and ensures that shares are in the hands of the traditional people to whom they belong." Mr O'Neill said that the reason for transferring the shares to the people, and not the ABG, was to provide better support to the people with a connection to the land. "I understand that under the mining laws of the ABG, only 5 per cent of income received by the ABG for the mine would be allocated to the landowners. "I did not believe that was sufficient considering the suffering that the landowners in Bougainville have endured." Mr O'Neill warned of the sensitivities that surround discussion of the mine, and that many of these matters need to be resolved by the people of Bougainville. "Leaders need to be responsible when discussing issues of national interest and security. The distribution of shares for Bougainvilleans will be done by themselves. They will consult on who gets what percentage out of that 17.4 per cent."

Rio Tinto's billion-dollar mess: 'unprincipled, shameful and evil'

Daniel Flitton, The Sydney Morning Herald, August 21, 2016

The gaping hole carved into mountains was at one point the world's largest open-cut copper mine. Right on Australia's doorstep, it delivered riches beyond imagining and a mess big enough to tear a country apart. This controversial pit became the flashpoint for a bitter civil war in Papua New Guinea in the 1990s that cost as many as 20,000 lives.



Heavy trucks sit rusting on the edges of Panguna copper mine, closed in 1989 as a result of sabotage. Photo: Friedrich Stark / Alamy Stock Photo

Now, 27 years after the war forced the closure of the Panguna mine on the island of Bougainville, resources giant Rio Tinto has finally made the decision to cut its losses and walk away. In a decision slammed as "remarkably unprincipled, shameful and evil", the mining giant has also side-stepped demands for a billion-dollar clean up. Furious local leaders on Bougainville – struggling for cash and contemplating forming an independent nation – are threatening an international campaign to shame the company into making a contribution. But they also want Australia – as the former colonial power responsible for authorising the mine – to contribute to a special fund to repair rivers poisoned by toxic sludge and compensate the people who lost their homes. "It would be a big amount of money that would be required to restore as much as possible the damaged environment and relocated villages," John Momis, president of Bougainville's autonomous government, told Fairfax Media. "Probably a billion dollars. Nobody really knows, but that would be about the amount of money required."



Illustration: Matt Golding



John Momis, president of the autonomous government of Bougainville, during a speech in Canberra. Photo: Darren Boyd

Rio Tinto has refused. Correspondence obtained by Fairfax shows the dual London-Melbourne listed giant insisting it has no responsibility for environmental or other consequences from the mine. "We believe that [the company] was fully compliant with all regulatory requirements and applicable standards at the time," Rio Tinto executive Joanne Farrell wrote to Dr Momis on August 6.

The rebellion

The mine has not operated for more than a quarter of a century after locals – angry about environmental destruction, poor wages and distribution of profits – broke into the site, seized explosives and sparked a separatist rebellion that would last almost a decade. PNG police and military carried out severe reprisals. Rio Tinto has never been back. Before that, Panguna mine had accounted for about 45 per cent of exports from PNG and generated more than \$1 billion in national tax revenue and dividend payments. But locals complained only a trickle of cash ever made it to Bougainville, while millions of tonnes of acid-laced mine tailings killed the Jaba and Kawerong rivers. The rivers had been a source of water and food for thousands, but large sections now resemble a moonscape, forcing people to leave their homes. Abandoned heavy mechanised trucks are still rusting on the deep tracks that loop around the edges of the pit. Local landowners, some armed, have designated the surrounding area a "no go zone".



The abandoned Panguna copper mine in Bougainville – once a rich source of profits – sparked a costly environmental and social crisis. Photo: Friedrich Stark

A peace deal in 2001 saw Bougainville win autonomy within PNG, but any talk of reopening the mine remains hugely controversial. Dr Momis wants the mine to start again. It is the best, perhaps one of the only, sources of revenue for his government, he believes. With a final decision on Bougainville's independence approaching in a referendum expected in 2019, the future economy of the island nation is a pressing issue. "Rio was able to pay back its debt in loans within three years, I think. After that it was all profit," Dr Momis told Fairfax Media. "The people of Bougainville got a pittance out of it, even though they were the owners of the resources." Dr Momis said he was disappointed people in Australia do not show more concern about the problems. "PNG was Australia's only colony, and the Bougainville mine bankrolled PNG's independence," he said.

Rio withdraws

Rio Tinto's announcement on June 30 it had freely surrendered its 53.8 per cent controlling share of Bougainville Copper Limited came after years of variously flirting with reopening or quitting the mine. To get out, the company created a trust to split the shares between the governing authority on Bougainville and the PNG national government in Port Moresby – provided they were taken up within two months. "By distributing our shares in this way, we aimed to provide landowners, those closest to the mine, and all the people of Bougainville a greater say in the future of Panguna," a spokesman for Rio Tinto said. "It also provides a platform for the [autonomous government] and PNG government to work together on future options for the resource."

The decision to divide control immediately raised fears of complicating the already fragile peace process. Momis' government said it would accept the shares – but insisted Port Moresby should surrender its offer. On Wednesday, PNG Prime Minister Peter O'Neill declared all the shares offered to

Port Moresby would instead be handed over directly to the landowners, rather than the autonomous government. Dr Momis accused Mr O'Neill of deliberate interference in Bougainville's affairs and warned, ominously, "the future of peace is now truly under threat". In August, 2014, Bougainville paved the way for reopening the mine, with a new mining law that led some to hope the trucks might once again rumble into the pit at Panguna. But that too would be controversial. Some locals, supported by activists overseas, including a group known as Jubilee Australia, have accused Dr Momis of consistently downplaying opposition to mining.



A family panning gold in the polluted Jaba river flowing from Panguna copper mine. Photo: Friedrich Stark

Jubilee believes farming and horticulture offer Bougainville a sustainable future. But Dr Momis insists the mine is supported. "My well considered view is the majority would want the mine to be opened so the mine legacy issues can be addressed, as well as to generate revenue."

Is it even economic?

Panguna was once considered the jewel in the crown for Rio Tinto, and the company is expected to hand over valuable technical survey data about the estimated 3 million tonnes of copper reserves remaining in the mine. But other close observers doubt there is any way the mine could re-establish operations. "This really puts the nail in the coffin – there is no way the mine is going to reopen in the next decade," said Thiago Oppermann, a Pacific specialist at the Australian National University. For Rio Tinto's part, it based the decision to withdraw on the results of an almost two-year strategic review. The company's Ms Farrell wrote to the Bougainville government that low global commodity prices meant they could not take any part in future mining at Panguna.

"This does not mean we don't see a future for the mine which is a significant resource but we are not in the position to participate," Ms Farrell wrote. And Rio Tinto insists the way to address environmental concerns is to get the mine running again, with local safety and stability assured, and investor friendly laws. Dr Momis said Rio Tinto must take responsibility for the mess it left behind, and has challenged the company over its claims of corporate social responsibility. "They justify their position by saying they operated under PNG law, although everybody knows the people of Bougainville never accepted [that] PNG law was a just law," the Bougainville president said.

"When Rio walks away like this, the resource owners are left high and dry for no fault of their own. They are now going to be left with this hugely destroyed environment." "It is a major disaster which the people of Bougainville do not deserve to have. It was really imposed on them by outside forces."

[Letter to President Momis August 2016:](https://de.scribd.com/document/321646662/Letter-to-President-Momis-August-2016#from_embed) https://de.scribd.com/document/321646662/Letter-to-President-Momis-August-2016#from_embed

Mekere's Sustainable Development Program Bid Rejected

Vasinatta Yama, EMTV News, August 19, 2016

The Supreme Court today rejected an application by Chairman of the PNG Sustainable Development Program, Sir Mekere Morauta, regarding the PNG SDP shares in Ok Tedi Mining Limited. A new Mining Act was passed in 2013, which allowed for all the shares belonging to PNG SDP to be transferred to the state. The application was for the court to interpret the Act, called the Ok Tedi Tenth Supplemental Agreement or TSA, on whether or not it is unconstitutional. The Supreme Court ruled out the application based on two factors. Firstly, the application is not of public interest, but for the commercial interest of the PNG Sustainable Development Program. Secondly, the applicant, Sir Mekere Morauta, failed to clarify to the court if his application was of the public's interest.

Following these two factors, the Supreme Court ruled that PNG SDP, which is a foreign owned company, was mostly affected and Sir Mekere was used to come to the court for their benefit. Following the passing of the TSA in 2013, PNGSDP shares in Ok Tedi were cancelled and transferred to the state. The TSA Act provides for compensation to be paid as property by the state. Sir Mekere, who is also the Chairman of SDP, sought relief to have its shares returned. He filed this application for the court to interpret if the TSA Act was unconstitutional, invalid and of no force or effect. However, the Supreme Court was in favour of the PNG government, arguing that Sir Mekere was acting solely for foreign interests. The Supreme Court found that Sir Mekere does not have the standing to bring this matter to the court. The court ruled that his application is incompetent and is an abuse of the court's processes.

Momis calls for urgent meet

Post-Courier, August 19, 2016

BOUGAINVILLE President John Momis says the future of peace on Bougainville "is truly under threat" and he wants an immediate meeting with Prime Minister Peter O'Neill. Mr Momis was expressing his fury at Mr O'Neill's announcement on Wednesday that 17.4 per cent BCL equity recently transferred to PNG by developer Rio Tinto will be given to landowners and Bougainville's people. Mr O'Neill said he deliberately decided that way so that the "ABG does not control the shares". The President said he was angry because it was the ABG that speaks for the people of Bougainville, and cannot be excluded by the PM. Further, the transfer of 17.4 per cent to the landowners is worth little. The Bougainville Mining Law gives them full decision-making involvement and a good revenue share if mining resumes. "The future of Panguna is Bougainville's most sensitive issue.

"I have explained to the PM several times why it is vital the ABG holds the Rio shares in BCL. He has rejected my advice. "He is interfering in Bougainville. He acts in the same high-handed manner as the colonial administration and BCL when the mine began, causing the Bougainville crisis. "The ABG is the Government for Bougainville for all matters where powers are transferred. "The Peace Agreement says autonomy aims for Bougainville to find solutions to its own problems. All mining powers have been transferred. So all mining decisions are matters for the ABG. "The PM fails dismally to respect the peace agreement over mining, grant payments, and transfer of powers. Under his leadership, relations between Bougainville and the National Government are at an all-time low. The future of peace is now truly under threat. "This is the most serious dispute ever between the two governments. I am offering the PM a last opportunity to resolve the dispute. I want a meeting with him no later than next week."

Landowners to receive 33 per cent shares of Ok Tedi

Post-Courier, August 19, 2016

BY GORETHY KENNETH

THE announcement by Prime Minister Peter O'Neill on the Cabinet's endorsement of 33 per cent shares of Ok Tedi to the people of Western Province, including landowners is a big blessing. Western Governor Ati Wobiro yesterday said that the National Executive Council's endorsement the decision of the Government to transfer 33 per cent, one third of Ok Tedi Limited Equity, to the people of Western Province, including landowners, affected villages along the Ok Tedi and Fly Rivers and the Fly River Provincial Government, is welcome news for the people of Western Province.

"As the Governor of Western Province I wish to sincerely thank Peter O'Neill, the Prime Minister and the National Government for making this historic and landmark decision," he said. "The decision reflects a new way of managing, not just Ok Tedi but other huge natural resources in Western Province. This is a totally different approach to the past where the dividends up to 12 per cent in Ok Tedi were held in trust by the State," he said. "The new approach allows for direct equity participation by the people of Western Province in Ok Tedi Mine. It also opens up opportunities for participation at the management and board levels. On behalf of the people of Western Province, I welcome this new approach in managing resource development," he said.

"For a long time the Government and people of Western Province have cried for a much more direct and equitable participation and ownership of the Ok Tedi Mine. "For over 50 years, under different ownership structures of the mine, much of the benefits went to the country and very little to the people. Prime Minister, Peter O'Neill, understands this fact and fully appreciates the struggles and aspirations of the people of the Western Province and he has responded appropriately. People of the Western Province will remember and be grateful for the wisdom and decisiveness of the decision of the Prime Minister and the Government," he said.

Geopacific raises \$15m for PNG project

Marian Webb, Mining Weekly, August 18, 2016



ASX-listed project developer Geopacific Resources has raised \$15-million, which it will use to advance its Woodlark gold project, in Papua New Guinea, towards gold production. Announcing the completion of the "well oversubscribed" placement on Thursday, the company reported that a number of new, high-calibre investors had joined its share register. "We believe that we have the right strategy to transition from exploration to mining and return value to our shareholders. The support we have received in this capital raising confirms that the market agrees," MD Ron Heeks said in a statement. Geopacific believes that Woodlark, in which it is earning an 80% interest, holds potential to be a minimum five-million-ounce goldfield. Currently, the resource is 45.1-million tonnes at 1.50 g/t for 2.12-million ounces.

O'Neill: ABG Will Not Control 53% Shares

Fabian Hakalits, EMTV, 18 August, 2016

Shares of the Bougainville Copper Limited has become a debatable issue in Parliament. Today Prime Minister, Peter O'Neill responded during question time and said that the Autonomous Bougainville Government will not control 53 per cent of the BCL shares. The Prime Minister said this is the reason why the Government of Papua New Guinea has transferred 17.4 per cent of shares to the landowners and the people of Bougainville. The Prime Minister was responding to questions from the Sinesine-Yongomul MP, Kerenga Kua, who was concerned over the mine's equity which was a contentious issue that led to many blood shed during the civil war on Bougainville. "Within that decision, was there an additional provision made to ensure that part of the equity give to the Autonomous Bougainville Government is actually allocated to the local people of Panguna so that they feel that their sacrifices and efforts had been compensated and recognised by their National Government, which is us," Kua said.

In response the Prime Minister said: "Mr Speaker, in respect to Panguna, these shares are not given to the Autonomous Bougainville Government. I think that my statement very clearly stated that it is going to the landowners and the people of Bougainville. I have deliberately done that, so that Mr Speaker, ABG does not control 53 per cent of the mine. I wanted a separate vehicle, that the landowners can fully, meaningfully, directly participate in BCL. "Mr Speaker, and again second reason, why the Government did that because, Mr Speaker, I understand that from the mining laws of ABG, I need some clarity on this but it is my understanding that ABG only provides 5 per cent, of the interest, that they represent through the landowners. I do not believe that was sufficient enough to compensate some of these sufferings that the landowners in Bougainville carried on."

"That is why Mr Speaker, it will be a separate, stand-alone vehicle for the Panguna landowners and also the other Bougainvilleans who suffered during the crisis," O'Neill said. The manner in which the BCL Shares was handled has raised curiosity among leaders and the people Bougainville. President, Chief John Momis, has been very vocal on this issue saying the Autonomous Bougainville Government is the legitimate authority. And such move by the National Government is dangerous, in breach of the Bougainville Peace Agreement. "As we are concerned, it is not fair, it is unjust. The best we can do under the circumstances is to persuade and ask the National Government to give us the 17 per cent so that we have 53 per cent in the BCL shares,"

"Of course the National Government has 19 per cent and we welcome them. We want the National Government to be in this deal with us, and of course 27 per cent shares owned by individuals. We believe that this is a win-win deal," Momis said. The Opposition Leader, Don Polye has raised the alarm saying issues concerning Bougainville were of sensitive and must be treated with careful considerations, to avoid another civil war. In a statement, Mr Polye said:

"They never asked for money but economy, integral human development and livelihood and not money". The Opposition Leader has called on Prime Minister, Peter O'Neill, to fully understand issues concerning Bougainville.

EITI companies to disclose ownership

August 18, 2016 The National Business

BY GEDION TIMOTHY

COMPANIES directly involved in the extractive industry will be required to disclose information regarding their ownership, an official says. Head of the PNG Extractive Industry Transparency Initiative secretariat Lucas Alkan said it was the decision of EITI international board. It wants all EITI

implementing countries, including Papua New Guinea, to ensure that corporate entities that bid for, operate or invest in extractive assets disclose the identities of their beneficial owners by January 1, 2020. Alkan said this was done to identify the real owners of the companies who had acquired rights to extract oil, gas and minerals which, in many cases were not known and often hidden behind a chain of corporate entities.

"The identity of the real owners – the beneficial owners – of the companies that have obtained rights to extract oil, gas and minerals is often unknown, hidden by a chain of unaccountable corporate entities," Alkan said. "This affects other sectors of the economy and often create a conducive environment for corruption and tax evasion." Alkan said people living in resource-rich countries such as Papua New Guinea risked losing out as revenues generated from resources exploitation in the extractive industry were often misallocated and wasted. "The EITI requirement will ensure that beneficial ownership information is made available through public registers such as those collected and stored at the Investment Promotion Authority through company registration process," Alkan said. The secretariat has called for expressions of interest from consulting firms and organisations to undertake a scoping study to assist PNG come up with a roadmap by January next year.

Return of resource ownership proposed

August 18, 2016, The National National

NEW Ireland Governor Sir Julius Chan says ownership of natural resources must be given back to the people of Papua New Guinea. He said this during debate on the statement by Prime Minister Peter O'Neill in Parliament yesterday on giving greater control of resources back to the people. Sir Julius commended O'Neill for this "very-revolutionary" policy of identifying ownership of land. "I want to say that it has taken a long time," he said. Sir Julius said he had already proposed a bill before the house, "nevertheless, this is a broader statement". "I welcome it," he said. Sir Julius said his bill, introduced in 2014, would completely revolutionise mining in the country. "The bill that I was going to introduce will completely revolutionise the legal regime and the resource ownership, especially resource extraction and benefits-sharing arrangements in the mining industry," he said.

Landowner Blockade Of PNG Gas Plant To Be Lifted

Operations at Hides to be back to normal after agreement reached

PORT MORESBY, Papua New Guinea (PNG Post-Courier, August 18, 2016) – The land-owners at the LNG condensation plant in Hides are expected to lift the blockade in an agreement reached between the National Government and landowner leaders. Petroleum and Energy Minister Nixon Dumban flew to Komo from Port Moresby to sign an agreement today that will allow landowner and provincial government benefits to be paid. Senior Government officials including Petroleum and Energy acting Secretary David Manau and Kumul Petroleum's boss Wopu Sonk have been on the ground negotiating with landowner leaders this week. Prime Minister Peter O'Neill in a statement to Parliament also gave assurance that government officials on the ground will provide proof of bank statements and actual bank balances that the money is safe and held in trust.

"This Government is trying to implement the decisions that the previous Government has taken including the distribution of equity and the benefits that are due to the people of Hela, Southern Highlands, Gulf, Central and Western provinces." PM O'Neill said since the sale of the gas, there is now K135 million in royalties and K130 million in development levies sitting at the Central Bank and K200 million equity for the five Provinces. "To dispel false information, that has been circulated by people with a political agenda and their own interests, I have yesterday directed our officials to

travel up to the landowners and show them the bank statements with the actual bank balances in the accounts."

"The State has not mortgaged those funds, they are available and waiting for the clan vetting exercise to progress, and once that is done I have directed the Minister for Petroleum and Energy, and his department, to within 30 days after this Parliament rises, they must complete their clan vetting exercise." "After 30 days we will start distributing these funds that are rightfully due to the landowners, and rightfully due to the provincial Governments, and all the stakeholders that we have committed to." PM O'Neill told Parliament. "As I said in Parliament last week, since the production of oil began in our country, our landowners and our provinces have received close to one billion Kina in benefits.

Coal projects discouraged

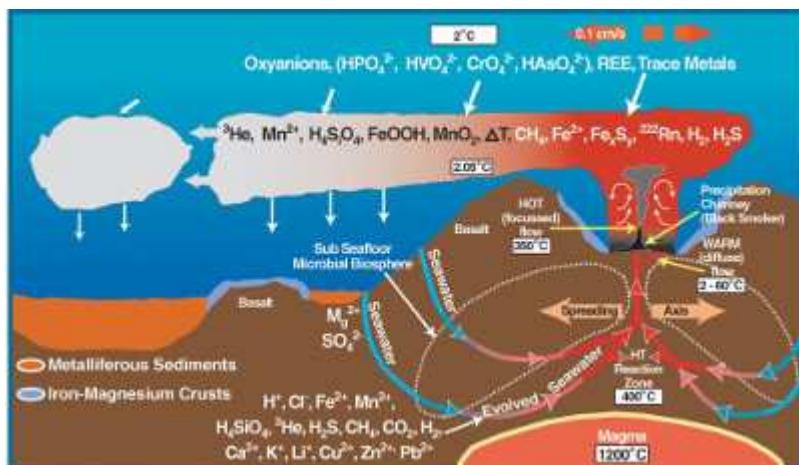
The National, August 17, 2016

COAL projects should not be developed in PNG as part of the national government's effort in enforcing the Climate Change Bill, Parliament was told yesterday. Chuave MP Wera Mori said this during debate on the Climate Change Bill. "We must not encourage coal project in PNG anyway. It is dirty and will contribute to the climate change by global warming." Mori was reacting to a media report of a proposed coal project in Gulf that had the potential of running a 50-megawatt power station for 30 years. The project was proposed by an Australian developer. He said Papua New Guineans, especially children, need to be encouraged to grow trees. Madang Governor Jim Kas said climate change was "no laughing matter" as rising sea levels were affecting the Madang coastline with sea flowing onto land and killing grass.

"Also mosquito-borne diseases are now affecting people in the Highlands. Every year we lose parts of the roads along the Highlands Highways way due to extensive land slide damage. We have lost the Carteret Islands in the Autonomous Region of Bougainville due to sea level rising," Kas said. Northern Governor Gary Juffa said there should not be illegal logging if the national government was serious about implementing the Climate Change Act. Finance Minister James Marape said he was dismayed that industrialised countries such as the United States, China, Germany, Japan and Australia which contributed to more than 10 per cent of carbon emissions, were not complying with the Kyoto Protocol.

PNG Undersea Miner Cutting Back Activities Under Money Pressures

Nautilus Minerals plans for Bismarck Sea faces fierce opposition



WELLINGTON, New Zealand (Radio New Zealand International, August 17, 2016) – The company planning to mine the seabed of Papua New Guinea's Bismarck Bay has advised that it's cutting back its activities because of money pressures. Nautilus Minerals is reducing its workforce and ending contracts for the construction of equipment for the seafloor mining it was expecting to begin by 2018 for its Solwara 1 project in PNG. Mining Weekly reported the company saying it was looking for 'significant additional project funding.' Nautilus's plan had been to mine high-grade polymetallic seafloor massive sulphide deposits. Mining Weekly said the joint venture had already taken delivery of the three main seafloor production tools which had been built in England. They were scheduled to undergo extensive wet testing in Oman. The underwater mining project, a world first, has faced fierce opposition from environmentalists and the communities surrounding Bismarck Bay.

Powi lauds PM's move on resources

Post-Courier, August 18, 2016

By JEFFREY ELAPA

THE Prime Minister's decision to give back a fair equity in resource development in the country is a paradigm shift in resource ownership and great participation, Southern Highlands Governor William Powi said. Yesterday Prime Minister Peter O'Neill said 33 per cent of the ownership of the Ok Tedi mine was given back to the people and provincial Government of Western Province, while another 53 per cent was given to the people and the Government of Bougainville for the ownership of the Panguna Mine. He also announced that the PNG LNG Project funds are parked in the Central Bank and will be paid after the clan vetting processes are complete.

He also announced the extension of the deadline for the 4.27 per cent equity in the PNG LNG project to December and a possible negotiation for a fair buying price. Governor William Powi, while commanding the Prime Minister for his bold decision in giving back ownership of the resources to the people, said that allowing the people to participate fully in managing their resources is the way forward for PNG after 40 years. The Governor whose province is the host to the country first oil project since 1991 and moving into the PNG LNG project said the landowners and provincial governments have been mere royalty collectors and have never participated meaningfully.

People to get a third of Ok Tedi's equity

Post-Courier, August 18, 2016

By GORETHY KENNETH

THE National Executive Council has endorsed the Government's decision to transfer 33 per cent, one third of Ok Tedi Limited equity, to the people of Western Province landowners, affected villages and the provincial government. Prime Minister Peter O'Neill made this revelation in Parliament yesterday while presenting his ministerial statement on Panguna Mine, Ok Tedi and the PNG LNG projects. "It has been agreed in Cabinet that the shares will be held in trust by the Mineral Resources Development Corporation, through their managing of the mineral resources Ok Tedi and the mineral resources of Star Mountain in North Fly district on behalf of the provincial government and the land owners as well," Mr O'Neill said. "This decision gives Fly River provincial government and Mt Fublian landowners more say in the development of that mine," he said. "This is a totally different approach to the past where the people of Western Province only received dividends of up to 6.1 per cent that was held by the State.

"Today we are providing direct equity participation for the people of Western Province and the landowners, and this will further allow for participation at the management and the board level. "The value of the resources in Western Province is enormous and the people of that province and

communities around the mine must benefit meaningfully from these resources. "When we took over the mine it was worth less than US\$500 million (K1623m). The current assets of Ok Tedi will be valued at over US\$3 billion (K9.7b) in 12 months time. "I note the former chairman of that mine has made a public advertisement today, but our Government is not going to engage in a war of words and we will allow the courts to make those determinations. "But one thing is very clear, after all of these years of operating this mine, under BHP, it is evident that our people and our provincial governments have received limited benefits and for that reason we are making this decision.

Porgera: 'Landowners must solve differences'

Post-Courier, August 18, 2016

By JEFFREY ELAPA

MINING Minister Byron Chan said the landowners of Porgera in Enga Province have to resolve their internal political issues before the mining review is concluded. Mr Chan said the Porgera mine review that started two years ago should have been concluded but was put on hold due to the in-fighting and differences of the landowners. He urged the landowner leaders to resolve the landowner politics to be able to have all parties come together to have the review done as 25 years has lapsed without a review. "This Government is ready to work with the landowners to resolve the mine review but I urge the Member to provide the leadership to resolve their landowner internal matters. We can complete the review only if the landowners are ready without any differences," he said. Mr Chan said in response to questions from Member for Lagaip-Porgera Nixon Mangape who wanted to know when the review shall be undertaken and concluded.

Talks With PNG Landowners At ExxonMobil Site Going Well: Government

Some 'well pads' are being blockaded but all are intact

By Rosalyn Albaniel

PORT MORESBY, Papua New Guinea (PNG Post-Courier, August 17, 2016) – Five of the well pads at Hides, Hela Province, remain inaccessible to the developer of the multi-billion kina project ExxonMobil. However, the Government has reassured its commitment to resolve the issue. This was from Petroleum and Energy Minister Nixon Duban yesterday while giving an update on the situation at Hides. Mr Duban said reports he had received were that the well pads had been blocked off. However, he said this was by "opportunists" who were taking advantage of the situation, and not by the landowners. He said on consensus, police had been sent into the area and would remain there, to give comfort to all stakeholders, including the investor, while the issues are being worked on. He said project security was tantamount, especially as PNG was not a traditional player but a new one in the LNG market. The Government was mindful of the implications this would have and had appealed to the landowners for them to continue to work closely with the state.

Mr Duban said ExxonMobil's operation had suffered a little as a result of the protest but had improved following the respective visits by the state teams last week. Dialogue is continuing.

"A state team was in Hela on Friday to liaise with the landowners. They returned on Saturday and there has been some commitment on a way forward. "We have two teams going back today (yesterday). The landowners have agreed to meet with them. I also intend on making another visit after Parliament rises. "As the minister responsible I am 100 per cent committed to ensuring what needs to be done is done," he said. ExxonMobil refused to comment on production-related issues however, said that the Hides Gas Conditioning Plant is continuing to operate. "We are committed to meeting our contractual obligations to our long-term customers. While this is a matter between the landowners and the Government, we are doing everything we can to help facilitate communication

between all parties. "ExxonMobil PNG is committed to maintaining a positive relationship with landowners, the government and the wider community," a company spokesperson said.

PNG to give mine shares to Bougainville

Radio New Zealand, August 17, 2016



Peter O'Neill and John Momis

The Papua New Guinea Government is to transfer mining shares gifted it by Rio Tinto, to the people of Bougainville. The Prime Minister, Peter O'Neill, told parliament today his government is aware of the pain and torment the people of Bougainville have gone through, and the importance of land to them. The shares in Bougainville Copper Ltd, which had run the long shut-down Panguna mine, will ensure the autonomous government has a majority shareholding in the company. Bougainville President John Momis has been pressing for the shares for weeks and had threatened legal action against both Rio Tinto and the national government.

A critical concern for Mr Momis is that Rio Tinto is walking away without clearing the damaging legacy left by the mine such as ongoing environmental and social issues. Last week, Mr Momis signalled the Bougainville administration could take legal action against Rio. Mr O'Neill has now told parliament his government is serious about empowering communities and giving Bougainville's landowners and the people direct control over any future mine developments. He added that this transfer of shares further strengthens the confidence of Bougainvilleans in the peace process.

PNG gives Rio Tinto mine stake to Bougainville after outrage

AFP, 17 Aug 2016



Papua New Guinea's Prime Minister Peter O'Neill has sought to soothe anger about his government's increased stake in a mine in Bougainville by giving part of it to the local community. (Photo: AFP/Mark Schiefelbein)

Papua New Guinea's prime minister today (Aug 17) sought to soothe anger about his government's increased stake in a mine at the centre of a decade-long civil war in Bougainville by giving part of it to the local community. The huge Panguna mine on Bougainville island is one of the South Pacific's largest mines for copper and gold but has been shut since 1989 after continuous attacks by secessionist rebels in a conflict that has cost an estimated 10,000 lives. Anglo-Australian mining giant Rio Tinto had a 53.8 per cent stake in Bougainville Copper Limited (BCL), which controls the facility, but last month said it would gift its share to the PNG government and Bougainville's autonomous administration in a move that would leave both parties with a 36.4 per cent stake.

It was the first time Bougainville's autonomous administration had owned a stake in Panguna. But the news angered local politicians, with Bougainville President John Morris' saying then that his community could not accept equal or majority control of BCL by Port Moresby. PNG Prime Minister Peter O'Neill told parliament on Wednesday his government - which already has a 19 per cent share of BCL - would transfer the 17.4 per cent stake gifted from Rio to Bougainville to "help to alleviate some of the legacy issues of the past". "With this transfer, the people of Bougainville will own a combined shareholding of 53.8 per cent of BCL," he added. "This ownership will also give landowners and the people direct control over environmental issues of any future mine development that will take place. By transferring these BCL shares to the people we are further strengthening the confidence of Bougainvilleans in the peace process."

There has been ongoing political sensitivities about Bougainville, which was granted autonomy by the PNG government in June 2005 and is expected to hold a referendum on independence in the next few years. PNG is due to hold national elections next year. Bougainville's separatist conflict was the bloodiest in the Pacific since World War II, and ended when the New Zealand government helped broker a truce signed by all factions in 1997. Before it was closed, the mine produced copper concentrate for 17 years, which represented 44 per cent of PNG's total export earnings at that time. Arguments over environmental damages and compensation from its operation had been central to the conflict.

Mining industry worried over seabed mining

Jez Abbott, Environmental Data Services, 16 August, 2016

Long-awaited regulations on seabed exploitation will not throw enough incentives to mining companies to coax them into investing in deep-sea drilling, legal experts warn. Law firm Pinsent Masons' energy and natural resources expert Steve Potter said a recent draft from the International Seabed Authority (ISA) needed more work. "A huge amount of work still needs to be done to finalise the regulations if they are to provide a sensible regulatory framework," Potter said. "It needs to incentivise mining companies to commit significant investment into deep seabed mining in international waters." The working draft represents the first phase in the development of regulations including rules, regulations and procedures on environmental assessment and management of mining. ISA is the international organisation set up by the United Nations to control activities on seafloors beyond national jurisdiction, with a focus on mineral resources.

New rules are due in two years' time and ISA, which wants feedback on changes by November, has yet to publish details on environmental rules or the fee levels and royalties contractors must pay. The ISA signed 15-year exploration contracts with 24 contractors, which must have a sponsoring state but can be privately owned companies. Several of these early exploration contracts were extended recently involving countries including the UK, China, Japan, Russia, France, Germany and India. Contracts include exploration for polymetallic nodules in the Indian Ocean basin and cobalt-rich crusts in the Western Pacific Ocean.

However, Potter said: "Much will depend on the level of royalty that contractors will have to pay to the ISA on minerals recovered and this has yet to be proposed. "Current exploration contractors are also concerned by proposals to hold regulatory reviews after the first five years. "These contractors have campaigned for regulatory stability to avoid more onerous regulation and cost increases that would threaten the economic viability of their projects." ISA is also proposing fees, payable for processing an exploitation application, which is expected to be significantly higher than the current exploration application fee. Fees are also planned for the renewal of exploitation contracts, and for material changes to mining plans.

Cash-strapped Nautilus to lay-off workers, cancel contracts for delayed Solwara 1

Henry Lazenby, Mining Weekly, 16 August, 2016

Despite having \$51.3-million in its coffers as at the end of June, marine mining pioneer Nautilus Minerals on Monday announced that it would implement several measures aimed at preserving the company's capital position while it sought to secure further project financing. The TSX-listed company advised that following a review of all aspects of its business, it was reducing the workforce, terminating contracts for the construction of any seafloor production equipment that was in the early stages of development and that it would not enter into any new construction contracts until it could source additional funding. The company had previously planned for the construction and development of the entire seafloor production system for initial deployment and testing operations at the Solwara 1 project, offshore Papua New Guinea (PNG), to be completed by first quarter of 2018, based on the company's project timetable and subject to securing additional project funding.

However, Nautilus had thus far been unsuccessful to secure the required money, resulting in an indefinite delay of production. Nautilus advised that the company and its operating subsidiaries was exploring alternatives for securing immediate bridge financing to facilitate the time required to secure the "significant additional project funding" that is needed and/or to explore alternative transactions aimed at maximising shareholder value. There could be no assurances that the company would be able to obtain the necessary bridge financing on acceptable terms or at all, it advised. The total capital cost for the system to deliver dewatered ore on board barges to the Port of Rabaul, including a 17.5% contingency, was estimated at \$383-million. The operating cost, excluding contingency, was estimated at \$237 000/d, or about \$64/t of mined ore, transported to the port based on a production rate of 1.35-million tons a year. With a 10% contingency, these operating costs totalled \$261 000/d or about \$70/t.

Nautilus had formed a joint venture (JV) company with PNG's nominee, Eda Kopa (Solwara), in December 2014 to mine high-grade polymetallic seafloor massive sulphide deposits. Nautilus held an 85% shareholding and Eda Kopa 15%. The JV had taken delivery of the three main seafloor production tools (SPTs) from British manufacturer Soil Machine Dynamics' (SMD's) facility, in Newcastle upon Tyne. They had been moved to Oman, where they were scheduled to undergo extensive wet testing at the Port of Duqm. Nautilus planned to use the SPTs to cut and extract high-grade copper and gold from the seafloor at the Solwara 1 project site in the Bismarck Sea. The proposed project had been met with fierce opposition from environmentalists arguing that the impact of deep sea mining on the various levels of marine ecosystems were not fully understood.

War continues over Ok Tedi mine's sustainable program

Post-Courier, August 16, 2016

THE war of words is continuing over the OK Tedi mine between Sir Mekere Morauta and Prime Minister Peter O'Neill. Sir Mekere rebutted a number of statements by PM O'Neill about the PNG

Sustainable Development Program Ltd and himself in Parliament on Wednesday August 10, which were published in the media. Sir Mekere said all of them are untrue and called on the PM to apologise for misleading Parliament and the public.

He said the Prime Minister made five main allegations that; PNGSDP wanted to shut down the mine, that former OTML chairman Ross Garnaut and Sir Mek suggested that the Prime Minister take over Ok Tedi; the value of Ok Tedi mine at the time of expropriation (September 2013) was less than US\$500 million; Ok Tedi was losing money every day when PNGSDP owned it; and, Ok Tedi had debts of US\$200 million. "These allegations are completely incorrect in every respect."

"Neither I nor Ross Garnaut ever suggested that the mine be closed. Far from wanting to close the mine, while PNGSDP was a shareholder in Ok Tedi and PNGSDP invested hundreds of millions of dollars in a Mine Life Extension project to keep Ok Tedi going beyond the original mine closure date of 2015." He said PNGSDP did point out that unless the Government approved OTML's plan to extend the mine's life from 2015 to 2025, the mine would have to close because there was not enough profit.

PNG Landowners Continue To Blockade ExxonMobil LNG Site

Initial 'government response was unsatisfactory'; new delegation expected

PORT MORESBY, Papua New Guinea (PNG Post-Courier, August 15, 2016) – Reports from Hela province say that landowners continue to block access to a key site in the ExxonMobil-operated LNG gas project. The project's gas conditioning plant at Hides remains locked by landowners protesting that the government owes five years of outstanding project commitments worth hundreds of millions of dollars. According to online reports they landowners threatened to shut down the entire LNG project this month if government didn't respond adequately with payments. Speaking in parliament last week, the Prime Minister Peter O'Neill said all outstanding payments would be made in due course, while a government delegation travelled to Hela last Wednesday for discussions with the landowners.

This delegation, including members of the state-owned Mineral Resources Development Company, sought to assure landowners that payments will be made, pending the outcome of ongoing clan vetting processes to establish the legitimate landowners. Furthermore, landowner representatives met with the MRDC in Port Moresby at the weekend to discuss the petition outlining their grievances. However landowners indicated the government response was unsatisfactory and they are expecting to receive another government delegation today or tomorrow for further talks. The project developer ExxonMobil said last week its facilities were continuing to operate and that it was monitoring "the peaceful protest in Hela".

However, reports from Port Moresby suggest the latest export shipment from the LNG Project had only half as much gas as usual, due to obstruction in the flow of LNG because of the Hela landowners' actions. Meanwhile, landowners from LNG Project areas in neighbouring Southern Highlands province have indicated they wish to join the Hela landowners' protest as they too claim to be owed significant amounts of benefits. An extra contingent of PNG police was deployed to Hela last week amid fears that landowner grievances could spill over into violence.

Are Nautilus plans for experimental seabed mining dead in the water?

Act Now! via PNG Mine Watch, August 16, 2016



Credit: Alliance of Solwara Warriors

The problems just keep stacking up for prospective experimental seabed mining company, Nautilus Minerals, and its planned Solwara 1 mine in Papua New Guinea. Mining was slated to begin in early 2018, but that date has already abandoned and in the meantime the breadth and volume of opposition just keeps growing. Over the last few months climate scientists, lawyers, politicians, church leaders, environmentalists, ngos and even the World Bank have all taken aim at Nautilus and Solwara 1 and, with the financial markets running scared, Nautilus doesn't have the cash to buy a single voice to back their controversial plans. A recent [plea from the Lutheran Church](#) in PNG for greater transparency around the mine approval process and [350,000 signatures](#) from all around the planet opposing seabed mining are just the latest headaches for Nautilus executives.

In April, it was revealed Nautilus has [admitted in company documents](#) its mining plans are highly speculative and experimental with no assurances the mining machines will actually work or certainty about the environmental impacts. This has scared potential investors and [Nautilus is desperately short of funds](#), leading to delays in the production and commissioning of vital mining machinery and its giant support ship. Already Nautilus has announced it will not be ready to start mining in early 2018 as promised and currently it has not been able to provide a new timetable. In the meantime there seems to be no end to the stream of negative legal and scientific reports casting doubts on the probity of seabed mining.

In June, a new scientific report from the University of Oregon revealed seabed mining could have [catastrophic climate impacts](#) while other [scientific research](#) is revealing the proposed mining sites are 'bursting with rare marine species'. In PNG, the Constitution Law Review Committee has [questioned plans for ESM](#). While, in June, law firm [Blue Ocean Law and PANG published a report](#) detailing the risks and pitfalls of deep sea mining, based on an independent legal and policy analysis of the legislation of 14 Pacific Island nations, and in-depth case studies in Tonga, Papua New Guinea, and Fiji. To make matters even worse for Nautilus, its mining plans are becoming politically toxic in PNG. Prominent former Attorney General and Madang Governor, Arnold Amet, has [spoken out against the proposed mining](#); the Leader of the Opposition has attacked the government over ESM on the floor of Parliament and people's champion, MP and Governor Gary Juffa, continues to vocally oppose the mining.

With a National election looming in 2017, the political voices opposing the mining are expected to grow both in number and volume. In May, the campaign against Nautilus and Solwara 1 was taken onto the international stage with [a civil society protest](#) outside a Seabed Mining Summit in London.

[Research published by the University of Washington](#) says the proposed Solwara 1 mine could have “*a large impact on local fishing*” which families rely on for their food and incomes. National Geographic Society Explorer, [Dr Sylvia Earle has branded plans](#) for experimental seabed mining as an ‘invisible land grab’ that threatens ‘*wholesale destruction*’ and ‘*a serious threat to the stability of ocean systems*’. Even the [World Bank has urged the Pacific](#) to be cautious over seabed mining while Mexico has recently [rejected a proposed seabed mine](#) citing environmental concerns. With so many different national and international voices coming from so many different perspectives in opposition to experimental seabed mining; no voices in support; and Nautilus incapable of mounting a response, maybe, for once, common sense might prevail and Solwara 1 could be dead in the water?

Government cannot afford Elk-Antelope project: PM

Post-Courier, August 15, 2016

By GORETHY KENNETH

THE Government did not bid for the Elk-Antelope Project because at US\$20 billion it was far too high for the Government, Prime Minister Peter O'Neill told Parliament last week. Gulf Governor Havila Kavo has asked the Prime Minister if there were plans to buy off InterOil assets and protect its resources or if the State could reject the specific proposal and come up with the best approach. He suggested that the State acquire the assets so PNG can become a major player in the industry. Mr O'Neill said that because Elk-Antelope is estimated to cost close to US\$20 billion "we know that we cannot afford that and that is why Government is not participating in the bidding process, even the US\$3 billion price is too high already.

"The offer made by ExxonMobil to buy off InterOil's assets in Papua New Guinea comes as a competitive process that has taken place," he said. "Prior to ExxonMobil making an offer, I understand that the offer is close to US\$3 billion, which is almost K12 billion, and of course that comes at the back of the offer made by Oil Search and Total who were trying to buy the same assets for US\$2.5 billion. "It is my understanding that the shareholders of InterOil are now looking through both bids to determine which is the better offer they can accept as it is almost one-third of the offer of the Elk-Antelope, one third owned by Oil Search and the one third other by Total.

"The Government has already nominated Total as its operator not ExxonMobil so even if Exxon Mobil buys InterOil shares they will not be the operator of that particular field. Total will be the operator meaning there will be competitiveness in the marketplace. InterOil has been trying to develop this particular project for almost 10 years now and of course, within that 10 years InterOil has not been able to raise the money to develop the gasfields at the Elk and Antelope," Mr O'Neill said.

Mining the Ocean Floor: Good Idea?

By Adam Minter, Bloomberg, Aug 14, 2016

While commodities traders still work their way out of a historic slump, Japan is looking ahead to the next boom. According to Bloomberg News, next year a group of Japanese companies and government agencies will start mining minerals at a site 1,000 miles southwest of Tokyo -- and one mile beneath the ocean's surface. It will be the first large-scale test of whether mineral deposits can be mined commercially from the seafloor. The project is fairly bold. The seafloor is home to priceless deposits of minerals such as gold, copper and cobalt. And thanks to new technologies, it might soon be exploitable. That's potentially good news for miners and commodity speculators. But it poses some alarming challenges for the marine environment -- and the economies that depend on it. At least as far back as the 1960s, scientists have known that rich deposits of minerals could be

found in metallic nodules strewn like stones across the deep seabed. In 1977, researchers discovered hydrothermal vents on the ocean floor, along with some of the richest ore bodies in the world. In both cases, though, slumping commodity prices and high extraction costs doomed exploitation efforts.

China changed everything. As its economy picked up earlier this decade, and demand for commodities surged, the search for alternative sources of raw materials gained steam. Resource-poor Japan resuscitated its interest in seabed mining. China started building its own underwater mining capabilities, including a proposed partnership with India. Between 1984 and 2011, the International Seabed Authority -- which oversees seabed mining under a United Nations convention -- issued just six exploration permits. Since 2011, it's issued 21, covering nearly 400,000 square miles of ocean floor that could one day be mined. Exploration isn't disruptive to the environment. But seabed mining will be. For one thing, it requires underwater harvesters that will suck up those valuable rocks -- and any organisms or habitats that get in the way. Some will recover, but others never will: Nodules, which support an abundance of organisms, require millions of years to form. Even worse, the harvesters will kick up huge sediment clouds that could spread over vast areas of the seabed, potentially ravaging corals and sponges.

These disruptions might even ricochet through the aquatic food chain. Last year, New Zealand denied a permit to mine the seabed off its coast after the seafood industry argued that it could deposit 45 million tons of sediment into its fisheries each year -- fisheries that help feed people around the world. The deep sea also plays a crucial role in regulating the climate by serving as a giant carbon sink. Anything that churns up the seafloor has the potential to disturb that sink -- with unpredictable consequences. Craig Smith, an oceanographer at the University of Hawaii, recently speculated that seabed mining "will probably have the largest footprint of any single human activity on the planet." The key word there is "probably." As Smith and others point out, scientific knowledge of the seafloor is thin. That's begun to change as regulators and mining companies sponsor environmental reviews. But that research is moving slowly in light of what looks like a looming gold rush. Fortunately, the International Seabed Authority has yet to issue its first permit to actually mine a claim. In fact, it only issued the first draft of its mining regulations last month, and they'll likely be under review for years.

But the ISA can only adjudicate claims in international waters. Territorial projects, such as Japan's, can proceed according to local law, regardless of the methods used or their potential effects on fisheries. That makes addressing the environmental impact even more urgent. The ISA should place a moratorium on new exploration permits until a reliable way to shield vulnerable habitats and species from mining is devised. Extending the concept of Marine Protected Areas -- which are used to preserve sensitive ecosystems -- to parts of the international seabed that haven't yet been licensed for exploration would also help. Such restrictions won't please everyone. But as this new gold rush speeds up, they could offer a chance to preserve some of what will be lost in the chase.

Frieda River mine: Protection a priority

August 11, 2016, The National

By PISAI GUMAR

Frieda River mine developer PanAust recognises the significance of the Sepik River to communities around it, the company's community affairs and government relations manager Geoffrey Callister says. He said the company worked with the communities to conduct awareness to ensure people understood the stages of progress. Callister said at the 10th Sepik River Crocodile Festival at Ambunti last weekend that exploration had started in 1960s. PanAust applied for a special mining lease (SML) from the government in June. This year's awareness is scheduled for next month would be

conducted from the head to the tail of Sepik River. According to a PanAust statement, the company placed great emphasis on managing the environment.

It upheld worldwide environmental management standards to ensure that impacts to the surrounding natural environment, including waterways, are minimised. "PanAust recognises the importance of the Sepik River Basin, both from an environmental perspective and the valuable contribution it makes to people's livelihoods," the company said. "A key component is the development of a storage facility of an engineered embankment that forms a water reservoir within the Nena River catchment. "The reservoir will cater for mine waste rock and processed tailings to be placed beneath the reservoir to ensure that mine impacts on environments is minimised. "We do not conduct riverine waste disposal as mine waste facilities are aptly designed to hold waste materials left over from the mining process. The integrated storage facility will be used to store two types of left-over materials – include tailings and waste."

BHP can be sued for damage: Prime Minister

August 11, 2016, The National National

BHP Billiton can still be sued by landowners for environmental damage it has caused in Western through the Ok Tedi mine, Prime Minister Peter O'Neill says. He said that yesterday when answering a question from NCD Governor Powes Parkop on whether BHP could be sued. Parkop said the "real culprit" behind all the environmental problems in Western was BHP. "We must deal with BHP," he said. Parkop said in 1990, Western landowners, at their own cost, engaged scientists and lawyers and got a court decision for BHP to dredge the Ok Tedi and Fly rivers right down to the Great Barrier Reef. He said BHP would have spent so much money on this – more than the long-term fund of the PNG Sustainable Development Programme – "but sadly, and to our shame, the government at that time passed the supplementary bill or act to give BHP immunity from prosecution and not to comply with that court order". "They then set up this PNGSD," Parkop said. "PNG Sustainable Development is intended to compensate our people, especially the people of Western province, but more particularly the exit plan of BHP. "BHP is supposed to exit, but instead, they cleverly manipulated the trust deed to set up PNGSD and got the majority on the board."

Ok Tedi improves company value

Post-Courier, August 11, 2016

By ISAAC NICHOLAS

OK Tedi mine in Western Province has made a huge turnaround by tripling the mining company value to around US\$3 billion (K9.7bn). Prime Minister Peter O'Neill released a short statement during Question Time in parliament yesterday that it was a remarkable achievement for a mining company taken over by Government two years ago. He said when the Government took over the mine, it was valued at less than US\$500 million and losing money every day. He also said when the Government took over, the debts were close to US\$200 million and that has been reduced to US\$15 million and aiming to be debt free by the end of this year. "This parliament was not wrong in taking over the OK Tedi mine. I want the people of Western Province and the country to know this. It was not my intention nor the Government's intention to take over the OK Tedi mine.

"This was suggested to me by the former chairman Ross Garnaut and current chairman Sir Mekere Morauta. They wanted to shut down the mine and I said this cannot be possible, that is the truth. "We took over the mine because the PNG economy cannot operate without OK Tedi. They wanted to shut it down because they said there is no more enough gold and copper to continue operations of the mine. "But let me inform you today, two years ago we took over the mine, last week I got a

briefing from the management and directors. Today, this is where the mine stats are. When we took over, we shut the mine down for seven-eight months because of drought, and then we restructured the mining operations. "When we took over the mine, it was valued at less than US\$500 million, losing money every day. That was the mine that we took over. When we took over it also has debts close to US\$200 million. Today after eight months of operation the debt level has reduced to US\$15 million and by year end we will have no debt in OK Tedi mine."

Landowners close to turning off tap for LNG Project

Story courtesy of RNZ International, Post-Courier, August 11, 2016

Crunchtime is looming to avert a shutdown of the country's major LNG (Liquefied Natural gas) project. The project's Hides gas conditioning plant in Hela province remains locked by landowners protesting that the government owes five years worth of project commitments worth hundreds of millions of dollars. The project developer ExxonMobil said its facilities are continuing to operate and that it's monitoring the peaceful protest in Hela. Stanley Mamu from LNG Watch said a government delegation made a brief trip to Hela yesterday to talk with the landowners and are expected back in Hela on Friday with an ultimate response to the landowners's grievances. "I just rang the person on the ground who is heading that strike. He told me that today is the last day. Tomorrow, they will get a response from the government and if the government cannot satisfy their petition, they will forcefully go inside and close down wellheads B, C and D... it's the well tap that supplies the gas."

It's not the first time that landowners in Hela have obstructed the project over their grievances over commitments or royalties owed however, this time the landowners appear less willing to accept the government response. Two hundred fifty LNG shipments have reportedly been made since the project started exports two years ago, but landowners in four petroleum development license areas of Hela say they are yet to be paid as the founding project agreement. "This sort of gate closure, we've never experienced that, from the beginning (of the LNG Project) until now," said Stanley Mamu. He said the proliferation of firearms among some Hela landowners was a concern, especially with PNG security forces looming. On Tuesday, the Minister of Petroleum and Energy Nixon Duban said delays in payments to the landowners in the Hela LNG area were due to complications over identifying genuine landowners. He said paying royalties to the wrong people would have consequences which the government wanted to avoid. But the deployment of extra police to Hela from the capital was a sign that the government was concerned about the landowner threat. Exxon meanwhile said it respected the right of individuals to peacefully protest, but also encouraged "continued dialogue between landowners and the government to resolve their outstanding issues promptly".

Chamber wants mining law conducive to investment

Post-Courier, August 10, 2016

The PNG Chamber of Mines and Petroleum says it wants a modern, internationally competitive mining legislation to underpin a world class industry and attract continued investments into the country. The Chamber was responding to comments by secretary of the Department of Mineral Policy and Geo-hazard Management (DMPGM) Shadrack Himata who had accused it of being a blockage in getting the revised law approved. In a statement released yesterday the Chamber said it and industry members had been involved in a lengthy discussion process with DMPGM in which they had made contributions drawing from the experience of its members operating in various countries. Further, where required seeking independent and comparative analysis of the proposed changes to test its potential impact on the industry and the flow on impact to the overall economy. "It is on the

basis of those comparisons that the Chamber highlight edits significant concerns with the changes being proposed for the Mining Act."

The Chamber said that the proposed changes to the Mining Act would cost Papua New Guinea billions in State revenue, millions of kina in landowner and stakeholder benefits, thousands of jobs and will also have drastic impacts on social development such as health, education and training, impact the growth of Small to Medium Enterprises (SMEs) and landowner businesses by driving away much needed direct foreign investment. It said planned future projects like the Frieda River, and the Wafi-Golpu projects will also be impacted by the proposed Mining Act, rendering them economically unviable. The Chamber said despite repeatedly raising these issues and making detailed explanations of their impacts, the DMPGM was not able or not willing to fully consider the impacts. It also believes the proposed Mining Act will severely impact the attractiveness of PNG as a mineral exploration and development destination with these impacts to be felt throughout the PNG economy in the short, medium and long term. "As the PNG economy is experiencing, as we go through weak economic conditions, the importance of maintaining large scale economic projects and the investments they bring becomes paramount.

PNG Government Deploys 57 Police Squad Members To Enhance Security At \$20B Gas Project Site

Unpaid landowners not backing down, ExxonMobil 'monitoring' peaceful protest in Hela Province

By Andrew Alphonse

PORT MORESBY, Papua New Guinea (PNG Post-Courier, August 10, 2016) – The State on Monday afternoon deployed about 57 police mobile squad personnel from Port Moresby to Komo to beef up security at the US\$20 billion PNG LNG project sites. The police were deployed to protect the well pads, Hides conditioning plant, employees and assets belonging to developer ExxonMobil (PNG) Ltd led consortium. Hides PDL1 landowner leader Moses Mekeya said the government is trying to use police and guns to contain the uprisings but the landowners are adamant and would not give up their fight for what is legally and rightfully theirs.

Mr Mekeya said the entire LNG project facilities such as Hides Gas Conditioning Plant, Hides Gas power plant site to Porgera, Nogoli Oil Search Limited camp and the well pad A-H along the Hides Spine line Road have also been shut. However, developer ExxonMobil said yesterday that all facilities at the PNG LNG Project are continuing operation. Spokeswoman Anne Rix, media and communications manager (public and government affairs), said this yesterday in the light of the current landowner uprisings at Hides and Nogoli areas in Hela Province that has seen threats made to the project operations. "Our facilities are continuing to operate and our people are able to move in and out of Hides," Rix said. She said ExxonMobil PNG is continuing to monitor the situation regarding the peaceful protest in Hela Province. She said ExxonMobil respects the right of individuals to peacefully protest, but also encourage continued dialogue between landowners and the government to resolve their outstanding issues promptly. "We are committed to maintaining a positive relationship with landowners, the government and the wider community," Rix said.

PNG Government: Gas Project Royalties Will Be Honored: Delays Due To Efforts To Ensure Payees Properly Identified And Registered

ExxonMobil denies operations have been obstructed

WELLINGTON, New Zealand (Radio New Zealand International, August 10, 2016) – Papua New Guinea's government says delays in royalty payments to landowners in the LNG (Liquefied Natural Gas) Project area of Hela province are due to complications over identifying genuine Disgruntled

landowners say the government and project developer haven't honoured royalty commitments. 250 LNG shipments have been made since the project started exports two years ago. Landowners have threatened to shut down the entire project if outstanding royalties aren't paid by next week. The Minister of Petroleum and Energy Nixon Duban told EM TV that paying royalties to the wrong people would have consequences which the government wants to avoid.

"This project is going to be here for a long time. We cannot make a mess and pay the wrong people. And so the onus is on the state to ensure it's done properly. Whether we take one year or a couple of months, we must ensure it is done properly. It is in the best interests of the people of Hela and our government to ensure that those names are properly registered and properly identified." While the landowners claim to have obstructed access to the Hides gas conditioning plant in Hela, the project developer ExxonMobil says operations are running as normal. In a statement Exxon said "we respect the right of individuals to peacefully protest, but we also encourage continued dialogue between landowners and the government to resolve their outstanding issues promptly. We are committed to maintaining a positive relationship with landowners, the government and the wider community."

Talks on mineral shares

Luke Rawalai, The Fiji Times, August 09, 2016

OFFICIALS of the Ministry of Lands will soon begin consultations on a formula that will determine Government and landowners fair share of mineral royalties. Ministry's deputy permanent secretary Malakai Nalawa said they were still in the process of working out a formula. Mr Nalawa said they were still working on the percentage of the shares that would be given to Government and landowners. "We need to work out the percentage and justify why the need for such percentage," he said. "Once this is done we have to take it down to landowners in the form of consultations to hear their views on the percentages and its justifications," he said. "When we talk about landowners it will also involve state, native and freehold landowners." As part, of the consultative processes, Mr Nalawa said, they would also refer to other countries overseas that had adopted the same system of distribution.

"The formula the ministry is working on is not for the determination of future generations fund but rather the fair sharing of mineral royalties between Government and landowners," he said. "At the moment Government is the main recipient of mineral royalties by virtue of the Mining Act. "But that has been changed by the 2013 Constitution, whereby it stipulates its fair sharing." Minister for Lands Mereseini Vuniwaqa had earlier confirmed the Mining Act (Cap 146) had always given Government the right to own minerals. The difference, however, in the 2013 Constitution landowners will now have a share from the money Government will get for the minerals. She said one of the priorities of her ministry was to determine the formula which would be used to decide a fair share.

PM Peter O'Neill: Government will address all mining issues

Jack Lapauve Jnr., EMTV News, August 9, 2016

PNG Prime Minister, Peter O'Neill, told parliament today that the government is at the centre of addressing all mining-related issues. Mr O'Neill said a formal statement will be released to address grievances by landowners in Hela, and shares in Panguna and Ok Tedi. "I want to assure the house and our country that one thing is very obvious. We need to look after all our stakeholders. More importantly, the landowners, provincial governments, and of course our citizens and our country. We need to have a greater stake in the industry, and the industry laws today, does not allow us to exer-

cise that option. “We are looking at this in a very diligent manner. We want to be fair to everybody. Even the investors. Without the investors, some of the large scale mines like Frieda and Wafi cannot be developed.



If we take up all the equity, investors will not have any equity to take. But over the course of the next two weeks, I will be making statements in this house, in regards to the shareholding in Ok Tedi and Bougainville, for the first time these two mines are being controlled by Papua New Guineans. “And of course, in relation to the 4.27 percentage stakeholding by the landowners in the Hela province, and of course, the LNG project. “I will make a separate statement in this house on it, but Mr Speaker, I want to assure the good member, we will communicate with the industry. The matter was discussed in cabinet this morning, but we have also deferred the discussion till next week, because I want to put a senior ministerial committee to discuss with other stakeholders, some of the concerns. We have to iron out all these concerns before we take this,” Mr O’Neill said.

Mining law final, Himata says

August 9, 2016, The National Business

THE revised Mining Act 2015 is final, which means that the Government will not entertain any more proposals, an official says. Mineral Policy and Geohazards Management secretary Shadrach Himata said the Government team responsible for the review led by Chief Secretary Isaac Lupari was satisfied with the final version of the legislation. He said the revised legislation had been submitted to the National Executive Council for approval to be tabled in Parliament. “Our consultation with stakeholders to review the Mining Act as directed by Government started in 2009,” Himata said. “We did media publications, held stakeholder workshops, parliamentary committee presentations, regional consultations throughout the country in 2010 and 2012 and two years of consultation specifically with the Chamber of Mines and Petroleum.

“In fact we have developed a database of Commentary Matrix for comments and statements received from stakeholders. We use it to guide the review.” Under Lupari as chairman, the PNG Chamber of Mines and Petroleum and the State team discussed the 14 issues proposed by the chamber. We did exactly that and Chief Secretary finally sent a letter to the chamber that the consultation is now over as he is satisfied that the State has already addressed all the issues that concern the industry.” He said during the consultation process there were agreements and disagreements. “The issue we have disagreed on is where the interest of the State and the people is at stake,” he said. “The State had to maintain its position to protect the people’s interest.”

Chamber accused of blocking law review

August 9, 2016, The National Business

DEPARTMENT of Mineral Policy and Geohazards Management secretary Shadrach Himata says the PNG Chamber of Mines and Petroleum is becoming a stumbling block to getting revised Mining Act 1992 approved. Himata said the legislation was 24 years old and needed to be revised to allow the mining industry to adopt contemporary best mine practices and principles the world is practising today. The chamber in a report it commissioned to PriceWaterHouseCoopers claimed the “majority of proposed legislative changes are likely to significantly impact sustainability in the near to medium term and to impair Papua New Guinea’s attractiveness as an investment destination”. Himata said the chamber was “propagating nonsense for their own vested interest”.

Himata said the chamber simply wanted to maintain the status quo. “They are not genuine in adopting best mine practices and principles that the whole world is practicing today,” he said. He said the chamber did submit any proposals in the stakeholder consultation process which began in 2009 culminating in the development of commentary matrix from all stakeholders in 2013. Himata said surprisingly, the chamber started running a propaganda debate to stop the passage of the bill as “we were finalising the act to be tabled in 2014-2015”. “They sponsored PriceWaterHouseCoopers in 2013 to do an assessment on the proposed changes using the 2012 initial raw draft of the act which had some major proposals that were in our view not possible to introduce at that time,” Himata said.

Operations Of The \$20B PNG Natural Gas Project

Landowners infuriated by prolonged delay by the National Government in paying their benefits in equity and royalty

By Andrew Alphonse

PORT MORESBY, Papua New Guinea (PNG Post-Courier, August 09, 2016) – Operations of the US\$20 billion PNG LNG Project in the Hides area of Hela Province has come to a standstill as of Sunday. Angry landowners, frustrated over the prolonged delay by the National Government in paying their benefits in equity and royalty, have taken siege of the entire LNG operations. Hiwa tribe landowner leader from Hides PDL 1 Moses Mekeya said by telephone from Hides yesterday that thousands of angry landowners have turned off the taps of the existing Well Pads G, C and B. He said the landowners have also blocked the main gates to the Hides Gas Conditioning Plant while trees have been felled to build barricades along the access road to the plant sites.

He said all access roads leading to Hides have also being dug out to prevent accessibility while LNG project operator ExxonMobil (PNG) Ltd staff are holed up inside their camps for fear of their lives. Mekeya said the Spine line Access Road that connects the well pads A to H are also being blocked with fallen logs and boulders all along the way. Mr Mekeya said last night heavily armed landowners held up six security guards at Well Pad G at Hides PDL 1 and asked them to leave the premises or else they would meet the inevitable. The guards were then abducted and dumped later at Hides. Mr Mekeya said the more than 200 police mobile squad and security personnel deployed by ExxonMobil to provide security to the project sites are outnumbered, out-gunned and powerless.

OK Tedi brings in K623m

August 8, 2016, The National Business

By GEDION TIMOTHY

OK Tedi Mining Limited managing director and chief executive officer Peter Graham says the mine has made 12 export shipments since resuming operations in March. Graham was explaining how the

mining company had been helping in carrying of the national economic burden, especially the amelioration of foreign exchange shortage in the country. "We have made 12 export shipment since restarting operations in March 2016," Graham told The National. "OTML has brought more than US\$200 million (K623 million) into Papua New Guinea during the same period." It resumed production on one of two of its processing circuits on March 1, following a suspension of operation for about seven months because of the dry weather.

Full production resumed at the end of March when the second processing circuit was bought on line after the successful completion of a major project to replace the mill shell and gearing. Since returning to operation, both the mill and mine have performed reliably and this has allowed the completion of a number of export shipments. The revenue generated from the shipments is denominated in US dollars which served as a valuable source of liquidity to the Papua New Guinea foreign currency market. Meanwhile Barrick Niugini Ltd, the operator and manager of the Porgera gold mine in Enga said an increase in gold price should assist in foreign currency returns to the PNG forex market.

LNG Royalties safe: Marape

August 8, 2016, The National National

By MALUM NALU

FINANCE Minister and Tari-Pori MP James Marape says royalty, equity and development levies for landowners and provincial governments from the PNG liquefied natural gas exports are safe. He said the financial benefits had been accruing since the first shipment of LNG left the PNG production facilities. He was responding to questions raised on the whereabouts of LNG proceeds since first export shipment in 2014. "Many people have been asking if Government is keeping these funds especially meant for provincial governments and landowners of the PNG LNG project areas," Marape said. "Let me assure all that these funds are safe and kept in trust accounts until landowner identification is verified and completed." He said K135 million each for the royalty and development levy was held in a Central Bank trust account. The Mineral Resources Development Company holds K150 million for the 2 per cent free-carry equity.

"The money is prescribed by the Oil and Gas Act and hence no-one will touch or spend what is meant for landowners and the five provincial governments." He urged the landowners to assist the completion of the social mapping process. "The Government is contemplating on releasing funds to landowners who have no dispute. But (it) will be nice if all receive theirs together. "Hence I appeal to the landowners, especially in upstream areas, to assist in bringing to a conclusion the social mapping work. "Government appreciates that disputes are prevalent in this exercise, hence we are also supporting Justice Ambeng Kandakasi's alternate dispute resolution programmes in those areas so we can conclude this outstanding landowner identification process."

Hides Landowners shut down gas project

Post-Courier, August 08, 2016

BY JEFFREY ELAPA

LANDOWNERS of the Hides gas field in the Hela Province have forced the shutdown of the PNG LNG Project over the Government's failure to address outstanding issues, landowner chief Larry Andagali said. His claim has not been independently confirmed by the project developer ExxonMobil but it is believed Hides PDL7 main gates were locked yesterday and more gates are expected to be locked today by frustrated landowners. Mr Andagali said as chief landowners, he and other prominent landowner leaders support the move by the Hides PDL 7 landowners to shut the project in-

definitely as it has taken almost six years without addressing the issues. "This Government has taken five and half years since the signing of last and final LBBSA agreement at Hides PDL1 Nogoli Camp on December 7, 2009. It has taken all this years to give a blind eye on its people to complete clan vetting and landowner identification process," he said.

He said the identification process will identify legitimate clans and their leaders to carry out and develop their future generations benefit management trust, develop an infrastructure development plan to spend K120m per annum IDG grants, raise 4.27 per cent Kroton equity, develop proper umbrella company structure to management 30 per cent of its community investment programmes from their royalty and equity benefits, develop proper ILG cash distribution processes. He said that provincial Government NEC sanctioned "beneficiary group" does not represent its people and he has already initiated legal proceedings against the State. Mr Andagali said he negotiated 19 per cent state of the 4.27 per cent for PDL 1 adding that he will not allow the landowners shares to be parked under an unknown and not proven entity to just to milk benefits through high consultant's management fees. "In the absence of the Leaders Hela Provincial government has misappropriated millions of IDG funds embarked for different licence areas in Hela Province," Mr Andagali said. He said he was responsible for negotiating for the IDG funds allocated annually.

Churches call on State and Nautilus to release Solwara 1 documents

PNG Mine Watch, August 4, 2016

 EVANGELICAL LUTHERAN CHURCH OF PAPUA NEW GUINEA
ELC-KARKAR DISTRICT
POST OFFICE KINIM
MADANG
MADANG PROVINCE



Friday 29th July 2016
Media Release

ELC-PNG's Karkar District Youth Conference Request for documents relating to Solwara 1 Project

More than 1000 members of 6 circuits within the ELC-PNG's Karkar District, representing more than 50,000 members including other churches attending this conference have called upon the State and Nautilus to release documents relating to Solwara 1 Project.

The youths representing Kulubob circuit, Tagub circuit, Burnsol circuit, Bagai circuit, Samoan circuit, and Bagbag circuit made this call at the ELC-PNG's 6th Karkar District Youth Conference at Kuluk village, Bagbag Island, Madang, Papua New Guinea from Sunday 24th to Friday 29th of July, 2016.

The youths write seeking access to documents regarding the Solwara 1 Deep Seabed Mining Project (Project) from Mining Minister, Minister for Conservation Environment and Protection Authority and Nautilus. Section 51 of the Constitution provides that every citizen has the right of reasonable access to official documents. This right of access to information is subject only to the need for such secrecy as is reasonably justifiable in a democratic society in respect of certain matters.

Accordingly, the youths kindly seek access to the following documents:

1. The Environmental Permit (WD-L3-234) granted to Nautilus Minerals Inc (Nautilus) (or related entity) on or around 29 December 2009, including the particulars of all imposed conditions;
2. Any amended Environmental Permits granted to Nautilus (or related entity) and related conditions;
3. The Inception Report for the Project prepared by Nautilus and submitted to the Department of Environment and Conservation (DEC) on or about May 2007;
4. The final Environmental Management Plan for the Project or most current draft if not finalised, and any amendments to that document;
5. The independent review of the oceanographic aspects of the EIS conducted for DEC by Cardno Lawson Treloar Pty Ltd in 2009;
6. All oceanographic data held in relation to the Project, including surface current measurements at and near the Project site;
7. Any other DEC commissioned independent reviews of the EIS and their supporting studies;
8. Any further studies or modelling held by DEC in relation to the EIS, including studies on social, cultural, health and economic impacts of the Project;
9. Any costs-benefits analyses conducted in relation to the Project, including any analyses of other existing and potential future uses of the Project area;
10. Any reports regarding other marine development activities (e.g., gas and oil drilling, military use, bridge construction, bottom trawling) in the vicinity of the Project area.

11. Any further documents that include references to changes to the specifications of the Project;
12. The Ports Upgrade and Operations Deed between Nautilus and the state owned enterprise PNG Ports Corporation Ltd (PNGPC);
13. Any existing Port Service Agreement between Nautilus and PNGPC;
14. Any permits held by Nautilus under the *Dumping of Wastes at Sea Act 1979* relating to the Project;
15. Any approved or draft Ballast Water Management Plans relating to the Project;
16. Any approved or draft management plans or other documents for the Project which detail emergency management procedures or risk management processes; and
17. Full copies of all studies, reports etc. referred to in the EIS for the Project.

We would be very grateful if you could provide the above documents within **eight weeks** of the date of this letter. If we do not receive a response from you by this time, we will consider commencing legal proceedings under section 57 of the Constitution to compel production of these documents under court order.

Please do not hesitate to contact us to discuss this request for information on ph:73445130

Regards,

Kubai Kadim
 ELC-PNG's Karkar District Youth Coordinator, Madang, Papua New Guinea
 Cc: Nautilus
 Cc: Prime Minister
 Cc: Mining Minister
 Cc: CEPA Minister
 Cc: Minister for National Fisheries Authority
 Cc: Minister for Culture and Tourism
 Cc: Minister for National Planning
 Cc: Madang Governor
 Cc: Sumkar MP
 Cc: Maroz Kagin Tapani
 Cc: BSSIPC
 Cc: Alliance of Solwara Warriors
 Cc: Hon. Gary Juffa
 Cc: NGO partners
 Cc: Churches

Rev Nungat Gialat
ELC-Karkar District President

Weron Kirarok
National Church Council Rep.

Dinah Kirarok (Mrs)
T Muranok

FAGI MAREN

(Signature)
ELCPNG National Youth Director (Former)

Second company keen on sea bed mining around Cook Islands

Radio New Zealand, August 4, 2016

The Cook Islands says there is interest from a second mining company wanting to explore the country's seafloor for minerals. Last month the Cook Islands Investment Corporation's chair, Mike Henry, signed a contract with the United Nations' International Seabed Authority giving it exclusive mineral rights to an area of 75,000 square kilometres in the Clarion Clipperton Fracture Zone. The 7,240 km long mineral rich zone extends over millions of square kilometres in the north Pacific. The Cook Islands News reports a joint venture agreement was also signed with Belgian company, GSR, giving it the possibility of exploring and exploiting the Cook Islands ocean floor minerals. The Finance Minister Mark Brown, who is also the minister responsible for seabed minerals, said the Government was expecting to sign their second exploration licence with another company in the coming months. He says it is a significant step forward for the country in its push to be involved in mining seabed minerals.

Waste dumping banned

Post-Courier, August 04, 2016

DISPOSAL of waste by mining companies into rivers that livelihoods of mining communities' depend entirely on will soon become a thing of the past, says the Secretary of the Constitutional and Law Reform Commission, Dr Eric Kwa. Dr Kwa said this while launching the report at the law reform headquarters in Port Moresby yesterday. He said the ban on waste dumping in rivers is one of 15 recommendations in the long awaited report on reforming the Mining Act 2000 and Environment Act 2000. Contamination of rivers, which are a source of water and food for communities surrounding mining areas, is common in almost all mining sites around the country. Dr Kwa said another recommendation advised for the development of a mine waste disposal handbook to enforce the ban by providing alternative waste disposal methods. He said the report was drawn up with the view of improving waste disposal practices so that minimum or no damage at all is done to the environment and people living within the mine areas.

The CLRC was issued with a terms of reference in 2007 to review the mining and environment acts, however due to certain reason beyond the control of CLRC, it took a while for the report to be tabled. Among the reasons were the change in the commission's heads and concerns regarding the initial TOR issued by the government. Dr Kwa said work on the report began in 2013 where an issues paper was drafted and launched, followed by public consultations involving the PNG Chamber of Mines and Petroleum, Mining Companies and mining site communities. A draft report containing 18 recommendations for reform of the acts was later launched and published at a seminar. Discussions at the seminar resulted in the final report containing the 15 recommendations. Dr Kwa said the exercise cost the state almost K700,000 and therefore is appealing to the National Government to quickly table the report in parliament so that the recommendations can be effected and the acts amended to improve the mining sector.

Cook Islands Seabed Mineral Exploration Gains Momentum

Cooks Finance Minister: Cooks "positioned very, very well as a country within this particular industry"

By Rashneel Kumar

RAROTONGA, Cook Islands (Cook Islands News, August 02, 2016) – Cook Islands' effort to explore the potential mineral resources on the seabed floor within its EEZ is gaining momentum following interest from a second company to be part of the exploration phase. On July 15, the country represented by Cook Islands Investment Corporation chairman Mike Henry signed a contract with the United Nations' International Seabed Authority (ISA) to exclusive mineral rights to an area of 75,000 square kilometres in the Clarion Clipperton Fracture Zone of the Pacific Ocean. A joint venture agreement was also signed with GSR which allows the Belgium-based company the opportunity to explore and one day, exploit the contract area that the Cook Islands hold. Finance minister Mark Brown, who is also the minister responsible for seabed minerals, said the government was expecting to sign their second exploration license with a separate company in the coming months. He said it was a significant step forward for the country in the field of seabed minerals.

One of the companies and countries involved in the exploration phase would be testing a prototype of their machine that would go down to the sea floor to collect the mineral deposits sitting there, he said.

In the next five years, it was hoped technology would be developed to get the information required to be able to move towards the exploitation of these minerals in the future. "We are positioned very, very well as a country within this particular industry. We are up there partnering with GSR but we are also closely working with other countries such as Korea and others that are seen as the forefront

in developing the technology for seabed minerals exploration,” Brown said. The drive to explore and potentially exploit seabed mineral resources began in the 1970s when the then leader, late Sir Albert Henry, joined the New Zealand delegation to the Law of the Sea Conference in Caracas, Venezuela. He was given the opportunity to speak and on behalf of all small island states in the world, he made an impassioned plea to the larger nations to recognise the rights of island people and nations to the resources of the ocean.

This initiative gained momentum recently when the Seabed Mineral Authority was formed in 2012 to look into the opportunities regarding seabed mineral exploration and exploitation. Brown was initially supposed to seal the deal with the ISA and GSR in June in New York but a minor amendment to the agreement proposed by GSR delayed the signing. The government’s legal team reviewed the proposal and made the appropriate adjustments before it was put through the process of formal approval by cabinet, culminating in the signing in Jamaica two weeks ago. “In terms of the exploration, there is also requirement in terms of partnership with our joint venture partner to provide training opportunities to the Cook Islanders to build our capacity in this particular area,” Brown said. “The exploration phase is to identify areas in the seabed where the best potential for exploitation should occur.” Brown added the exploration phase would also determine the economic benefits and the environmental impacts from such activities. These information would then be used to seek the exploitation license in the near future, he added.

Progress on Star Mountain Plaza going well

Post-Courier, August 03, 2016

PROGRESS on the new Star Mountain Plaza in Port Moresby has been positive according to reports by Mineral Resources Development Company. It says that June 2016 marked one year following the official construction of the hotel which has been both an exciting and challenging 12 months for the project being the largest private investment by a locally owned company. The progress includes 24 contracts valued at K178.9 million being approved by Star Mountain Plaza Limited with 75 per cent of the total transactions being approved in PNG Kina. A further 19 contract packages are either at tender stage or awaiting approval by SMPL with a total of 236 full-time construction personnel, of which 75 per cent are PNG nationals and the number is expected to grow at peak construction around the second quarter of 2017. Five contractors actively present on site include Stratum Unlimited Limited, Fletcher Morobe, Smithbridge, Vuksich and Borich, and Sun Engineering while more contractors and sub-contractors are expected as the project progresses.

The car park building with a capacity of 500 vehicles is about 75 percent complete while the Hilton Hotel building is progressing steadily with level five of the lift core completed and the construction of the basement which started in June. End of June 2016 saw the completion of all foundation works and underground services installation with the Kutubu Convention Centre progressing steadily. No fatalities or major injuries have been recorded which is a testament to the extraordinary effort is put in by everyone involved in maintaining a safe and secure work environment. The project is about 15 per cent into the overall budget comparing this expenditure to the actual progress overall much to expectation.

Lihir mine villagers lack services: Sir Julius

Post-Courier, August 2, 2016

New Ireland Governor Sir Julius Chan says miner Newcrest Mining should be “ashamed” of failing Lihir mine site villages. Sir Julius stressed that the people need electricity, they need water. “Newcrest should be ashamed that villages within a few kilometres of the mine site have no dependable

water, electricity or sanitation," he said, adding that he was however, pleased with the regular quarterly report provided by Newcrest Mining executives presented to the provincial executive council late last month. Sir Julius said that electricity and water would be a very small thing for a company operating the third largest gold mine in the world to provide villages and he made it clear that he expected them to attend to this "with all due speed".

"While the PEC is pleased with the overall performance of the company at the level of reporting and communication between Newcrest and the New Ireland Government since they acquired the mine in 2010, there is considerable room for improvement yet." Sir Julius noted that since Newcrest took over the Lihir Gold Mine, it had been very responsive in providing the PEC with regular quarterly reports on the progress at the mine and on the key issues affecting the mine. The quarterly report concentrates on progress with the tax credit scheme, which is a program implemented with funds consisting of tax rebates to the company on the condition those funds be used for projects in New Ireland.

"I want to stress that these funds are public monies," Sir Julius said. "They are not the company's money – they are funds the company does not have to pay in income tax, and as such there is no net expenditure on the part of the company. That is one reason that we are pursuing greater provincial authority in the use of those funds. This is a part of our overall drive for increased autonomy." Sir Julius said the PEC is pleased with the progress under the tax credit scheme, which has funded a number of high and secondary schools, several road projects and is in the process of implementing the provincial water, sanitation and hygiene program. He also said tax credit scheme is needed to better take account of the priorities of the New Ireland government when awarding contracts.

Bougainville fury over Rio Tinto grows

Post-Courier, August 01, 2016, Story courtesy of RNZ International

The government in the autonomous region of Bougainville is to press the global mining giant, Rio Tinto, on several fronts after it last month divested itself of its majority shareholding in Bougainville Copper Ltd. The company split its shares between the autonomous provincial government and the national government in Port Moresby. But Bougainville is furious that it was not given all the shares, and that Rio Tinto said it is was no longer obliged to do anything about the damage caused by the Panguna mine, which sparked a civil war that lasted through the 1990s. The province hoped to reopen the mine as a way to generate revenue should it vote to become independent from PNG after a referendum scheduled for 2019. Last month, the autonomous government held an emergency session of its parliament and issued a number of resolutions. "My government, and all Bougainvillean, oppose the shares in BCL being transferred to the PNG government. The justification for the transfer advanced by Rio has no basis," John Momis, Bougainville's president, told parliament.

"Equal PNG shareholding with the ABG raises the same grave dangers for the future of peace in Bougainville," he said. "Moreover, its decision on allocating shares was clearly made in close consultation with PNG, and without consulting the ABG. Perhaps they both forgot that the mineral resources BCL was established to mine are located in Bougainville. Perhaps they forgot that Bougainville is autonomous, and has full power over mining." Bougainville accepted its 36.4 percent of BCL but will negotiate with the PNG Government for it to surrender the Rio Tinto shares it was given. "There is a deep history of conflict and bitterness in Bougainville over the impacts of the Panguna mine. Since 2014 I have been advising the Prime Minister, in the strongest terms, that it is impossible for Bougainvilleans to accept National Government control of Panguna through control of BCL," said Mr Momis.

The ABG called for Bougainville-wide unity as it launched what it said would be the strongest possible international campaign to pressure Rio Tinto to accept its responsibility for the mine's legacy issues and that it would pursue the company in the courts. "It is grossly unjust - completely unacceptable - for Rio to now refuse any responsibility for the long-term impacts of the operations of its subsidiary, BCL. They told me they can walk away because they operated the mine under the PNG legal standards of the 1960s, 1970s and 1980s. But it was clear in the 1980s, at least, that the standards of the day were appalling. It was the injustice of those terrible standards that caused the conflict," said Mr Momis. Bougainville also intends taking up the legacy issues with both the PNG and Australian Governments.

Fiji to Resume Bauxite Sales Next Month

Aluminium Insider, July 27, 2016

The Fijian government confirmed this week that it will resume bauxite ore exports next month. A stagnant market for the ore has frustrated efforts to sell for the past year. According to Apete Soro, acting director for mines at the Department of Mineral Resources, the firm of Aurum Exploration Fiji Ltd has secured an overseas buyer for the aluminium precursor. The stockpile in question presumably now resides at the Nawailevu stockpile area on Gaola Bay, Vanua Levu. "Depending on the ship capacity, the plan is to export approximately 70,000 tonnes of bauxite as first shipment in 2016," Soro explained. The sale of that quantity of bauxite should fetch a net price of US\$1.92 million. Soro went on to explain that the sale had been delayed thanks to weak demand from buyers in the People's Republic of China. The fact that the bauxite mined in Fiji is of a low impurity content.

"Major bauxite buyers target high-grade or high-quality bauxite. Fiji bauxite is not classed as high-grade, hence, the immense challenge faced by Aurum Exploration in securing a market or buyer for Fiji bauxite," Mr Soro said. "Due to its low impurity content, there is increasing efficiency of processing plants and reducing processing costs and overall costs of aluminium production. "The commissioning of a bauxite ore washing plant at Aurum's Naibulu, Dreketi mine site has assisted greatly in the company's efforts to remove or reduce impurities in bauxite ore before export and has significantly improved the bauxite ore quality from Naibulu Mine," he concluded. This enabled the firm to find a buyer for its first shipment of the year, explained Soro. According to Fiji's director mineral Rajeli Taga, another 30,000 metric tons of low-grade bauxite remains in country at the mining site in Dreketi, Macuata, northeast of Nawailevu, awaiting a buyer.

PNG Western Governor Found Guilty Of Misusing \$2,173,000

Along with co-conspirators, established a development foundation and illegally funneled funds

PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 27, 2016) – His co-accused Dr Modowa Gumoi and Norman Carl May were also found guilty of the same charges and are also remanded in custody. According to the court, Mr Wobiro, Dr Gumoi and Mr May conspired and established Fly Care Foundation and directed a payment of K7.06 million [US\$2,173,000] to the foundation. It said the three man claimed that the foundation was established to manage funds allocated for development purposes in the province. Mr Gumoi was the provincial administrator at the time the offense was committed and Mr May is the chairman of the foundation. The monies are from Western Province's provincial services Improvement Program funds (PSIP).

The court in its decision said the by-passed normal procedure of procuring PSIP funds signed a memorandum of agreement to have the money directed to the foundation. According to the court, evidence discredits a claim by the three that a meeting of the then Joint District Planning and

Budget Priority Committee authorising the transfer of the funds took place. Two district MP's of the province, Roy Boyama and Boka Kondra gave evidence that they were not aware of a meeting and did not attend. The court also said that there was sufficient evidence that Governor Wobiro paid K300,000 [US\$93,000] to New Century for a project as a cover-up when in fact the money was meant as payment for his scrutineers. According to a reliable source, the Governor's lawyers are working around the clock for the bail application to be filed and heard today.

Frieda mine located in West Sepik: Tekwie

The National, July 27th, 2016

By GEDION TIMOTHY

FORMER West Sepik governor John Tekwie says the Frieda River copper-gold project is situated in the province and not on the border with East Sepik. He said the fundamental error that the Mineral Resource Authority (MRA), the lead explorer PanAust and its partner Highlands Pacific, had been misleading all this time was the actual location of the project. A spokesperson from the MRA said a special mining lease (SML) was yet to be issued but confirmed that the area that would be given the SML would be exploration licence 58 (EL 58), which was in West Sepik. The spokesperson indicated that areas surrounding EL 58 were mining easement licences for infrastructure and other mining purposes.

Tekwie said the project was geographically and legally located in the Telefomin local level government area with landownership commonly shared between the Telefol and Mianmin tribes. "Telefomin is home of the five min tribes comprising Telefolmin, Mianmin, Oksapmin, Atbalmin and Faiwolmin. The project is about 80 kilometres Southwest from the common Sandaun-East Sepik border and is located on Nena mountain deep in Sandaun province," Tekwie said. "It is not on the border, nor is it in neighbouring East Sepik province. MRA officers and certain consultants have over the years misled the public staging the project as "on the border" or in East Sepik." He called on MRA and the two project partners to address this concern.

"All Sandaun (West Sepik) and PNG will benefit comes development, but as Melanesians we must always acknowledge who the customary owners are," Tekwie said. PanAust holds an 80 per cent interest in the Frieda River Copper-Gold Project with Joint venture partner, Highlands Pacific holds the remaining 20 per cent. PanAust managing director Dr Fred Hess said work had progressed throughout the June quarter on the construction of an exploration access track. "Close and ongoing engagement with the Government of Papua New Guinea, provincial administrations in Sandaun and East Sepik provinces, as well as with host communities continues," he said.

Cooks Contract With International Seabed Authority A 'Significant Milestone'

Cooks granted mineral rights in Exclusive Economic Zone

RAROTONGA, Cook Islands (Cook Islands News, July 26, 2016) – The Cook Islands Investment Corporation has signed a contract with the International Seabed Authority a deal that is regarded "as being a significant milestone in the Cook Islands aspirations to realise the potential of the mineral resource within its Exclusive Economic Zone". The EEZ covers 1.8 million square kilometres and the ISA gives the Cook Islands Government and people a contract to exclusive mineral rights 75,000 sq km of that in the Clarion Clipperton Fracture Zone of the Pacific Ocean. The corporation says: "This is a journey that has its beginnings in April 1972 when Sir Albert Henry, our Premier at the time, joined the NZ delegation to the Law of the Sea Conference in Caracas, Venezuela. "He was given the opportunity to speak and, on behalf of all small island states in the world, he made an

impassioned plea to the larger nations to recognise the rights of island people and nations to the resources of the ocean.”



It says: “In recent times the opportunities our EEZ may one day provide have been progressed by His Excellency Tom Marsters, in his role as minister of the Crown, then by Sir Terepai Maoate. For the past five years our country’s efforts have been guided by Mark Brown, the minister responsible for the Seabed Minerals Authority and the Cook Islands Investment Corporation. “The contract we have signed with the United Nations’ International Seabed Authority and the Joint Venture Agreement with GSR (Belgium) are the direct result of the hard work of a small team of dedicated Cook Islanders supported by our regional and international partners at SOPAC/SPC based in Suva and the Commonwealth Secretariat, based in London. “All Cook Islanders can be proud of the work done by Paul Lynch and his team at the SBMA in getting the Cook Islands message out to the world and managing the legislation progress.” The corporation adds: “From Crown Law our new solicitor-general David James and particularly Alex Herman have been instrumental in both the work with the ISA contract and the details needed to complete our joint venture agreement.”

“At CIIC, board members Malcolm Sword and Caren Rangi and our CEO Tamarii Tutangata have been involved with every step we have made since the heads of agreement was first signed in 2013. “From the beginning of this process CIIC engaged Heinz Matysik to head our legal team, which has included Lloyd Miles of CIIC, Hannah Lily and Joshua Brien of the Commonwealth Secretariat and Marie Bourrel of SOPAC/SPC. “What we have signed with the ISA … gives the Cook Islands Government and people a contract to exclusive mineral rights to an area of 75,000 sq km in the Clarion Clipperton Fracture Zone of the Pacific Ocean. “The Joint Venture Agreement we have signed with G-TEC Sea Mineral Resources of Belgium (GSR) is a partnership that provides GSR the opportunity to explore and one day, exploit the contract area that the Cook Islands hold. “At some point in the future, we hope that GSR will also explore opportunities in our own EEZ.” - Release/RM

Monopoly Concerns Over Recent PNG Oil Interest Acquisition By ExxonMobil

Independent Consumer and Competition Commission: just want to ensure competition to spur development

PORT MORESBY, Papua New Guinea (The National, July 26, 2016) – The recent acquisition of InterOil by ExxonMobil Corporation may raise competition issues, Independent Consumer and Competition Commission (ICCC) says. Commissioner and chief executive Paulus Ain said yesterday that ICCC was aware of last week’s acquisition announcement. He said the proposed acquisiti-

on may raise competition issues under section 69 of the ICCC Act. “The ICCC aims to prevent monopolisation that may harm markets in PNG by reducing competitive tension and thus impeding development,” Ain said in a statement. “ExxonMobil is the leading joint venture partner and the operator of the PNG LNG,” Ain said. “If this proposed acquisition proceeds, it will give ExxonMobil about 36 per cent stake in the Papua LNG project and other potential LNG projects in the acreages that InterOil has licence to.

“These interests would consolidate ExxonMobil and that will make it a significant stakeholder in the natural gas projects.” Ain said it was better to safeguard the potential natural gas industry from being monopolised which may shut out possible competition in the future. ExxonMobil announced on Friday that it was paying US\$2.5 billion (about K8 billion) for InterOil. ICCC raised similar concerns when Oil Search Ltd announced its proposal to acquire InterOil in May. “The ICCC requires a proper opportunity to analyse independently the likely effects on competition. That can occur if an application is made to the ICCC either for a clearance or authorisation of the proposed acquisition,” Ain said. “If the transaction proceeds without a clearance or an authorisation from the ICCC, we reserve our rights to institute legal action in court to challenge the acquisition if we ultimately form a concluded view that the acquisition would have some serious negative implications on competition.”

Ain said if ExxonMobil acquired InterOil, both ExxonMobil and Oil Search (the joint venture in PNG LNG) would have significant interest in both leading LNG projects. Among other proscribed anti-competitive conduct, the ICCC Act also prohibits certain business acquisitions deemed to produce anti-competitive outcome. “This prohibition is provided in Section 69 of the ICCC Act. There are serious penalties involved for a breach of Section 69, including injunction, divestitures and ban on management under Section 95. In addition, any aggrieved party has the right to take legal action for damages for any loss or damage caused by the acquirer for alleged contravention of Section 69.” However, Ain said that there were also provisions in the Act for such proposed acquisitions to be cleared or authorised by the ICCC under Sections 81 and 82. “If the acquisition is cleared or authorised, the acquisition is protected under the ICCC Act.

Solomon Islands: Axiom mining Pre-feasibility study nears completion

Stephen Diisango, Solomon Star, July 27, 2016



AXIOM Mining Limited is nearing the completion of a Pre-Feasibility Study (PFS) on the Isabel Nickel Project, covering both the San Jorge and Kolosori deposits. The company's update as of 25 July reaching this paper revealed that the study is nearing completion thus it is expected to validate the potential of the Isabel Nickel Project. "Planning of a cost-effective development of the San Jorge tenement is well advanced in anticipation of the imminent commencement of operations to develop the company's asset of medium to high grade tropical nickel laterite ore. "Axiom is progressing with its discussions and negotiations with its strategic partners, and the recruitment of key personnel has commenced. "The application for the Kolosori tenement is before the government. Axiom remains confident of its position as the preferred developer of sustainable mineral development in the Solomon Islands and anticipates a formal response from government shortly. "Recent developments in the international nickel laterite market continue to bode well for Axiom and reinforce the value of the Isabel Nickel Project."

Chief Executive Officer Ryan Mount according to the report said that he sees Axiom capitalising on the current market situation. "The DSO nickel laterite ore market is undergoing unprecedented change. Indonesia, the Philippines and New Caledonia, holding 80% of the world's nickel laterite reserves for DSO, are refusing to export any significant nickel ore to China. "In what is becoming one of the most constrained nickel laterite markets in history, Axiom is in the incredible position of being potentially one of the only few viable DSO opportunities for the world's largest nickel ore consumer, China." "The Company has continued to conduct studies in consultation with leading industry experts as to the economics and development of mining for nickel ore located within the Isabel Province, collectively known as the "Isabel Nickel Project." Meanwhile, Axiom mining Ltd (ASX: AVQ) has also appointed its new executive general manager, in charge of mining operations in Solomon Islands.

He is Mr Ken Stein who over 40 years' experience in mining, with a career beginning with BHP in Australia and then to East Timor as Engineering Manager for Billiton, it was revealed. "Stein was the chief operating officer for European Nickel and Toldeo Mining managing their nickel interests in the Philippines, including the Burong and Ipilan nickel laterite sites. "Ryan Mount, CEO, commented, "We are delighted to have Ken on-board. "His experience in most facets of nickel mining and his experience in dealing with governments, local communities and joint venture partners is valuable to Axiom as we advance the development of our nickel interests in the Solomon Islands," it said. From 2004 to 2008 Mr Stein also led BHP's operations in Angola as General Manager. Later, in Botswana, Ken was responsible for the construction and successful commissioning of the award-winning hydrometallurgical nickel extraction demonstration plant at the Tati Nickel Mine. More recently he was the Chief Operating Officer for European Nickel and Toldeo Mining managing their nickel interests in the Philippines including the Burong and Ipilan nickel laterite sites.

Sir Arnold Amet urges govt to call off Papua New Guinea-pig mining experiment

Post-Courier, July 26, 2016, Story courtesy of ABC Radio Australia



Former PNG Attorney General and Minister for Justice, Sir Arnold Amet, has joined the campaign against Solwara 1, the deep sea mining project in the Bismarck Sea off New Ireland province which is due to start operations in 2018. He has accused the Mining Minister, Byron Chan, of granting the Canadian company Nautilus Minerals a world first licence to conduct what he calls a Papua New Guinea-pig experiment. Sir Arnold says the licence was issued even though PNG has no national policy on deep sea mining nor an appropriate legal framework to regulate such operations, and against that background the project should not proceed.

ExxonMobil to buy InterOil

The National, July 25th, 2016

EXXONMobil Corporation (EMC) is acquiring InterOil for more than US\$2.5 billion (K8 billion), under which the global giant will acquire all outstanding shares of InterOil, according to the companies. “This agreement will enable ExxonMobil to create value for the shareholders of both companies and the people of Papua New Guinea,” EMC chairman and chief executive officer Rex Tillerson said. “InterOil’s resources will enhance ExxonMobil’s already successful business in Papua New Guinea and bolster the company’s strong position in liquefied natural gas.” InterOil chairman Chris Finlayson said: “The company’s board of directors thoroughly reviewed ExxonMobil transaction and concluded that it delivered superior value to InterOil shareholders. They will also benefit from their interest in ExxonMobil’s diverse asset base and dividend stream.” Under the terms of agreement with ExxonMobil, InterOil shareholders would receive:

- n A payment of US\$45.00 (K140) per share of InterOil, paid in ExxonMobil shares, at closing.
- n A contingent resource payment (CRP), which would be an additional cash payment of US\$7.07 (K22) per share for each trillion cubic feet equivalent (tcf) gross resource certification of the Elk-Antelope field above 6.2 tcf, up to a maximum of 10 tcf.

When concluded, this transaction would give ExxonMobil access to InterOil’s resource base, which included interests in six licenses in the country covering about four million acres, including PRL 15 which is the anchor field for the proposed Papua LNG project. The companies said in a statement that the PNG LNG project, the first of its kind in the country, was developed by ExxonMobil in challenging conditions on budget and ahead of schedule and has exceeded production design capacity, demonstrating the company’s leadership in project management and operations. ExxonMobil will work with co-venturers and Government to evaluate processing of gas from the Elk-Antelope field by expanding the PNG LNG project. “This would take advantage of synergies offered by expansion of an existing project to realise time and cost reductions that would benefit the PNG Treasury, the Government’s holding in Oil Search.”

Frieda River project to cost about K11m

The National, July 25th, 2016

THE Frieda River project will cost more than US\$3.6 million (K11 million) to build, according to PNG Chamber of Mines and Petroleum. In its recent mining and petroleum review newsletter, an application for a special mining lease (SML) for the copper-gold project was lodged and registered with the Mineral Resources Authority on June 24. The application followed completion of the project feasibility study which was announced on May 19. The project is estimated to have an all-in sustaining cost of US\$1.23 (K4) per pound of copper and an initial pre-production capital cost of US\$3.6 billion (K11.2 billion), excluding a mobile mining fleet and an oil-fired power generation facility. An additional US\$2.3b (K7b) would be spent over the life of the mine on development and sustaining capital. The study was conducted by PanAust Ltd, a wholly owned subsidiary of Guang-

dong Rising Assets Management Co Ltd (GRAM).

PanAust holds an 80 per cent stake in the project, with Highlands Pacific Ltd holding the remaining 20 per cent interest. PanAust had stated that the absence of existing infrastructure imposes a burden on the initial capital investment. The provision of shared-use infrastructure by third parties, including governments, offers a significant opportunity to reduce the initial capital costs of the project and boost regional economic development. PanAust Managing Director Dr Fred Hess said: "We look forward to working with the Government, landowners and host communities to further advance the project for the benefit of all stakeholders. "The SML application gives us a good platform to secure support for major shared-use infrastructure, which would benefit the project and the people of Sandaun and East Sepik." Highlands Pacific managing director John Gooding said PanAust study demonstrated that there was significant potential value to be derived from the Frieda River project under the right conditions.

Exploration in minerals drop

Post-Courier, July 24, 2016

MINERAL exploration activity in Papua New Guinea plunged from a peak of K944.34 million in 2011 to K325.5 million in 2015 after hitting a low of K256.2 million in 2014. A survey conducted by the PNG Chamber of Mines and Petroleum has shown that grassroots exploration, the lifeblood of medium to longer term mineral development prospects, has been even more severely impacted by exploration downturn. The report stated that much of the K69.3 million increases in exploration activity last year were due to the substantial expenditures on a revised feasibility study for the Frieda River copper-gold project and studies for the Wafi-Golpu project. While the 73 per cent plunge in exploration spending between 2011 and 2014 is arguable the most dramatic change in industry fortunes seen in PNG even though total spending remains marginally higher than the previous downturn which ended in 2002. The executive director of the Chamber, Greg Anderson, said the big plunge was worrying even though it reflected current global trends caused by the downturn in mineral commodity prices that began in 2012. "Much mineral exploration work is highly labour intensive and utilises many local workers in remote parts of the country where most people are subsistence farmers and the drop in exploration activity has significant impacts on the rural economy," he said. Mr Anderson said the sharp fall in grassroots exploration was of even greater concern because this would have detrimental impacts on the medium and longer term outlook for the minerals sector.

Ocean Floor Mining: The Next Terrible Thing

"The New Gold Rush" doesn't sound so great for the oceans

By Justin Housman, Surfer Magazine, July 21, 2016

Because we won't be satisfied until the entire surface of the earth has been rendered in a never-ending pursuit to greedily dig up things that can be burned for fuel or hammered into profitable metals regardless of the consequences, humankind's most adventurous profiteers have now set their sights on mining the depths of the sea floor for minerals and precious metals. This is one of the few zones of earth that scientists know very little about, full of strange creatures, unknown bacteria, and hydrothermal vents that may harbor the keys to how life on earth began.

But let's dig it up anyway, say the mining companies.

Laughably, something called the International Seabed Authority, which is not at all a group from a Wes Anderson film and was in fact created by the U.N. to administer regulations on the internatio-

nal high seas, met recently in Jamaica to begin the laborious and years-long process of dreaming up a series of rules and environmental regulations to be ignored and thwarted by international mining conglomerates. There's plenty of metals like zinc, cobalt, and manganese down there, important for many industrial uses like the building blocks of the cell phone you're reading this on. Most of those metals are near hydrothermal vents, which harbor some of the least-known ecosystems on the planet. Of course, there are also tons and tons of gold and silver and diamonds, carelessly scattered on the ocean floor by nature, far from the bank vaults in which it all rightfully belongs. *National Geographic* guesses that there could be as much as \$150 trillion (with a "T") worth of gold alone to suck up in giant vacuums.



The sea floor, home to unknown riches of all kinds. Photo: NOAA

Did I not yet mention the vacuums? One of the ways the mining companies would get at all their newfound riches would be to park giant ships on the surface and snake enormous tubes to the bottom of the ocean, sucking up whatever they feel like, but hopefully mostly gold and silver and diamonds. They'd also pilot little drone-like subs down to the bottom to strip mine the sea floor and bring little treasure holds of cargo to the surface. As you might imagine, there are environmental concerns. Nobody knows how many hydrothermal vents there are, let alone how many mineral deposits are available, or what would happen to the sea floor under sustained mining, because scientists don't know much about the bottom of the ocean yet. Nobody has any real idea of how the ocean would react to deep sea mining operations. Delicate processes of nature will certainly be affected.

The water column will be altered, there will be massive sediment upheaval, tailings to dump, gases to vent, probably oil deposits to deal with, sulfuric acid pollution potential, oil and gas spills from ships, and probably dozens of other consequences that won't be known until they're already causing a problem. As Dr. Cindy Van Dover, director of the Duke University Marine Laboratory, told NPR affiliate KQED: As we have learned the hard way more than once, the biosphere of Earth is interconnected – what happens in one place, affects what happens elsewhere. The seafloor seems so remote to us, yet so did the ozone layer. Humans have a tremendous capacity to modify the global environment, in ways we often don't anticipate and in ways that are very detrimental to our quality of life. There's already a plan in place to begin mining a deep section of the ocean's floor near Papua New Guinea as early as 2018. When the plans were made available to local villages that explained how the mining would proceed, and even though profits would be shared with the locals, the locals were not pleased and reacted by imploring with a marine biologist studying the area to help them attack the mining ships.

Nautilus, the company behind the Papua New Guinea plan, and a world leader in the race to dig up the sea floor, assures environmentalists that they've done the legwork to make sure all the mining is done with eco-friendliest practices—they swear. Which is a bit strange, since marine scientists still have so little idea about what is even on the sea floor to be affected. How would Nautilus even know how to begin mitigating that? So far, vast areas of the South Pacific are the first zones targeted by Nautilus and other mining groups. These are areas of the ocean that are home to fragile reef systems, some of the finest surf on earth, and, likely not coincidentally, communities of locals who don't have the means to fend off international corporations bent on resource extraction. The mining industry doesn't have a particularly shining history of leaving the land in better shape than when they found it. Sadly, it looks like the ocean may be about to suffer the same fate.

Bougainville Calls For Intense International Pressure On Rio Tinto

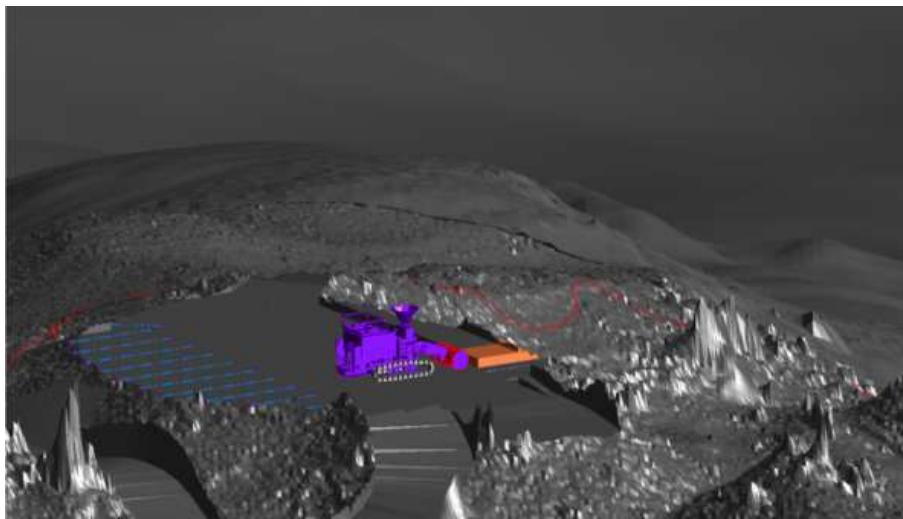


Company must accept responsibility for environmental impacts of Panguna

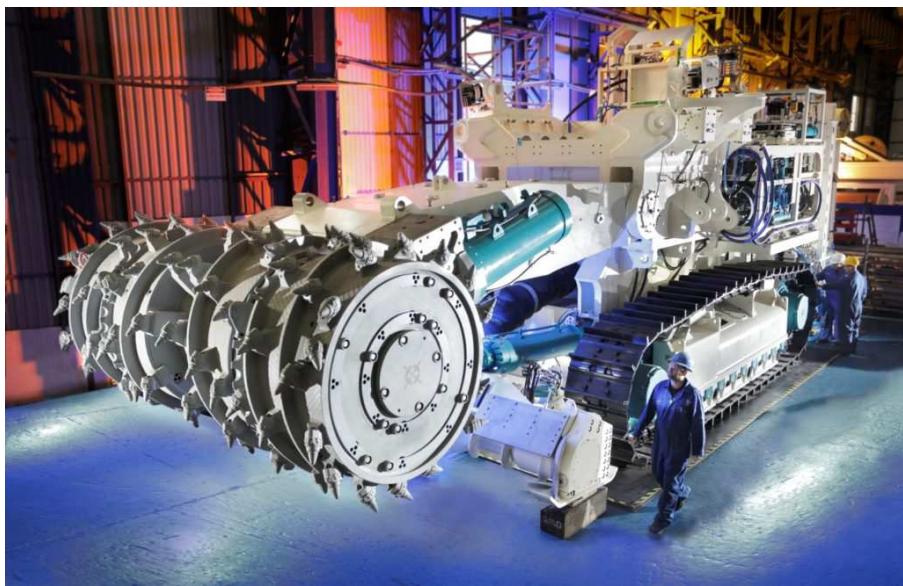
WELLINGTON, New Zealand (Radio New Zealand International, July 21, 2016) – A special meeting of the parliament on Bougainville has strongly condemned the way Rio Tinto walked away from its obligations to the province. The multi-national mining company, which had had the controlling interest in Bougainville Copper Ltd, split its shares between Bougainville and the Papua New Guinea governments. It also said it was no longer obliged to fix the environmental and other issues resulting from the shut down Panguna mine. But Bougainville President John Momis said the region needed to unite to demand that all of the Rio Tinto shareholding be given to Bougainville. And he wants an international campaign to pressure Rio Tinto to accept its responsibility for the mine legacy issues. Mr Momis said Bougainville must also try and persuade the PNG Government to accept its responsibilities for those same legacy issues. The Bougainville Mining Minister Robin Wilson is calling for the establishment of a Task Force to lead a campaign to look into possible legal action against Rio Tinto or have the company censured by international bodies. He also wants the churches and landowners involved in a broad campaign to pressure Rio Tinto.

Deep Sea Mining: An Invisible Land Grab

Sylvia Earle of Mission Blue in Ocean Views, National Geographic, July 21, 2016

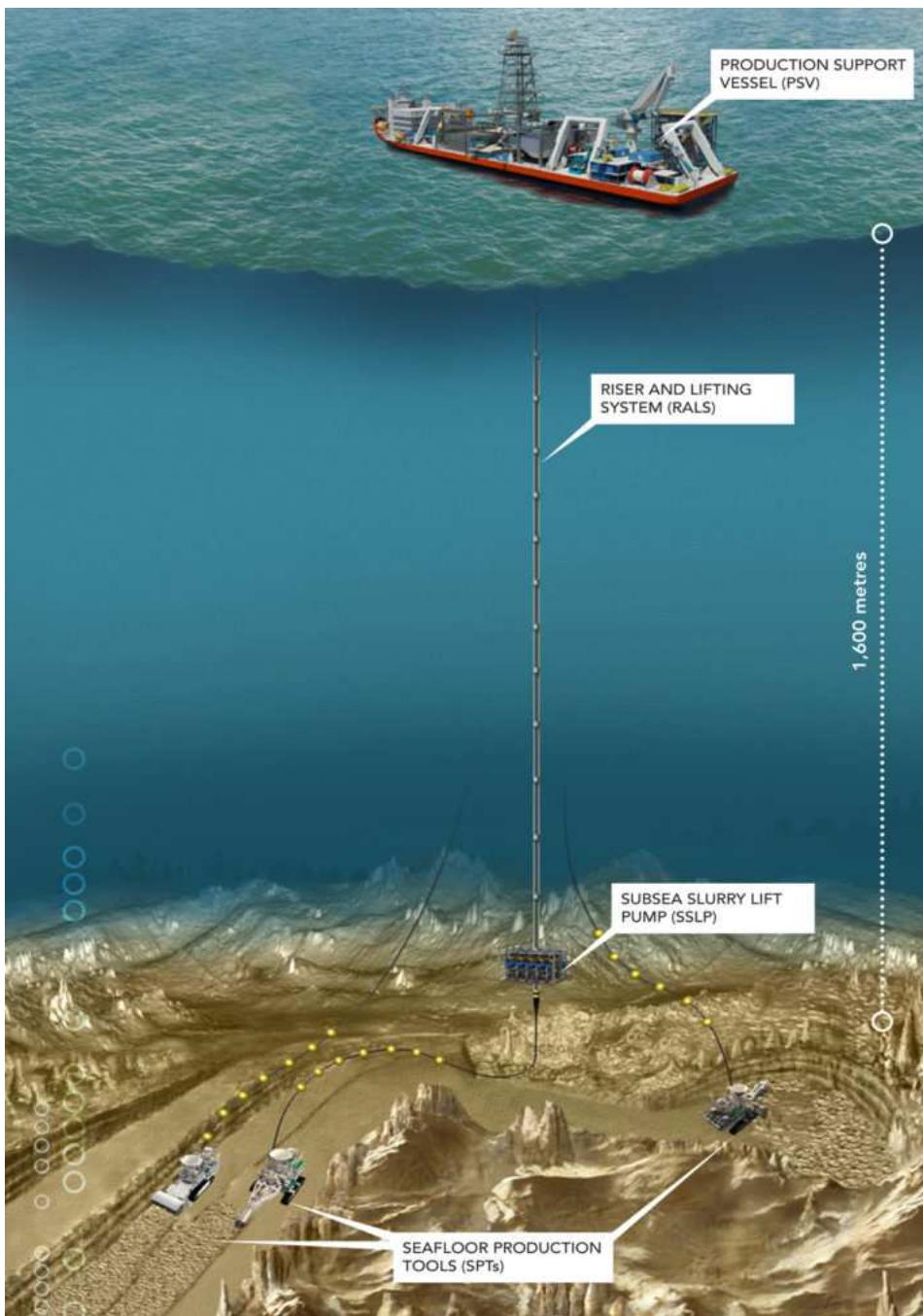


Thousands of meters beneath the azure ocean waters in places like the South Pacific, down through a water column saturated with life and to the ocean floor carpeted in undiscovered ecosystems, machines the size of small buildings are poised to begin a campaign of wholesale destruction. I wish this assessment was hyperbole, but it is the reality we find ourselves in today.



A deep sea mining machine.

After decades of being on the back burner owing to costs far outweighing benefits, deep sea mining is now emerging as a serious threat to the stability of ocean systems and processes that have yet to be understood well enough to sanction in good conscience their large-scale destruction. Critical to evaluating what is at stake are technologies needed to access the deep sea. The mining company, Nautilus Minerals, has invested heavily in mining machinery. However, resources needed for independent scientific assessment at those depths are essentially non-existent.



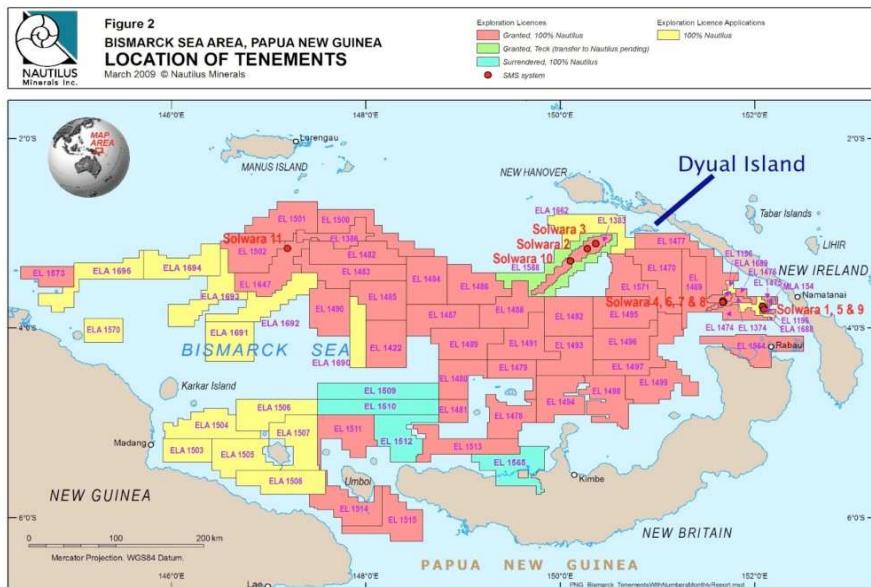
The layout of a mining operation.

China is investing heavily in submersibles, manned and robotic, that are able to at least provide superficial documentation of what is in the deep ocean. Imagine aliens with an appetite for minerals flying low over New York City taking photographs and occasional samples and using them to evaluate the relative importance of the streets and buildings with no capacity to understand (or interest) in the importance of Wall Street, the New York Times, Lincoln Center, Columbia University or even the role of taxi cabs and traffic signals. They might even wonder whether or not those little two-legged things running around would be useful for something. The International Seabed Authority, located in Jamaica and created under the 1982 United Nations Convention on the Law of the Sea, is currently issuing permits for mining exploration. At the very least, might there be ways to issue something like “restraining orders” owing to the lack of proof that no harm will be done to systems critical to human needs? Or also at the very least protecting very (very, very) large areas where no mining will be allowed?



Do you see life in this picture? I do.

The role of life in the deep sea relating to the carbon cycle is vaguely understood, and the influence of the microbial systems (only recently discovered) and the diverse ecosystems in the water column and sea bed have yet to be thoughtfully analyzed. If a doctor could only see the skin of a patient, or sample what is underneath with tiny probes, how could internal functions be understood? The rationale for exploiting minerals in the deep sea is based on their perceived current monetary value. The living systems that will be destroyed are perceived to have no monetary value. Will decisions about use of the natural world continue to be based on the financial advantage for a small number of people despite risks to systems that underpin planetary stability – systems that support human survival? In the 1980s, when deep sea mining first became a hot topic, it seemed preposterous to think that humans could up-end planetary processes by burning fossil fuels, clear-cutting forests and oceans, producing exotic chemicals and materials and otherwise transforming – “taming” – the distillation of all preceding earth history for our immediate use.



A tragedy of the commons for the benefit of the few.

Buried within the *Deep Seabed Hard Mineral Resources Act of 1980*, US legislation sponsored by Senator Lowell Weicker about deep sea mining, there is a provision that mandates for US interests

to establish “Stable Reference Zones” of equal size and quality to those proposed for exploitation. The wording in this law was taken from a resolution crafted at the IUCN meeting in Ashkabad in 1978 that I helped draft and later took to Senator Weicker’s trusted scientific advisor, Robert Wicklund, for consideration. The IUCN World Conservation Congress occurring this September in Hawaii provides a ripe opportunity to set in motion some significant and very timely actions that could help blunt the sharp edge of enthusiasm for carving up the deep ocean. Whatever it takes, there must be ways to elevate recognition of the critical importance of intact natural systems.



The environmental destruction caused by open mining on land is well documented.

We need technologies to access the deep sea to independently explore and understand the nature of Earth’s largest living system. But most importantly, we need the will to challenge and change the attitudes, traditions and policies about the natural world that have driven us to burn through the assets *as if* there is no tomorrow.

This “as if” can be a reality – or not – depending on what we do now. Or what we fail to do. However, there is undeniably cause for hope: there is still time to choose.

*This article was published originally on the Mission Blue website; reproduced here with permission. National Geographic Society **Explorer in Residence Dr. Sylvia A. Earle**, called Her Deepness by the New Yorker and the New York Times, Living Legend by the Library of Congress, and first Hero for the Planet by Time Magazine, is an oceanographer, explorer, author and lecturer with experience as a field research scientist, government official, and director for corporate and non-profit organizations including the Kerr McGee Corporation, Dresser Industries, Oryx Energy, the Aspen Institute, the Conservation Fund, American Rivers, Mote Marine Laboratory, Duke University Marine Laboratory, Rutgers Institute for Marine Science, the Woods Hole Oceanographic Institution, National Marine Sanctuary Foundation, and Ocean Futures.*

Formerly Chief Scientist of NOAA, Dr. Earle is the Founder of Deep Ocean Exploration and Research, Inc. (DOER), Founder of the Sylvia Earle Alliance (S.E.A.) / Mission Blue, Chair of the Advisory Council of the Harte Research Institute, inspiration for the Ocean in Google Earth, leader of the NGS Sustainable Seas Expeditions, and the subject of the 2014 Netflix film, Mission Blue. She has a B.S. degree from Florida State University, M.S. and PhD. from Duke University, 27 honorary degrees and has authored more than 200 scientific, technical and popular publications including 13 books (most recently Blue Hope in 2014), lectured in more than 90 countries, and appeared in hundreds of radio and television productions.

Ramu tailings disposal pipeline intact

Post-Courier, July 21, 2016

The deep sea tailings placement pipes (DSTP) which Ramu NiCo Management uses at Basamuk Bay in Rai Coast, Madang Province is in good condition according to inspections. The visual images of the placement pipes were captured by a remote operating vehicle (ROV) during a recent inspection. A report by Ramu NiCo's Health Safety and Environment Department following the ROV inspection stated that there was no sign of structural disintegration such as leakage of tailings observed. As a result the Deep Sea Tailings Placement (DSTP) pipeline maintained its design integrity for safe disposal of tailings. The inspection and diving was conducted on the first week of June by Australian ROV specialists and RNML's Corporate Environment personnel with assistance from Basamuk based Environment Officers. According to the report visual images also showed marine ecology along the pipeline transects were unaffected. Marine life was abundant and signs of stress not notable.

The ROV inspection on RNML's DSTP submarine pipeline is a mandatory or is an obligatory activity stipulated in the company's operational environmental management plan (OEMP) carried out annually with a specific purpose to check the integrity of the pipeline. The inspection involves driving a ROV along the entire length of DSTP pipeline which captures a visual of the route with high powered cameras and displayed on LCD screen installed on-board a working vessel or boat and observatory inspections are done on the display. DSTP inspection for this year was slightly altered to the extent of involving divers to clean the seawater intake pipeline which is only 20m below sea level. The cleaning was done by scuba divers hired from Madang Resort's Dive Shop to ensure that correct volume of seawater is taken into the mixing tank to mix with tailing before being discharged via the DSTP.

Nickel player Axiom's Ryan Mount eyes China tie-up

Rowan Callick, The Australian, July 19, 2016

A sudden dearth of internationally traded nickel has brought Ryan Mount, the irrepressible managing director of Brisbane-based explorer Axiom, to China seeking potential partners — as customers, investors, or both. Mr Mount suffered an unexpected reversal earlier this year when the Solomon Islands court of appeal, in an 80-page judgment, ruled against claims of both ASX-listed Axiom and its rival, giant Japanese trading house Sumitomo, to the right to develop a large nickel resource at Isabel in the centre of the Solomon Islands archipelago. But while Axiom had the registration of one of its two core tenements set aside — due to a technicality that was the responsibility of Solomons government officials, Mr Mount said — it was now free to develop its other, adjacent site. Mainly in consequence, Axiom's share price has more than doubled in the past month, to above 30c. "And we have already reapplied for the site" that Mr Mount views as only temporarily lost, he said.

"We are looking to go ahead mining the other site by the end of this year," with the support of Swiss-Singaporean commodities trading house Gunvor, Mr Mount said. Gunvor has signed up to take half a million tonnes of nickel ore, which will comprise most or all of the first year's output, and will supply \$5 million working capital. Mr Mount said the aim was to build towards 2 million tonnes annual production, with an 18- year mine life that he was confident of extending considerably. Once it starts operations, via a company 80 per cent owned by Axiom and 20 per cent by local landowners, this would be the only active mine in Solomon Islands. Nickel is a vital component to produce stainless steel. Indonesia has placed a ban on the exports of ore, removing 25-30 per cent of global supply and 80 per cent of China's imports. Only 15 per cent of current Chinese demand is sourced domestically. And production fell 38 per cent in the Philippines in the first four

months of the year. The Philippines has been the top nickel supplier to China since Indonesia banned its export.

Philippines President Rodrigo Duterte has appointed prominent anti-mining campaigner Regina Lopez to head the environment department, and has announced he will review all mining claims, and has referred to problematic mining in Surigao, a province that ships nickel ore to China. New Caledonia, the other major supplier in the Asia-Pacific, has said it will only supply its traditional markets in Japan, South Korea and Australia, and not start selling to China. As a consequence interest has been building in the Isabel deposit. Mr Mount said he was spending a lot of time in China because it was both the biggest steel producer and the biggest consumer. "We see ourselves as setting a standard for the rest of the industry in the country, once the commodity cycle changes," he said.

Bougainville President Confident It Can Win Over PNG Government



Momis: Best way to reopen Panguna is for Bougainville to have majority control

WELLINGTON, New Zealand (Radio New Zealand International, July 18, 2016) – Bougainville's President John Momis is still confident he can win over the Papua New Guinea Government after a walk out by mining giant Rio Tinto. Two weeks ago Rio Tinto split its majority stake in Bougainville Copper Ltd between both governments. This means they each have 36.4 percent of BCL, despite Bougainville's expectation of a majority stake. Mr Momis has written to Rio Tinto and complained to the International Council of Mining and Minerals. He has also called a special week long session of the ABG to sit from Tuesday to discuss the matter.

Mr Momis said the best way to get the closed Panguna re-opened is for Bougainville to get majority shareholding. "Even if Rio Tinto walks away the Bougainville Copper could go ahead with the Bel Kol (custom reconciliation) and we can have the mine re-open." "Outside of that they would [have a] lose/lose situation where the national government and BCL might have the majority shareholding but they will not have the right to operate in Bougainville," he said. Under the Bougainville Mining Act, if 25 per cent or more of shares in a company holding an exploration licence are transferred, the Bougainville Government has to start action to terminate the lease. The transfer by Rio to the Trust means that the termination process must now begin.

Claims mining venture failing to address abuses at PNG mine

Human rights groups are accusing an international mining venture in Papua New Guinea of failing to adequately address hundreds of claims of violence against security personnel.

Radio New Zealand, 15 July 2016

Human rights groups are accusing an international mining venture in Papua New Guinea of failing to adequately address hundreds of claims of violence against security personnel. They say violence is continuing at the Porgera gold mine, while victims of historic cases of shooting, rape and injury are still demanding justice. Jo O'Brien reports. The Akali Tange Association says it's had no response to a claim it lodged last September with Barrick Niugini on behalf of 256 victims. The association's executive officer McDiyan Yapari says the cases span more than two decades from 1990 to last year.

MCDIYAN YAPARI: Ninety people have been shot dead just for trespassing. Eighty-eight people sustained injuries, either they were injured, tortured or illegally detained at the hands of security personnel. The remainder, 78 of them have been missed out, they were women rape victims who have missed out from the remedy. The remedy was a grievance mechanism introduced by Barrick in 2012 to deal with allegations of violence at the gold mine in Enga Province. The company, a Canadian-Chinese joint venture, says some of the 256 claims were dealt with by the mechanism or by the mine's previous owners. But Catherine Coumans from Mining Watch Canada says the mechanism, was too narrow in scope, as it only covered women raped by Barrick security guards.

CATHERINE COUMANS: So the Papua New Guinea police who are at the mine site through a memorandum of understanding between Barrick and the state, are actually guarding the mine, they - are being paid by Barrick, but in all of the cases where they were the perpetrators, those cases were bracketed out of this programme. The Akali Tange Association says it held a protest last month in frustration at the lack of action on its claim. But in a statement Barrick says:

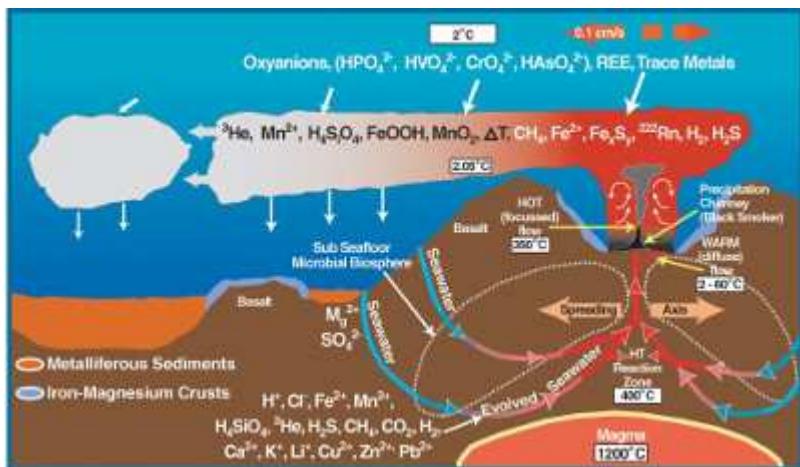
BARRICK MINING STATEMENT: It will take a significant amount of time to evaluate each claim given the volume and seriousness of the allegations. We carry a commitment to respond to allegations of negative human rights in a fair and effective manner. Barrick goes on to say that it has also sought to verify the Akali Tange Association is authorised to act on behalf of the claimants, citing a consultant's report that found the association has previously shown insensitivity to the vulnerability of sexual violence survivors. Catherine Coumans says there is no evidence for that allegation.

CATHERINE COUMANS: It's very problematic that the company is trying to basically shoot the messengers. They should really focus on dealing with the complaints and not try to divert attention away from the victims. McDiyan Yapari says despite Barrick's claims it is addressing human rights violations at the mine, the violence has not stopped.

MCDIYAN YAPARI: Human rights abuses here in Porgera is still continuing. This very last time three men have been held up by security guards and they were forced to have sexual intercourse and then one claimed that he was an HIV victim. Catherine Coumans says in another recent case two women were raped. She says conditions at Porgera still leave people vulnerable to assault, as villages are squeezed between the mine pit and waste flows from the mine.

CATHERINE COUMANS: They have to cross these waste flows, and as soon as they do that they are officially trespassing and that makes them vulnerable to attack from security guards and the police who threaten them and say that they're trespassing. What we often heard from women when we were interviewing the women was that they would say 'ok we are going to arrest you or we are going to rape you, which do you want'. Catherine Coumans says Porgera is an industrial hellhole and villagers are adamant they need to be relocated.

Undersea Mining Exploration Planned In Wallis And Futuna



French government to assess territory's potential mineral wealth

WELLINGTON, New Zealand (Radio New Zealand International, July 14, 2016) – The French Government says an exploration and educational mission is being sent to Wallis and Futuna to assess undersea mineral wealth. The Overseas Minister, George Pau-Langevin, says customs authorities in the territories realised the need for economic development to retain young people in the islands. The minister was speaking after meeting with a delegation from Wallis and Futuna in Paris this week. The mineral exploration follows a proposal by the French Prime Minister Francois Hollande in February which has raised environmental concerns among traditional leaders. Ms Pau-Langevin says it has been agreed to send a mission that is both exploratory and to hear people's concerns and an educational mission to explain what will happen.

Engineer warns of Frieda mine impacts

Post-Courier, July 14, 2016

BY JOAN BAILEY AN engineer from East Sepik Province has warned of massive environmental destruction if the proposed Frieda copper mine goes ahead. Thomsen Benguma said the volume of destruction will be unprecedented. Mr Benguma said called on the Mineral Resources Authority and the West and East Sepik Provincial Governments to take high level precautions and insist on the developer to design comprehensive waste management plans. This is to manage the tailings and the overburden or top soil that is dynamited and pushed off the side of the mountain. Mr Benguma said the management of the tailings is normally captured in the waste management plan but the overburden which is also waste is never taken into account.

He explained that when the top soil is dynamited, unburden sodium nitrite and sodium nitrate is trapped in the soil and when this waste comes into contact with water, paste is formed. "When this material is carried down by flood during rainy season, there will be heavy deposits in the river system which overtime will fill up the river, thus displacing aquatic life," he said. Mr Benguma who is also a waste management engineer by profession said the storage of tailings in high altitudes also poses a threat and suggested that it be put through a gas plasma system where the waste is burned or melted, resulting in the recovery of processes metals contained in the wastes. He called on the Mineral Resources Authority to take heed and refrain from drawing conclusions that all will be fine and suggested that the developer must sign a memorandum of understanding to fully compensate the people of East Sepik, especially those living along the Sepik River if a environmental disaster occurred.

Seabed mine warning

By AATAI JOHN, Solomon Star, 13 July 2016

REGIONAL leaders have been cautioned that non renewable resources like mineral deposits inside our ocean needs to be addressed now given the growing demand for underwater mining. This was raised by local Hawaiian-based academic Dr. Tarcisius Tara Kabutaulaka, during the Toktok session of the Pacific Islands Development Forum (PIDF) Leaders Summit on Tuesday. The two days Summit which kicked off yesterday Honiara is hosted based on the theme 'Stewardship for Healthy Oceans & Nations.' Kabutaulaka stressed that while responsible organisations of the region focus more on tuna and other living marine resources, it is very important that they must start pondering ways to tackle other fisheries issues, which remains a challenge for the pacific nation one of which is seabed mining. He added its time that regional organisations that deal with fisheries issues to extend their claws from tuna to other areas of concern which affect the lives of people and the marine environment.

Meanwhile, facilitator of the Toktok session, who is also a representative of Party to Nauru Agreement (PNA) Dr Transform Aqorau said deep sea mining has the potential of destroying government structures of our islands nations. He reiterated that there is a need to develop a regional body to set the rules and laws to address seabed mining, in a collective way that would manage such activities. "Deep sea mining is an issue for the region now, but we still yet to establish any regional body that will deal specifically on underwater mining." Its understood Papua New Guinea (PNG) has been engaged seabed mining so far. The Summit which will end today kicked off with an official opening ceremony at the Lawson Tama stadium yesterday. Present at the ceremony were leaders from the PIDF member countries namely; Tokelau, Vanuatu, Nauru, Kiribati, Tonga, Tuvalu, Federated States of Micronesia, and Fiji. The chief guest at the program is the Prime Minister of Fiji, Voreqe Frank Bainimarama.

Lifebrandz plans to acquire shares in Papua New Guinea gold mining company

Jamie Lee, The Business Times, July 12, 2016

LIFEBRANDZ on Tuesday said that it plans to acquire all the shares of Tolukuma Gold Mines, a company incorporated in Papua New Guinea that owns a non-operational gold mine there, for US\$212 million. The purchase will be made by allotting new shares to the vendor. Tolukuma also holds five exploration licences and has one exploration licence under application. The owner of Tolukuma is an investment holding company that is in turn wholly owned by Soh Sai Kiang, a co-founder of Catalyst-listed Artivision Technologies. Mr Soh is also the director of capital markets (Singapore) at UOB Kay Hian, Lifebrandz said. The company plans to raise up to US\$20 million through convertible bonds, and grant a loan of up to US\$17 million to Tolukuma for working capital purposes. Lifebrandz separately said that it has terminated its agreement with Healthtrends Medical Investments to acquire ordinary shares in four target companies.

PanAust looks for 'social licence' to operate Frieda River mine in Papua New Guinea

Frieda River Ltd, the wholly-owned Papua New Guinea subsidiary of PanAust, has lodged a Special Mining Lease application with PNG's Mineral Resources Authority to develop the Frieda River Copper-Gold Project. Glen Connell, PanAust's General Manager, Government and Community Relations, tells Business Advantage PNG that developing a 'social licence' to operate is critically important for the success of the project.

Business Advantage PNG, 12 Jul 2016 by David James



Frieda River camp. Source: PanAust

With a potentially long term operation, Glen Connell says establishing a sound relationship with the community is fundamental: ‘If you don’t have the social licence to operate you won’t have any longevity whatsoever. I think we have long accepted that and it is something that we have learned in Laos. ‘It put us in good stead in that country, which wasn’t a mature mining investment destination when we went in. The key very much to our success in Laos has been community engagement, good environmental practices, strong safety performance, and looking after our people. ‘Whether it is PNG, or anywhere else in the world, the same philosophy applies.’ ‘I guess the trick is to work out how you tailor that to any given situation. Whether it is PNG, or anywhere else in the world, the same philosophy applies.’

Ownership

The Frieda River Joint Venture is 80 per cent owned by PanAust, which is in turn owned by Guangdong Rising H.K., a subsidiary of the Chinese State Owned Enterprise Guangdong Rising Assets Management Company (GRAM). Highlands Pacific owns the remaining 20 per cent stake. Frieda River Limited is the manager of the JV. ‘PNG is a more mature mining destination with decades of experience.’ The PNG government has a right to acquire at cost up to 30 per cent of the project.



PanAust’s Glen Connell (left) and Lebin Ulamtemab in Wameimin Village 1. Source: PanAust

The Joint Venture's recently released feasibility study claimed the potential mine is 'one of the largest undeveloped copper-gold deposits in the world', with an initial 17-year mine life. Connell says there are similarities between Laos and PNG. Both nations are developing countries and in similar socio-economic situations. But he says there are some crucial differences. 'PNG is a more mature mining destination with decades of experience,' he says. 'The legislative frameworks are well developed; the bureaucracy understands mining and is attuned to it.'

Long term outlook

Connell says the company does not focus on short-term fluctuations in metals prices. He says that periods of weaker prices often represent the best times to be advancing and building projects. 'It is not about what today's copper or gold prices are and projecting those forward for the next six months. We are looking at a project that could operate for decades. 'So, we look at what the longer term outlook is and I think with copper it is safe to say that most, if not all, analysts see a good future for copper. If not in the near term then certainly in the medium to longer term. We share that view.'

Design

Connell says falling interest rates in the developed world means a potentially lower cost of capital. 'But the external environment will do what the external environment does. You design the most robust project you can and you seek to deliver it. 'We have been in close contact at all levels of government and other stake holders to make sure that we secure the business licence.' 'You need a little bit of tunnel vision in that regard. At the same time, we have to think about the long term price of oil, or any given commodity, or economic factor that you have to deal with. 'It all comes down to the robustness of the design, development, implementation and your ability to operate.

I think we have ticked the box on each of those in Laos and there is no reason to think we won't do the same in PNG.' Now that the application for a Special Mining Lease has been lodged, Connell is not willing to speculate about how long the approval process will take. 'We have been in close contact at all levels of government and other stake holders to make sure that we secure the business licence to operate as well as the social licence to operate. That process has been positive. 'But I can't answer how long it will take. It is not a process that we can control,' he tells *Business Advantage PNG*.

Advice on coal pending

Post-Courier, July 12, 2016

BY ROSALYN ALBANIEL

THE Climate Change Authority has yet to make known its official advice to the Government on the use of coal as a source of energy in view of plans to step up technical appraisals on the possible volume of commercial value. This is in light of growing global concerns on the continued use of coal by big industrialised countries which has been identified as a major contributor to global warming. This is despite the negative impacts this unconventional hydrocarbon may have on the environment. Questions put to the Authority on its advice on the possible impacts of this global phenomenon if developed by PNG have not received any response. Mineral Resources Authority has confirmed discovery of deposits in parts of the country but said there is need for further detailed geological investigations to quantify the resources as it remained largely unexplored.

On top of that Petroleum and Energy Minister Ben Micah last week announced the opening of the exploration regime for shale gas pending finalisation of policy and legislation governing its development as an added and new energy source besides liquefied natural gas and oil. MRA's geological survey division executive manager Nathan Mosusu said while a number of mining companies had done some coal exploration in the last five years and confirmed coal occurrences, no actual mining

has taken place. Mr Mosusu said interest remains low adding one of the factors could be the low world prices while also the controversy that surround its impact on the environment. However, he explained that coal comes in at least three different types and quality. "There is clean coal containing very little sulphur, the burning of which has very minimal impact on the environment and this is the coal we want to find in PNG," he said. Shale gas is controversial worldwide but is a compatible alternative and source of low cost energy.

Ok Tedi Mine Landowners call for recognition

Post-Courier, July 12, 2016

The National Court sanctioned landowners of the OK Tedi mine have urged the National Government and the mine operator to recognise them as legitimate landowners of the mining township. This was revealed by representatives from the Wanansengun clan after their pro-longed court battle was decided in their favour with Justice Leka Nablu's ruling on June 17 at Waigani. Spokesperson Levi Aturam urged both stakeholders to refrain from any dealings with the other two illegal parties Ningkalin and Awonkalin clan, adding they will file contempt charges if they breach the court sanctioned orders. Both clans have illegally claimed their land since before WWII and have benefitted unlawfully from the mine since its establishment in 1980, he said.

Mr Aturam said the clan, through its lawyer Kolo and Associates, have requested the immediate transfer of benefits owing to Wangbin landowners be ascertained and given to them (Wanensengun clan). Justice Nablu had also ruled that the first and second plaintiffs pay 50 per cent each of the respondent's legal cost spanning more than five years at the Waigani District Court and Tabubil Lands Court. Mr Aturam and his clan chief Ogi Kuleyok thanked the judiciary system in being very proactive in assessing the case before handing down its final verdict on the matter. He paid tribute to the unfortunate members of the clan that have missed out from the lost opportunities which they should have gained from the mine, including education and business opportunities and especially those that have passed on over the years.

LNG landowners caution government

Post-Courier, July 12, 2016

The PNG LNG project area landowners' petition to the government recently to sort out all outstanding landowner issues is a grave concern which the government shouldn't take lightly. The government had been playing a very dangerous tactic by suppressing the landowners' rights over the years by not honouring its commitments as agreed in the Umbrella Benefit Sharing Agreement (UBSA). The government had seen fit to pay provincial governments instead of directly dealing with the genuine landowner beneficiaries. The current deteriorating infrastructure and break down in service delivery mechanism in the resource rich project areas is the the government's fault in pumping money into provincial government who are misusing these millions of kina. The Hela Provincial Government once paid its cronies and non genuine landowners on the streets of Port Moresby in one of its previous payments which none of these millions of kina had had any tangible development on the ground. The recent K53 million Infrastructure Development Grant (IDG) paid by the government had also disappeared in the hands of the Hela politicians and their cronies. None of these provincial government facilitated funds have had any single development in the project areas and yet these power hungry politicians are now fighting over LNG benefits in the pretext of mere leadership.

Hela Provincial Government is not a party to the UBSA and why is the O'Neill Dion Government entertaining and continuing to allow provincial governments to facilitate payments where corrupti-

on, misuse and mismanagement of LNG funds is rife? What is the purpose and function of the Department of Petroleum and Energy? Why can't the government allow this mandatory state entity to facilitate and sort out all outstanding LNG landowner issues? This department knows very well who the genuine beneficiaries are and will have no problem handling any complex LNG issue. No other state entity is as capable as the Department of Petroleum and Energy and we all the landowners applaud the good work so far of the state minister, Honourable Ben Micah. Any government decision to change the department's political head or to allow other state entities or provincial governments to hijack the payment process is highly dangerous and will not go down well with the landowners. We have suffered enough and the government should be ready to handle the frustrations should it continues to ignore the plight of the landowners.

Bougainville: Micah clears air on ABG equity shares

Post-Courier, July 12, 2016

IN a friendly advice to Bougainville President John Momis, Petroleum and Energy Minister Ben Micah has asked him to carefully consider the offer of free equity from former Panguna mine owner Rio Tinto. "I am telling the former priest that like the grace of God which he gave to us freely, all he has to do is accept it or reject it," Mr Micah said when encouraging Mr Momis to professionally reason things out. Mr Micah was responding to Mr Momis' outburst in a media statement accusing the Minister of attempting to hold on to equity earmarked for the Autonomous Bougainville Government under State holding entities. He said he was misrepresented in *Post-Courier* following comments he made in Arawa about the government's intention of ensuring ABG equity was properly safeguarded. "I am in agreement with Mr Momis on the apportioning for the ABG. "The onus is now on Mr Momis and ABG on whether or not to accept Rio's free offer.

"Credit has to go to the Prime Minister for the leadership he displayed in leading delegations to strongly negotiate with Rio Tinto which has resulted in this ongoing transfer of 53 per cent of Bougainville Copper to the ABG and the National Government through Kumul Minerals Holdings Limited. "There has been no secret deal as Minister responsible for Kumul Minerals. "I have been in discussions with Rio together with the Prime Minister and we have kept Mr Momis abreast of our discussions," Mr Micah said. Mr Micah said initially Rio Tinto was going to have the transfer as a cash transaction on the table which ABG did not have the capacity to acquire. But he said since the shares transfer will be made free of charge, all the ABG needs to do is convey their position within the next two months. Mr Micah said the exit of Rio Tinto and transfer of equity to Kumul Minerals and ABG on top of the 17 per cent already secured for the State placed majority control of one of the world's biggest resource deposits in the hands of PNG and Bougainville.

Wanensengun tribe declared Ok Tedi mining township owner

Post-Courier, July 11, 2016

BY JOE GURINA

The National Court in Waigani has declared Wanensengun clan of the Star Mountains local level government in Western province as legitimate landowners of the OK Tedi mining township. The court ruling comes as a relief for the clan who were being deprived of their land from the Ninkalin and Awonkalin clan of Olsobip district who illegally settled at the Wangbin village and dishonestly claimed benefits from the OK Tedi mine. The Wanensengun clan has been pursuing the case since 1980 during the establishment of the mine and clan members were relieved after Justice Leka Nablu made her ruling on June 17 to declare the landownership to them. Justice Nablu dismissed the civil appeal filed by the plaintiffs (Ninkalin and Awonkalin clan of Wangbin village) through their lawyers at the National Court against a decision of the Tabubil Lands Court in 2012.

The plaintiffs attempted two failed appeals with the decision going in favor for the Wanensengun clan in the Tabubil Land Court and the provincial court in Kiunga in the same year before seeking an appeal before the National Court. Spokesman Levi Aturam in a news conference in Port Moresby last Friday said that they welcomed the court's decision, adding they had not given up hope of reaching a favourable decisions, "We knew the land belonged to us, we kept pushing for justice and today justice has prevailed for us," he said. He said that they lost their land rights to the Tabubil plateau before World War II and were got involved in numerous tribal fights to reclaim the land.

Bougainville: Momis says Micah's remarks misleading

Post-Courier, July 11, 2016

BOUGAINVILLE President John Momis has described a statement by Petroleum and Energy Minister Ben Micah about Rio Tinto's recent divestment of shares in Bougainville Copper Limited as "misleading and mischievous nonsense". He further called upon the Prime Minister to "overrule his irresponsible minister". The BCL shares were offered, free, to both the Autonomous Bougainville Government and the National Government. The PNG Government's shares have been accepted by Petromin (now Kumul Minerals Holdings Limited) while Bougainville has yet to announce its decision on the shares. But last Thursday Mr Micah was reported as claiming that Kumul Minerals Holdings will keep the 36.4 per cent offered to Bougainville until the ABG accepts the shares. "Kumul Minerals Holdings, Mr Micah, and the National Government have no role in relation to the 36.4 per cent BCL shares available to the ABG," the President said. "Those shares were transferred by Rio Tinto to an Australian-based Trust under a Shares Trust Deed. The ABG has two months in which to decide whether to accept the transfer of the shares.

"Mr Micah's statement that Kumul Minerals will keep the shares until then is nothing but misleading and mischievous nonsense. It is intended to give the impression that somehow he and Kumul Minerals are in control of the shares and concerned to look after Bougainville's interests. Nothing could be further from the truth." President Momis said that Micah has been trying to get control of Rio Tinto's BCL shares for more than two years. "In December 2015, he told me that the National Government must buy the Rio shares for US\$100 million (K324m), in order to stop Rio selling the shares to outside interests. When I subsequently questioned Rio representatives in February they denied any such deal. "As President of Bougainville, I have no trust at all in Mr Micah having any role in relation to these shares. If, as reported on Friday, the Prime Minister has no knowledge of the transfer of the 17.4 per cent of BCL shares from Rio to Petromin on June 30, then clearly the evil and irresponsible move to make PNG equal shareholder in BCL together with the ABG has been cooked up between Rio and Mr Micah. That deal must now be undone."

Talks for Papua gas plan underway, says minister

The National, July 8th, 2016

DISCUSSIONS for the Papua LNG project in Gulf are well underway, says Petroleum and Energy Minister Ben Micah. He said this on Wednesday when commenting on a recent visit to France recently with Prime Minister Peter O'Neill and Gulf Governor Havila Kavo to discuss the project with developer Total. "The Papua LNG project is now in serious stage of moving forward," Micah said. "In our discussions with senior executives of Total in France, Total gave a very clear commitment to the prime minister, to myself and the governor of Gulf that Papua LNG will be developed within the next five to six years." Micah said there was a third party that had expressed interest to buy out InterOil and all these commercial dealings must be completed first "before we know who are the players". "By law, Kumul Petroleum has got 22 per cent already in that project, so we will

be a very significant shareholder and stakeholder in Papua LNG. “Total is the operator but the sale of InterOil will have to be concluded and we will know who the real partners are. “Then, we move into final discussions to see how we can move this project forward.”

Coal deposit immense: Micah

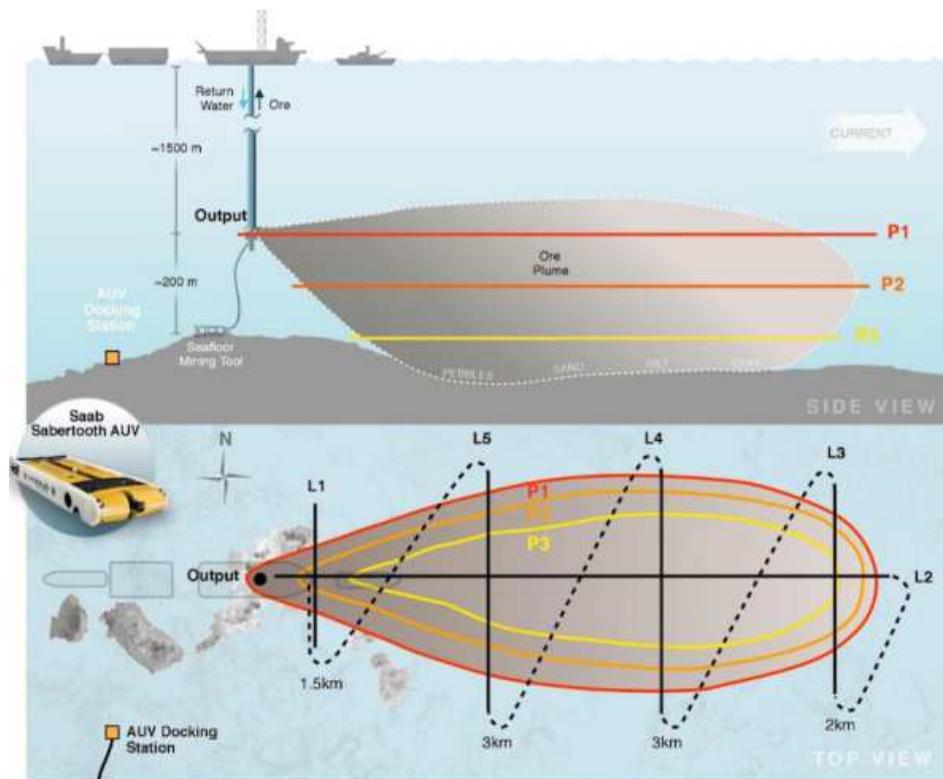
The National, July 8th, 2016

By MALUM NALU

PETROLEUM and Energy Minister Ben Micah says the country has immense potential for coal, although the idea may not be popular with conservationists. He said there was evidence of coal deposits in Gulf, Southern Highlands and Western. “The most significant find, of which I had seen myself, is the discovery of black coal from the western part of Gulf province to the foothills of Southern Highlands, and all the way to Western,” Micah said. “We believe more work will be able to determine the actual size of the coal and how we can develop it. “As you know, coal is a four-letter word now in the environmental language, so we will need to decide in line with our commitment to the environment as to how we will develop this resource. “But it is there, discovered, and is one of those resources that we will need to look at in terms of its energy potential and also export-revenue potential.” Coal is one of the unconventional hydrocarbons the Government is looking at to allow for shale gas exploration and production.

Solwara 1 experimental seabed mine could devastate fish stocks

PNG Mine Watch, July 7, 2016



The possible sediment plume from the Solwara 1 mine and proposed environmental survey routes. *Diagram by Hunter Hadaway.*

New research, published by the University of Washington School of Oceanography, says the proposed Solwara 1 experimental seabed mine could have “a large impact on local fishing” which families rely on for their food and incomes. Effective monitoring of the environmental impacts will require an underwater vehicle that will cost over K87 million to deploy, a cost, says the research, that

should be paid by the mining company, Nautilus Minerals. The research says the proposed mining will create a tailings plume “and until the mining operations and monitoring begin there will be no way to know for sure how large this mining plume will be or how far downstream it will travel.” As well as depleting fish stocks, the mining could also contaminate marine life consumed by local people. The research concludes that although the mining will be at a depth of 1500 metres, contaminants from the mining could leach into the water column and increase in concentration as they move upwards:

“Once contaminants reach organisms that are consumed by Papua New Guineans the concentration will be much higher than when it was first leaked into the water and could potentially cause sickness in the consumers”. Because of the potential environmental impacts of the mining, which include “contaminations in fish, physical damage to the seafloor, destruction of isolated populations, sediment plumes, change in fluid flow, noise pollution, wastewater disposal, and leakage of equipment”, the research says it is “essential” to determine the ecological impacts and “how vulnerable the PNG population and economy is to diminished fishing”. Proper environmental monitoring will also be important “in order to avoid an extinction/poisoning/degradation of organisms that contribute to the circle of life within the ocean”.



An underwater vehicle like the SAAB Sabertooth will be required for proper environmental monitoring

The research says the only way to properly monitor the impacts of the mining will be to deploy an underwater vehicle that can send video and still images back to the shore. Deployment of a suitable vehicle, such as the SAAB Seaeye Sabertooth would cost around K87 million. “With this type of technology PNG would monitor Nautilus’ activities, and ensure they are in accordance with the previously established agreement.” The research suggests the costs of the underwater vehicle should be paid by Nautilus but the monitoring should be carried out by PNG authorities.

Landowner slams Government over law failure

Post-Courier, 7 July 2016

Solomon Lae, the Chief of Purari where the Gulf Interoil Elk Antelope project is located has condemned both his provincial and the National Government for failing to provide strong regulatory laws to protect the locals from exploitation of their natural resources by foreign investors. According to him, as a traditional chief he inherited the right to protect his land for the sustenance of the present inhabitants and preserve it for the future generation. “As a traditional warrior who won many battles to retain control over these lands, it is an insult to allow outsiders to take my customary inheritance and that of my ancestors and sell it to one and other for a massive profit.” Mr Lae said he is aware of his rights to inheritance which cannot be terminated. “This right under section 38 of the Constitution cannot be touched by Parliament.” Chief Lae said that it was his belief that Section

5 of the Mining Act and Section 6 of the Oil and Gas Act may have created without respect to the Constitution.

"My argument further enforced in the UN Declaration on the Rights of indigenous peoples which states that indigenous peoples have the right to the lands and resources which they have traditionally owned, occupied, used or acquired. And that the State shall give legal recognition and protection to these lands territories and resources such recognition shall be with due respect to customs, traditions and land tenure system of the indigenous peoples concerned." Chief Lae also said the Government has violated the people's human right and dignity by creating State enterprises and offering 2 per cent equity in resources to the landowners. Mr Lae appeal to people from rich resource areas to stand up, register their land and find a good foreign partner. "We must throw out Government policies that reduce us to real poverty and beggars in our own land."

Kumul to look after Bougainville shares

Post-Courier, July 07, 2016

BY GORETHY KENNETH

THE 34 per cent Bougainville Copper Shares "gifted" to the people of Bougainville by Rio Tinto will be kept under Kumul Mineral until President John Momis and the ABG accept the shares. But the National Government stands ready to work closely with the Autonomous Bougainville government on the transfer of shares, Petroleum and Energy Minister Ben Micah assured yesterday. Mr Micah said that the PNG Government is open for discussions on the issue of the shares with Momis and the ABG leaders and its people. "From the PNG Government and as Minister responsible for Kumul Mineral I would like to assure the people of Bougainville that we would not touch those shares. Whatever happens, we would ensure that those shares must go back to the people of Bougainville," Mr Micah said. Rio Tinto announced last week that it was relinquishing its controlling 54 per cent in the Panguna mine's Bougainville Copper Limited. The shares are split between PNG and Bougainville governments to give each 34 per cent stake in the mine. "Between the two of us, we got 34 per cent each and the balance belongs to individual shareholders. "That transaction has been concluded. The Bougainville government has been given a time frame to accept the share of the shares and then there are mechanisms within the trust deed that sets up the special trust that is holding the Bougainville shares in case they refuse. But we stand ready to have open discussions with the ABG," Mr Micah said.

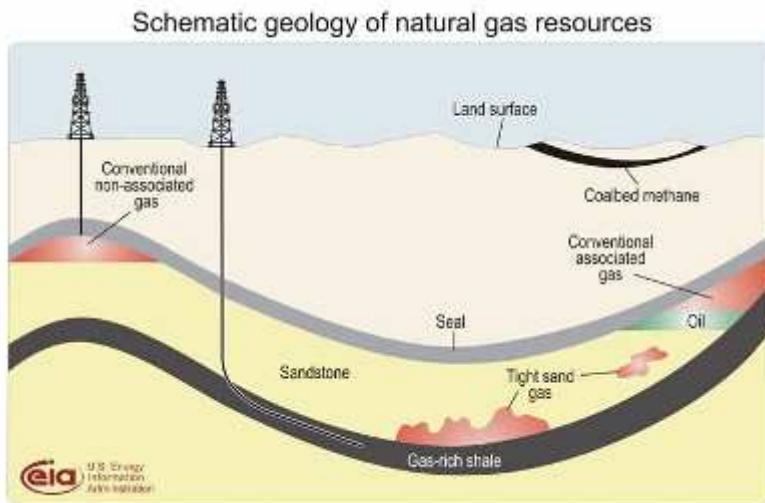
Potential in 'methane'

The National, July 7th, 2016

KUMUL Petroleum managing director Wapu Sonk says the country has massive potential to develop unconventional hydrocarbons. He explained yesterday the difference between conventional and unconventional hydrocarbons. He said conventional hydrocarbons were found in sandstone, which was common in PNG. "Sandstone is like the sand you find at Ela Beach (in Port Moresby). It's sand which is compressed over time and deposited a few kilometres below the surface. "It's very porous. "And when you produce from those wells, you get high production rates and you don't really have to do a lot of work." Unconventional hydrocarbons, come from two sources – coal (methane) gas and shale gas. "Those are very hard to produce. But with technology, we'll be able to produce gas and oil from methane and shale," he said. "We have rocks in PNG, but we have to drill through them, as a cap to the conventional gas below it. "With the legislation coming into force, the ministry is doing some investigations, some research on what the potential is. "We have both coal and shale in PNG. "We just need to do more work. People with the financial and technical capabilities should also work with us to understand and establish the resource potential in the country."

PNG Plans To Develop Three Trillion Cubic Foot Shale Gas Reserves

Draft policy to guide process being prepared



PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 7, 2016) – Papua New Guinea has resolved to develop its potential billion dollar shale gas reserves containing more than three trillion cubic feet of gas as soon as practicable. The cost is compatible to the current largest ever investment undertaken here in the liquefied natural gas project worth US\$19 billion (K61bn). However, the overheads could be the sticking point considering the nature of shale, or unconventional gas extraction, the cost effectiveness which is yet to be determined with the intention of being developed and exported at lesser or comparable production costs. Plans to develop were announced yesterday by Petroleum and Energy Minister Ben Micah at the opening of PNG's investment portfolio into the higher rung of global gas energy producers besides the only other international shale exporter the United States. Unconventional natural gas deposits are in general often lower in resource concentration, more dispersed over large areas, and require well stimulation or some other extraction or conversion technology.

Mr Micah told a news conference in Port Moresby that PNG was taking the initiative based on sound groundwork it had already undertaken. Included is the draft policy on shale gas development, the legislative framework, investor involvement and final development criteria. In doing so Mr Micah has signed instruments that have placed in reserve significant blocks in the Southern Highlands, Hela, Gulf and Western Provinces for the development of unconventional hydrocarbons to allow for shale gas exploration and production. A review on the potential of unconventional hydrocarbon was proposed to the former Minister William Duma in 2011 and after a thorough determination by the Department, it was recommended that the notice to reserve the blocks be granted which was signed last week in Port Moresby. Mr Micah said the identified blocks have the potential for shale gas and licences should be granted for further exploration. He said this discovery had the potential to triple the available gas resources in the country both from conventional and unconventional gas resources.

"My department will be holding stakeholder workshops to establish how commercial arrangements can be reached with conventional gas license holders and proposed unconventional gas developers. "I will be proposing to Cabinet for Kumul Petroleum, the State owned oil and gas company to play a leading role in developing this new unconventional hydrocarbon initiative. I will also be inviting investors with the technical knowhow and financial resources to invest which will then continue to expand the oil and gas industry in the country." Mr Micah said the legislation for unconventional gas development was passed last year by Parliament and the necessary regulations to effect the law was being discussed with all stakeholders before going to Cabinet. He said once this is gazetted, interested investors will then submit license applications for the exploration and development of shale gas.

Deadline looms for PNG mine owners over violence claims

A Papua New Guinea human rights group says it has received no response to its call for compensation for more than 200 cases of violence it alleges were committed by a mining company's security forces. Radio New Zealand, 7 July 2016



Porgera mine. Photo: wikicommons / Richard Farbellini

The Akali Tange Association lodged a claim with the Porgera Gold Mine's owners last September in relation to 256 victims it said had been shot dead, injured or raped between 1990 and 2015. The association's executive officer McDiyan Yapari said they had given the Canadian mining company, Barrick Gold, until Friday to respond to their demands for compensation and remedy. He said he was worried about what would happen if it did not respond by the deadline. "I don't know what is going to happen because the Association has been carrying the frustration, anger from the members and we can not keep on holding on this. The only possibility that we will be looking at is one to sue them in a court, or I think people might retaliate," McDiyan Yapari said. Barrick has yet to respond to RNZ International's request for comment.

Solomon Islands Gold Mine Repatriating Illegal Settlers From Property

More than 300 people have unlawfully taken up residence in Gold Ridge pits

HONIARA, Solomon Islands (Solomon Islands Broadcasting Corporation, July 5, 2016) – The Gold Ridge Community Investment Limited, co-owner of Gold Ridge Mining Ltd, is working on repatriating illegal settlers on the mining lease areas, especially the mining pits. The repatriation is one of the Gold Ridge Community Investment Limited's priorities ahead of the recommencement of Gold Ridge Mining. Chair of the Gold Ridge Community Investment Limited Mr. Walton Naezon told SIBC News, more than 300 people have been identified to be settling in the mining pits. Naezon said consultations with the settlers have been ongoing and they are aware of the mining recommencement operation. "We have had consultations and awareness with those people and we've identified more than 300 people are settling there and last year or towards the beginning of this year in March we've entered into an agreement with them that they would leave the place once

the mine starts.” Meanwhile, Mr. Naezon said the majority of settlers are from Turarana, Central Guadalcanal.

Nautilus Minerals needs more funding

The National, July 6th, 2016

NAUTILUS Minerals is continuing to seek alternative sources of financing to maintain the development of the Solwara 1 project and its operations. The company said in a statement it required significant additional funding to complete the building and deployment of the seafloor production system to be used at the Solwara 1 project. There is no assurance that Nautilus will be able to obtain necessary bridge financing or project financing on acceptable terms or at all. Failure to secure bridge financing and/or project financing may result in the company taking steps to maximise shareholder value. It includes suspending or terminating the development of the seafloor production system and Solwara 1 project, and engaging in various transactions including, without limitation, asset sales, joint ventures and capital restructurings.

The company’s independent directors will be looking to engage a financial advisor to assist them in this process. The company said there could be no assurances that any transaction would result from these matters. Nautilus will provide updates as circumstances warrant. Any transaction(s) will be subject to all necessary stock exchange and, if applicable, shareholder approvals as well as compliance with all other regulatory requirements. Nautilus previously said the construction and development of entire seafloor production system for initial deployment and testing operations at Solwara 1 project, was to occur in the first quarter of 2018 based on the company’s project timetable and subject to additional funding. Nautilus said it would provide updates as circumstances warranted.

Anglo American to partner Highlands Pacific

The National, July 6th, 2016

HIGHLANDS Pacific Ltd chairman Ken MacDonald says the company has attracted multi-national company Anglo American plc to be its partner. MacDonald said at a time when other companies had experienced great difficulty in securing joint venture partners for relatively early-stage exploration projects, the company had been able to attract Anglo American. It will benefit from strong exploration results obtained by Highlands Pacific’s work and continue exploring what appears to be a new porphyry district in the Star Mountains project. The board considered that in many cases, it might be better for a company such as Highlands to consider exiting a project at an earlier stage, if and when this opportunity presents itself, as part of its growth strategy.

The recently announced Frieda River feasibility study which indicated that commercial operations would not commence before 2024, at the earliest, and the current equity and commodity markets, the board concluded that it was necessary to make substantial changes to significantly reduce the company’s future cost base. Managing director John Gooding will leave the company in November after having served Highlands well for nine years. Two other senior executives will be leaving in September. Directors and all senior executives are taking a 20 per cent pay cut as from last Friday. The board also announced the appointment of chief financial officer Craig Lennon as managing director from December 1 this year. Sylvie Moser will take over as chief financial officer and company secretary from Lennon.

Kas assures Ramu Nickel Mine of support

Post-Courier, July 05, 2016

MADANG Governor Jim Kas has assured the operators of the country's lone nickel mine of the provincial government's continued support to the project. Mr Kas when he and members of the provincial executive council met with senior executives of the Chinese developer including its president Wang Jicheng last week. The aim of the dialogue was to explore opportunities available for a win-win situation, following the resumption of activities at the mine. Mr Kas said he had just returned from a visit to China and he was satisfied with what he witnessed in terms of business and technological advancements.

Mr Wang during the meeting gave the governor and his team a snapshot of the mine's current position. He said production had begun at a challenging time when metal prices were on a decline. However, he said the company believed that with the ongoing support of the provincial government and other stakeholders they would be able to continue and deliver the expected results. The president said mine production last year reached 95 per cent design capacity which he said was a far better result compared to other similar mines around the world. "With our common understanding we can make full use of the Ramu project to make Madang the hub of business and tourism in PNG," Mr Wang said. Mr Kas in his address asked for more commitment from China in Madang province as he is serious about doing business with Beijing following his recent trip.

Revised mining law to clarify State's participation: Chan

The National, July 5th, 2016

THE revised Mining Act will give a clear indication on how the State can participate in mining projects in the country, Mining Minister Byron Chan says. Chan said the Government had been undertaking the review of Mining Act since 1992. He hopes to have the Mining Act tabled in Parliament in the next sitting. "The Government is streamlining all institutions, the way of doing business in mining so that we can maximise the benefits derived from the exploitation of our mineral resources," he said. "Given legislative changes, the revised Mining Act and Kumul Minerals Holdings Limited are evident of that change taking place." He made the statement during an event last Friday to have Petromin PNG Holdings Limited change its name to Kumul Minerals Holdings Limited. "What is of direct relevance to Kumul Minerals Holdings is the equity in the revised legislation," he said.

Rio Tinto's withdrawal shameful, Momis says

The National, July 5th, 2016

AUTONOMOUS Bougainville Government President John Momis says Rio Tinto's decision to withdraw from its involvement in the Panguna copper and gold mine was "unprincipled, shameful and evil". "Bougainville cannot accept this. I am writing to the International Council of Metals and Minerals asking them to end Rio Tinto's membership for failure to adhere to its principles," Momis said. Momis said the ABG was also seeking legal advice on the environment and social impacts of mining conducted by the Bougainville Copper Limited. "I believe that with the Government's cooperation, we can find ways to turn Rio's shameful and evil move in to one that offers positive outcomes for all major stakeholders, including the Panguna mine-affected landowners, Bougainvillean, the ABG, the Government and BCL," Momis said. Momis said the opportunity for a positive outcome would arise if the Government was prepared not to take up the transfer of Rio shares in BCL now on offer. "If it (Government) refuses the shares, then they would be offered for transfer to the ABG in two months," he said. "The ABG would then become the 55.8 per cent owner of BCL."

The Government could continue to be the main minority shareholder, with its existing 19 per cent shareholding.”

ALERT! Mining Threatens Papua New Guinea’s Mighty Sepik River with Utter Ruin
by Dr. Glen Barry, EcoInternet, July 4, 2016



The Frieda river will be polluted, destroying the region’s rainforests and Sepik River’s swamps and staple sago trees downstream

TAKE ACTION NOW to protect Papua New Guinea’s rainforests and indigenous people!

Chinese government’s massive open-pit mine in the rainy Papua New Guinea highlands, with its tons of toxic tailings full of sulphides and heavy metals, is to be poised above the Sepik River and its primary rainforests, intact local cultures, and the South Pacific Ocean. Apparently Papua New Guinea’s urban elites have learned little from decades of foreign industrial mining (and logging) causing conflict and despair, environmental damage, and social and economic decline.

“From a biological perspective I can hardly think of a worse place for a copper mine,” Professor Tim Flannery

“Dispela kain giaman divelopmen long ples mas pinis o bihaintaim bai had long ol papa graun karim kaiki long ples (This false development must end or it will be hard for local peoples to feed themselves in the future)” – Dr. Glen Barry, Mangi Madang

A proposed large-scale copper and gold mine in PNG will irreparably harm the relatively pristine Sepik and Frieda Rivers, and devastate the region’s primary rainforests and indigenous cultures. The Sepik is one of the largest wild river systems left in the Asia Pacific. The Frieda River runs for 100 kilometres from the mine site in the steep, forested highlands before it joins the Sepik which flows another 600 kilometres through a wetland-dotted plain before reaching PNG’s northern coast. Mammal faunas in that area are the richest in all of Australasia, with large tracts of contiguous primary rainforests, and the region is culturally rich as well. PNG has a troubled history of extreme environmental and social damage from mining, with few economic benefits to locals who bear tremendous environmental and economic burdens thereafter.

Both the Bougainville and Ok Tedi mines tremendously damaged whole river systems, as did the Freeport mine in Irian Jaya. The Bougainville mine led to a civil war that killed tens of thousands, and the mine developers Rio Tinto have now abandoned the mine without any restitution for environmental and war crimes. The Sepik region has been heavily logged for decades, with over \$USD one billion in timber extracted, leaving local peoples in abject poverty no longer able to subsist. Industrial mining and logging by foreigners have totally failed to provide local benefits, with

proceeds flowing to the urban elite, leaving ravaged industrial wastelands where primary rainforests and indigenous forest gardens once stood.



Civil War in Bougainville caused by mining devastated PNG's indigenous peoples and environment. Now the miners have ran away with the profits, paying no compensation.

The scope of the mine continues to expand, threatening to be one of the largest copper and gold mines in the world. There are expected to be several billions of tonnes of waste rock generated in a seismically-active region with very high rainfall. Exposed mineral sulphides become unstable when exposed to air and water forming sulphuric acid, dissolving heavy metals which in high concentrations kill fish and devastate riparian and marine ecosystems. China-owned PanAust has recently applied for a special mining lease for the large-scale, openpit mine. Frieda River Copper and Gold Project is controlled by an 80:20 joint venture between Chinese-owned company PanAust and Australian Stock Exchange-listed junior Highlands Pacific.

PanAust is in turn owned by the Chinese State through Guandong Rising Asset Management – just like MCC and its faltering Ramu nickel mine in Madang, which is leaking profusely. The company claims the mine will be of “world standard” when they haven’t yet revealed how they will manage the toxic tailings and have not submitted any environmental plan. Once the mine is operating, 4,000 tonne barges will travel up the Sepik River daily. Chinese development in PNG is continually subpar and shoddy, virtually ensuring major toxic spills in an earthquake prone area containing large intact natural rainforests and a complex hydrology. The proposed Frieda/Sepik rivers mine will leave the special Sepik ecosystem an industrial wasteland. The mine poised above the Sepik must be stopped and never be built.

Petromin changes name

The National, July 4th, 2016

By Shirley Mauludu

THE Petromin Holdings Limited has officially changed its name to Kumul Minerals Holdings Limited. Managing director Thomas Abe said KMHL would now manage all the mineral investments for the State. The change in name followed policy changes carried out by Government last year. “This company is a successor to Petromin PNG Holdings Limited. It’s actually a revamp of Petromin Holdings and will focus solely on investments in Papua New Guinea’s mineral sector,” Abe said. “It was back in May last year that the Kumul Minerals Act was passed by Parliament consolidating the State’s oil, gas and mining projects and the structuring ownership into two companies. Kumul Minerals will manage the mining assets and the oil and gas assets are already being managed by our sister company Kumul Petroleum Holdings.” Kumul Minerals is one of the three Kumul entities created by the Government under its policy of consolidation of its mineral assets and petroleum assets, plus assets held by state owned entities. The other two Kumul entities are already in operation. Petromin was incorporated in 2007. on behalf of the state.

Chamber hails Frieda application

Post-Courier, July 04, 2016

THE PNG Chamber of Mines and Petroleum has welcomed the recent lodgement and registration of a Special Mining Lease (SML) application for the Frieda River Copper-Gold Project. The lodgement of the application satisfies a ministerial condition placed on the key Exploration Licence (EL58) for an SML. The chamber said last week that the Frieda River Project represents the next generation of mining operations in PNG. It said if developed, has the potential to make a strong contribution to the national economy through the development of major shared-use infrastructure. PNG Chamber of Mines and Petroleum Executive Director, Greg Anderson noted the importance of the SML application. "This is a significant milestone for the long-awaited Frieda River Project and, while there is much work to do before the project can be developed.

"The efforts of the proponent PanAust supported by joint venture partner Highlands Pacific are to be applauded," said Mr Anderson. The SML application comes at a challenging time for the industry, Mr Anderson noted. "The industry is enduring challenging times at present, with depressed global commodity prices heavily impacting both exploration and mining operations in Papua New Guinea. "This has been magnified by uncertainty around mooted changes to the Mining Act. Before a positive final investment decision can be made, the Frieda River Project will require an improved metals price outlook and strong support from the Government of Papua New Guinea, including through ensuring legal and regulatory certainty", Mr Anderson said. The mining sector has long been an important source of economic growth and development in Papua New Guinea and the Chamber of Mines and Petroleum seeks to ensure it remains a source of growth for the country into the future.

Mekere's stand to be determined

The National, July 4th, 2016

THE Supreme Court will determine whether Sir Mekere Morauta has standing to challenge the constitutionality of the Government's decision to expropriate from the PNGSDP's 63.4 percent shareholding in Ok Tedi Mining Limited. Sir Mekere is the PNGSDP (PNG Sustainable Development Programme) board chairman. Justice Ambeng Kandakasi, Justice Don Sawong and Justice Joseph Yagi said they would consider the issue of standing after the parties completed their submissions in Waigani last Friday. Should the court declare that Sir Mekere has standing, a full trial of the substantive issues will follow. Lawyer Greg Egan, representing Sir Mekere, said his client had standing to bring the matter because he was a citizen who raised important constitutional issues. Egan said Sir Mekere was not meddling in other peoples' affairs and should be granted standing. Lawyer Alfred Manase, representing the Attorney-General Ano Pala and the State, asked the court to refuse standing to Sir Mekere. Manase said Sir Mekere was seeking to protect the interest of a foreign entity. He said the constitutional infringement was not stated in Sir Mekere's case. Lawyer Emmanuel Asigau, representing Prime Minister Peter O'Neill and the National Executive Council, supported Manase's submissions. Asigau said a foreign entity like PNGSDP was using Sir Mekere to bring its issue to the Supreme Court.

Governor challenges PM on PNGSDP

Post-Courier, July 04, 2016

WESTERN Governor Ati Wobiro has challenged Prime Minister Peter O'Neill and former PM Sir Mekere Morauta to "stop fighting" and genuinely find a way forward to solve the outstanding issues surrounding the PNG Sustainable Development Program funds. This is because as the two leaders

at the forefront of the PNGSDP issue continue to be at loggerheads over the issue, the people of the Western Province continue to suffer while their funds are locked away in a faraway country.

Wobiro has also suggested that Mr O'Neill through Cabinet set up an eminent persons group to help find a win-win outcome for the people of Western Province, State and PNGSDP on how benefits previously under the care of PNGSDP should be managed. Further, the new role for Sir Mekere and PNGSDP board should be to continue to manage the long term funds overseas and to declare an annual dividend for use in Western Province.

The dividends would then go into a special purpose entity in the province for development purposes. This special purpose entity could replace the current Ok Tedi Development Foundation (OTDF) or some similar entity or in the interim the Mineral Resources Development Company. "I am writing in support of the Prime Minister's statement in the newspapers on Friday, July 1. "I totally agree with the Prime Minister that the funds under the care of the PNG Sustainable Fund in Singapore belong to the people of the Western Province and no one else. It is pleasing to note that the Prime Minister and the State have begun a process to have these funds returned to the country for the people of Western Province," Mr Wobiro said. "I challenge the Prime Minister and Sir Mekere Morauta to be genuine in finding a way forward to solving this long outstanding issue. People of the Western Province continue to suffer while their funds are locked away in a faraway country," he said.

Wobiro warns South Fly MP on misleading statements

Post-Courier, July 04, 2016

WESTERN Governor Ati Wobiro has cautioned South Fly MP Aide Ganasi not to make misleading statements in the media about OK Tedi Mine issue. Mr Wobiro said Mr Ganasi made misleading statements to the media on the issue of OK Tedi which alleged mismanagement by the Governor. He also said that PNGSDP executive David Sode's statement recently regarding the burnt water and sewage pipes in Daru was false and misleading. "He is an embarrassment to the Prime Minister and the Government for trying to isolate himself from the Government and Parliament decision for the State to take over the ownership of the Ok Tedi Mine. He has no guts to stand up and speak for the Prime Minister and Government, of which he is a Member and which is led by his party," he argued. "Let me make clear my role in the takeover of the mine. First, it is important to understand that most Government decisions are made either by the Ruling Party Caucus or by the National Executive Council. I am not a party to either of these bodies.

"The first time I knew about the proposal for the State to take over the Ok Tedi Mine was when a Bill was presented to Parliament. The Parliament went on to pass the 10th and 11th Supplemental Agreements with overwhelming support. I quickly realized that through these Bills, the people of Western Province had lost their shareholding in the Ok Tedi mine. "This was when I started talking with the Prime Minister and other relevant Ministers to give back to the people of Western Province some direct shareholding in the new Ok Tedi Mine and also to reorganise the way the benefits held by PNGSDP for the people of Western Province, including the K4 Billion in Singapore, were to be managed post PNGSDP," he said. "In my meetings with the Prime Minister I insisted on two important issues for the benefit of the people of Western Province. First, I insisted that the State must give to the people of Western Province a sizable direct shareholding in the new Ok Tedi Mine. "After almost two long years of negotiations the State eventually agreed to give 33.33% of the shares in the new Ok Tedi Mine to the people of Western Province. "I acknowledge the support from the leaders from the CMCA Region, Mine Villages and my Provincial Executive Council members. "I now urge the Prime Minister to ensure that this process is completed with the signing of the Shareholders Agreement before the end of this term of Parliament."

'Govt committed to serve PNG'

Post-Courier, July 04, 2016

THE Government remains committed to ensuring that the assets of Papua New Guinea Sustainable Development Program are protected and safely delivered back to the people of Western province. Prime Minister Peter O'Neill reiterated this before taking his trip to China last weekend singling out that the government had begun a process to have these assets returned to the people. "We have said all along that all assets under the care of PNGSDP, including the US\$1.3 billion long-term fund in Singapore, belong to the people of Western province and PNG. "We have begun a process to have these assets returned to their rightful owners, and to be utilized for their direct benefit. "Despite efforts by individuals with vested interest to frustrate and hinder the process we have undertaken, I am delighted that we have made a lot of progress.

"The court cases in Singapore and the international arbitration tribunal which the people of Western province won, are part of this process." The Prime Minister welcomes media reports that Sir Mekere Morauta was open to a speedier resolution outside of the court process. "I welcome this gesture and I am always available for talks. It is not my practice to shut the door on anyone. "Had Sir Mekere not walked out of the negotiations we started earlier on this issue, we would not be where we are today." "So he has to be genuine about this. "At the end of the day, we are talking about assets that belong to the people of Western province. They do not belong to me or Sir Mekere." Mr O'Neill said the Ok Tedi Mine was unique case, which the government had to pursue in this manner. "Sir Mekere created this complicated structure to deprive the people when he was Prime Minister. He must feel bound to help us undo it. Otherwise we will continue the fight in court and return these assets to the people," the Prime Minister said.

Momis slams Rio Tinto deal

Post-Courier, July 04, 2016

BOUGAINVILLE President John Momis has slammed what he calls "a shady deal between the National Government and Rio Tinto". "The gravest threat to the future of peace between PNG and Bougainville since the signing of the Peace Agreement", Mr Momis said in a statement yesterday. Mr Momis has spoken with the Speaker of the Bougainville House who will urgently recall the house to meet to discuss these worrying issues. He expressed "shock and disgust" at what he sees as a "disgusting deal" between the National Government and Rio Tinto. He claimed the National Government was "deeply involved" in Rio Tinto's decision to transfer 17.4 per cent equity in Bougainville Copper Limited (BCL) announced last week which makes PNG equal shareholder with the Autonomous Bougainville Government in BCL "Rio Tinto officials verbally advised me on Wednesday night of Rio's decision to transfer its shares to a trust with 17.4% to be available to PNG and 36.4 per cent to the ABG," President Momis said.

"The ABG has been aware since 2013 that PNG was proposing to purchase Rio's 53.8% majority equity in BCL. "I advised the Prime Minister on many occasions that Panguna mine and BCL share issues were deeply sensitive for Bougainville. "I told him that National Government majority ownership in BCL could endanger peace. "I expressed the same views to Rio Tinto in meetings in July 2015 and February 2016." Mr Momis said he was therefore shocked to find that, without consulting the ABG, the mining giant had entered a "disgusting and shady deal" over Rio shares in BCL. He said this gave the National Government equal power with the ABG over decisions on Panguna. The decision is a grave threat to the Bougainville peace agreement," said the President. "There can be no doubt the National Government was involved. "Rio officials first advised me of the Rio share decision around 9pm on the night of Wednesday June 29. But a subsidiary of National Government Petromin accepted the Rio Tinto shares the very next day. "I can see no way Petromin could have been

ready to jump on June 30 if PNG was not fully involved in Rio's decision on its BCL shares." The share acceptance document has been sighted by this newspaper.

Bougainville Wants Controlling Share Of Mining Giants Copper Mine As Compensation



Equal shares to PNG gov is not adequate restitution for environmental destruction and exploitative business

WELLINGTON, New Zealand (Radio New Zealand International, July 3, 2016) – Bougainville's President John Momis said the way to solve the Bougainville crisis is for his ABG government to get the controlling interest in Bougainville Copper Ltd. The mining giant Rio Tinto, which holds a controlling interest in BCL, which operated the huge Panguna mine, is walking away without paying any compensation for the damage caused by the mine which was the catalyst for the ten year long civil war. Rio Tinto has offered its 53.4 percent share holding to the Bougainville and PNG governments. But the way it has planned this distribution would leave Bougainville and the national government with equal shareholdings. Mr Momis says all of Rio Tinto's shares should go to the ABG. „We know if we what to make the best out of this, if we want to get a positive out of this disastrous situation that Rio Tinto has created by refusing to accept responsibility for the environmental damage, for the impoverishment of the people, by not accepting their responsibility to distribute benefits according to the best regimes of justice and sharing of benefits.“

Lihir mine pays out royalty payment

The National, July 1st, 2016

THE Lihir Gold Limited had made royalty payments of K529,251,440 million to recognised parties in the past 19 years. It released a royalty payments update from 1997 to 2016 showing how much each party had received since 1997. New Ireland provincial government received K264,625,720 million and the Nimamar local level government received K158,775,431 million. The special mining lease block owners received K105,850,289 million. Lihir Gold Limited general manager Craig Jetson said royalty distribution from the Lihir gold mine was different from other mining operations in PNG. This is because of an agreement by the State.

A series of memorandums between the Government and the NI provincial government, LLG and Lihir Mining Area Landowners Association (LMALA), diverted all of the State's entitlement to royalties to New Ireland. He said the distribution were 50 per cent to the provincial government, 30

per cent to the LLG and 20 per cent to SML block owners. "For NIPG and NLLG, 100 per cent of their respective royalty portions is paid directly into their nominated bank accounts every month. "For the block owners, 5 per cent tax is deducted and paid to the Government and 20 per cent is paid as a savings component.," he said.

Ok Tedi: Projects given to provincial governments, Sode says

The National, July 1st, 2016

By MALUM NALU

FORMER PNG Sustainable Development Program chief executive officer David Sode says millions of kina worth of projects that PNGSDP was working on were handed over to provincial government agencies after its operations were stopped in 2013. Sode said he was not sure what had happened to these projects since their operations stopped after the State's expropriation of Ok Tedi Mining Ltd. These include projects in Western – the focus of PNGSDP since it operated on funds generated by the mine. "We handed them over to relevant provincial government agencies," Sode told The National. "We handed them over to the (Western) provincial government." Sode said a sad case in point was the K52 million Daru water and sanitation project scrapped in 2013. He said the onus was on the State to maintain PNGSDP projects in Western and other parts of the country which came to an abrupt halt. "The State shut us down, the State's got to continue," he said.

Bougainville President 'Furious' At Rio Tinto Decision To Distribute Panguna Shares

Momis will not stand for PNG Government having equal decision making in mine's future



PORT MORESBY, Papua New Guinea (PNG Post-Courier, July 1, 2016) – Bougainville President John Momis is furious at Rio Tinto's "unilateral" decision to transfer its 53.8 per cent stake in Bougainville Copper Ltd to an independent trustee and involving Waigani as an equal majority shareholder. The trustee Equity Trustees Limited will distribute the shares between the National Government and the Autonomous Bougainville Government so that both will have 36.4 per cent shares each in the Panguna mine. The National Government already has a 19 per cent stake. The remaining shares are held by small shareholders in Europe. PRESIDENT Momis said yesterday that Rio Tinto had failed to consult his Government about distributing its shares. "At meetings with senior Rio officials, in July 2015 and February 2016, I warned strongly against transfer of Rio's shares to PNG. Bougainvilleans cannot accept National Government control over the future of

Panguna through either majority or equal shareholding in BCL," he added. He said Bougainville is open to PNG remaining a BCL shareholder, saying it could assist in finding responsible partners and financiers for possible future operations at Panguna.

"But we cannot accept Rio Tinto's interference in seeking to give PNG equal control over Panguna. There is no possibility of progress on resolving the future of Panguna on that basis. "Rio Tinto has shown arrogance and ignorance in ignoring my warning. Sitting in their comfortable London offices, they have interfered in Bougainville's affairs by deciding PNG should have equal control of BCL. "Bougainvilleans are united in rejecting what Rio Tinto seeks to thrust upon us." He said he would be seeking "the earliest possible meeting with Prime Minister O'Neill to discuss how best to defuse the dangerous situation created by Rio's decision on its shares in BCL." Rio Tinto has been reviewing its BCL shareholding for almost two years. The review resulted in Rio deciding to end its investment in BCL, which ran the giant copper and gold mine at Panguna from 1972 to 1989, under the 1967 Bougainville Copper Agreement (BCA). The President also expressed deep anger at Rio Tinto's refusal to accept responsibility for the environmental and other damage done by the Panguna mine.

Kumul Petroleum HL set to acquire assets from Petromin PNG

Post-Courier, June 30, 2016

KUMUL Petroleum Holdings Limited (KPHL) is set to acquire hold and manage all oil and gas assets interests including those once held with Petromin PNG Holdings Limited. This deal was settled yesterday and jointly announced by both entities at a press conference held in Port Moresby yesterday. Both state entities have been in discussion to effect the transfer of Petromin's oil and gas assets to KPHL consistent with the State's broader Kumul Consolidation Agenda and the requirements of the KPHL Act. KPHL managing director Wapu Sonk said, "the terms of the transfer have been settled and today (yesterday) marks the milestone whereby KPHL, acting through its 100 per cent owned subsidiary, Kumul Petroleum (Development) Limited, will enter into a Share Sale Agreement to purchase from Petromin all the issued shares in Eda Oil Limited."

Petromin managing director Thomas Abe said that Eda Oil Limited is a wholly owned subsidiary of Petromin. "It holds a 20.5 per cent interest in Petroleum Development Licence 5 (PDL-5), a 11.2 per cent interest in the Moran Unit Facilities under the Moran Unit Operating Agreement and a consequent 0.2 per cent interest in the PNG LNG Project from its share of the PDL5 gas contributed under the unitised PNG LNG Project, Mr Abe said. Upon acquisition of Eda Oil Limited, KPHL will become a participant in PDL 5 (Moran) and increase its interest in the PNG LNG Project by 0.2 per cent. The transfer of Petromin's oil and gas interests is in line with the State's agenda to consolidate, manage and grow the long term value of its mineral and petroleum related investments as well as other utility businesses interests.