

**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://www.pireport.org/>

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

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

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**KASM, Forest & Bird appeal New Zealand seabed mining decision**

New Zealand Herald, 31 August, 2017

Kiwis Against Seabed Mining (KASM) has today lodged an appeal against the Environmental Protection Authority's controversial decision granting consent to ironsands miner Trans Tasman Resources. The company was this month given the green light to extract 50 million tonnes of material from the seabed off South Taranaki and export five million tonnes of ironsand every year for 35 years. KASM today announced it would be appealing the decision under 15 points of law, under the Exclusive Economic Zone and Continental Shelf (Environmental Effects) Act 2012, including "failing to take into account natural justice", to apply environmental bottom lines, to take a precautionary approach, and to require "adequate information" from TTR. KASM has called for the High Court to set the decision aside.

"We have gone through the nearly 400-page decision and we think the EPA has erred on a number of points of law, right across its decision," KASM chairperson Cindy Baxter said. "KASM is appealing because the EPA made a bad decision, a decision that we believe is wrong in law as well as

in principle - and we have seen an overwhelming response against it." Forest & Bird today also announced it has lodged an appeal in the High Court. "The EEZ Act recognises that seabed mining could have significant impacts on the marine environment, and requires protection from such impacts," the group's chief executive, Kevin Hague, said. "We think the EPA's decision to grant consent fails to protect the environment, and doesn't meet the requirements of the EEZ Act." Ngati Ruanui is also among several groups that have opposed the EPA's decision.

### **Panguna Landowners: We will have the final say on mining in Bougainville**

Fabian Hakalits, EMTV News/Asia Pacific Report, 30 August 2017

Panguna landowners will determine any reopening of the controversial mine on Bougainville, says a local leader. Philip Miriori, chairman of the Special Mining Lease Osikaiyang Land Owners Association (SMLOLA) in Panguna, Philip Miriori, has told EMTV News that all parties and talks would go through them. This was because the people in the Special Mining Lease area were greatly affected by the mine's impacts when it was operating in the 1980s before the 10-year Bougainville civil war. "We do not want the past to repeat itself but it must be a reminder to us now to get a better deal for the SMLOLA members and the rest of Bougainville," he said. Miriori said the past had gone, and history should not be repeated in Bougainville. He claimed meetings had been conducted with resolutions and agreements passed which the SMLOLA were not a party to. "They do not speak for me and my people but serve other interests," he said.

#### **'Disrespectful' to landowners**

He said this was very disrespectful to the people of the SML area because they had no voice in the decisions that were being discussed by outsiders about their land on which their livelihood depended. He also highlighted any decision or document signed to reopen the Panguna mine would be in contempt of court. The court order restrains parties to the memorandum of agreement which was going to be signed in June this year to make Bougainville Copper Limited (BCL) the preferred operator to reopen the mine. This was because the question of the interests of landowners in the mining project would be an agenda of discussion at the court-ordered mediation in Panguna next month. Miriori also highlighted that he had the mandate to represent his people through the SMLOLA and the National Court recognises him as chairman and not Lawrence Daveona. Miriori maintained he was still the SMLPLA chairman until December 2018 when an election of a chairman would be held.

### **Possible mining impact on Sepik river a concern**

August 30, 2017, The National Business

By DOROTHY MARK

EAST Sepik Governor Allan Bird has warned that the start of the Frieda gold and copper mine on the border with West Sepik will depend on an assurance by the government that the river will not be polluted. Bird said the people depended on the East Sepik River daily and did not want it polluted by the activities of the Frieda gold and copper mines. He was responding to the concern raised by Madang provincial mines director John Bivi on the operation of the Wafi gold mine in Morobe, Marengo in Madang and Frieda in East Sepik. Bivi requested Bird to highlight this problem in parliament if there is debate on the three mines to begin operating quickly. Bird said he would not comment on Wafi and Marengo but he would see that the people of East Sepik get the maximum benefit from the Frieda mine. "We don't want what happened at OK Tedi to happen to us. So we will be very careful with this one," Bird said. Ramu development foundation director Dr Boga Figa asked Bird to assist in any way possible to have a feasibility study carried out to construct a road from Banu Bridge to Forogo which could link to East Sepik.

## Indonesia: Papua Leaders Want Say in Copper Mine Negotiations

By Victor Mambor, BenarNews, August 29, 2017



Security personnel keep watch at Freeport McMoran's Grasberg mining complex in Papua province, Indonesia, Aug. 16, 2013. AFP

The Indonesian government's decision to allow one of the world's largest copper and gold mines to operate in Papua province through 2041 prompted local leaders to remind officials that their people never gave up land ownership and want a role in negotiations. On Tuesday the U.S.-based firm Freeport McMoran announced it was giving up a majority of its ownership in Papua's Grasberg mining complex in exchange for being allowed to operate there for up to 24 more years. "We indigent Papuans, especially from the Amungme and Kamoro tribe communities, have never released our ancestral lands to any party, neither to the government of Indonesia nor Freeport," John Gobay, a chairman of the Customary Council in Paniai, a district in Papua, told BenarNews on Tuesday. Two weeks ago, he met with Indonesian President Joko "Jokowi" Widodo in Jakarta, where Gobay expressed concerns about issues involving Freeport's operations at the Grasberg complex.

He said neither the Amungme nor Komoro were seeking a share of the mine, but they should be valued as the owners of the mountain where Freeport has been operating for decades. "We own the mountain and the land and the state has recognized it under the state 1945 Constitution and Law No. 21 of 2001 on Papua Special Autonomy," Gobay said. Freeport-McMoran agreed to divest 41.64 percent of its Indonesian subsidiary, PT Freeport Indonesia (PTFI), at a fair market price to allow 51 percent ownership by Indonesian interests. Freeport's share of the company is 90.64 percent while the Indonesian government holds the other 9.36 percent. "Reaching this understanding on the structure of the mutual agreement is significant and positive for all stakeholders. Important work remains on documenting this agreement and we are committed to completing the documentation as soon as possible during 2017," Freeport Chief Executive Richard C. Adkerson said Tuesday in a news release.

As part of the agreement, Freeport agreed to construct a smelter in Indonesia by 2022, thereby lifting a government threat to ban the company from exporting unrefined copper. The smelter is estimated to cost \$2 billion and is a major concession for his company, Adkerson told the Wall Street Journal. The government is not likely to have the financing to buy all of Freeport's share being put on the market, so the divestment could be spread across many potential buyers, analysts told the Journal. Finance Minister Sri Mulyani Indrawati Energy and Mineral Resources Minister Ignatius Jonan represented the Indonesian government and Adkerson represented Freeport at a Tuesday

news conference in Jakarta where both sides announced the agreement. Ignatius said Indonesia had agreed to extend Freeport's license, which ends in 2021, by 10 years to 2031, and another 10 years to 2041 if the company met the contract's requirements, including the smelter. "The negotiation between the government and Freeport began in early 2017. But in the last three to four (days), the talks got intense and the two sides found an agreement," Ignatius said. Adkerson said Freeport would honor the agreement. "We appreciate the leadership of President Joko Widodo and we have been listening carefully to what the government wants and its objectives," he told the news conference.

### **Papuans demand role**

But because Papuans own the land in and around the mining complex, they should have a role in the upcoming negotiations involving the purchase of company holdings, said Ruben Magay, a member of the Papuan Regional Legislative Council (DPRP). "This is the time for the government to involve land owners in determining Freeport's investments," he told BenarNews on Tuesday. "There are three parties, the central government/local government, investors and indigenous people." He said discussions regarding Freeport should be clear on what percentage is for investors, what percentage is for the government and how much is for the indigenous people. "During Freeport's first work contract in 1967, until the second work contract in 1991, and this most recent one, the position of indigenous people has been unclear. The discussion has been between the central government and the investor, in this case, America," Magay said. Gobay expressed hope that Jokowi would hold a special negotiation session attended by the government, Freeport and the representatives of Amungme and Komoro tribes. "If not, we will report it to the United Nations through the indigenous representatives and we will contest Freeport and the central government for not complying with its own regulation," Gobay said.

### **NZ Greens propose marine sanctuary to stop seabed mining off South Taranaki**

Catherine Groenestein, Stuff New Zealand, 29 August, 2017



A large crowd including many students welcomed the Green Party announcement for plans of a new marine sanctuary in South Taranaki. GRANT MATTHEW/STUFF

The Green Party wants to stop seabed mining by creating an enormous new marine mammal sanctuary off the Taranaki coast. Green Party leader James Shaw announced the plan at a Hawera beach when he, MP Gareth Hughes and Te Tai Hauauro candidate Jack McDonald joined a seabed mining protest by more than 200 people on Tuesday. The South Taranaki Whale Sanctuary would prohibit new prospecting, exploration and mining for minerals, but existing petroleum wells would be allowed to continue to operate until their permits expired. The controversial Environmental Protection Agency decision allowing Trans Tasman Resources (TTR) to dredge 50 million tonnes of

sand a year from the seabed off Patea would be stopped. Fishing would be allowed to continue in the area, whereas the seabed mining would disrupt fishing activities and was opposed by the commercial operators, Shaw said. "Seabed mining vacuums up the seabed, filters out minerals and dumps the mud back into the ocean. For the whales it's like someone dumping the contents of a vacuum cleaner on their plates."

The South Taranaki Bight is home to 38 different mammals, including blue whales and the highly endangered Maui's dolphins. "At around 30,000 square km, or fifty times the size of Lake Taupo, this will be New Zealand's largest marine mammal sanctuary." The sanctuary would stretch from Foxton north to Hawera, and west to Kahurangi Point near the top of the South Island, covering the area where blue whales were most commonly seen. The protest, organised by the community of Te Kura Kaupapa Māori o Ngāti Ruanui, began with songs from the youngsters, and ended with a heartfelt haka, then the participants formed a human chain around the grassy reserve above the beach. Principal Mama Kumeroa said she felt overwhelmed by the number of people, who had answered her call for support. "There are representatives here from every school, every kindergarten and educational institution in Hawera. These little ones are going to be the caretakers of the future, these young people will grow up and see this seabed mining happening, and it's going to take three or four generations ahead of us to clean it up. If companies want to do this mining they should do it in their own backyard. This is our backyard."

Ngati Ruanui kairataki Debbie Ngarewa-Packer said the iwi was pleased with the Green Party initiative. "We are pleased to see the Greens thinking outside the square. It gives us hope that there's some better options out there. Hopefully the other parties will be just as innovative." Ngati Ruanui is preparing to lodge its appeal against the application later this week. Maori Party candidate for Te Tai Hauauru Howie Tamati said he supported the idea of a marine sanctuary. "I'm still upset at the decision of the EPA to let the iron-sand mining go ahead considering all of the evidence that was there to say it would have a huge impact on the sea life in the area." Labour candidate for Whanganui Steph Lewis said not enough information had been provided on the effects of the TTR operation, which could run over 35 years. "I'm not convinced the jobs it is allegedly going to create will go to people in Patea, there's not enough evidence to support it and real big concerns about the environmental impact." In its application, TTR has said it would be "a sustainable and world leading development" that would have little environmental effect. But the venture is opposed by Kiwis Against Seabed Mining, Patea-based iwi Ngati Ruanui, environmental groups Greenpeace and Forest & Bird, and by Talley's Fisheries which also submitted against the mining when a previous application by TTR was declined by the EPA in 2014.

### **Government to investigate K92 mine stand-off**

By MICHAEL KOMA in Kainantu, Post-Courier, August 28, 2017

The government is to launch an investigation into the standoff that eventually resulted in the destruction of properties at the K92 mine site in Balimoia, Eastern Highlands, in a bid to resolve issues raised amicably. Disgruntled landowners went on a rampage last Thursday burning two trucks, a grader and standby generator, according to police. Several gas cylinders and fuel drums were also destroyed allegedly by landowners from Balimoia One, Two and Three villages. Police said the landowners, mostly youth, closed in entrance to the underground mine in the early hours of Thursday and took the law into their own hand. A workshop at the entrance of the mine was also destroyed. Police said the K92 Mining is still in the process of assessing the damages to determine the cost of the destruction. During the rampage the only road that links the developer's gold processing plant at Kumian to the mine site on the foot of Mt Kora was blocked with tress by the irate landowners. Mining minister Johnson Tuke told the Post Courier that the destruction has already taken

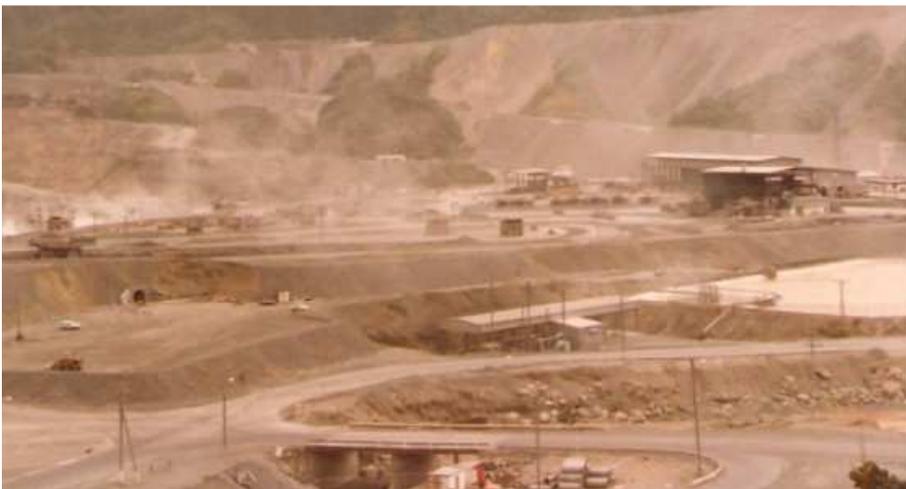
place and it's now time for the concerned parties to come together to address the core issues that triggered the violent encounter.

Mr Tuke said: "Extractive industries contributed immensely towards the national economy: the state must not be denied revenue in the face of such destruction. "On the other hand the landowners must not be denied spin benefits, especially royalty payments. "It's equally important that the developer must continue operation to contribute eloquently towards the country's wealth and create employment opportunities. "In every such situation there is always a reason. "I will call the Mineral Resource Authority, the K92 mine management, Balimoia Interim Landowners Association and the Eastern Highlands Provincial Government to a roundtable discussion to find a way out of this chaotic situation. "We cannot solve a problem with violence." Mr Tuke arranged for an audience with the landowners yesterday but they put him on notice which he termed as "uncalled for." In light of Thursday's incident, Mr Tuke had flown to Balimoia yesterday (today) and told the landowners to control their temper as he would be negotiating for an amicable solution. "As a local MP (Kainantu) I am aware of the situation and I am well-placed to discuss the subject," he said.

The minister said the Balimoia gold deposits was initially developed by Kainantu Highlands Ltd and transferred to Barrick Gold before K92 Mining took over. "Some of these issues arises during the two previous developers' term and continued to exist until today." The landowners were pressing for off-spin benefits in terms of royalty payments, contracts and employment opportunities, which they claimed were not properly accorded to them. The minister said the memorandum of agreement needs review. K92 Mining Limited says claims about it not honouring commitments (engaging landowners in its operations) were unfounded. K92 Mining's management said it has built a formidable workforce of 500 with contractors on site including 300 employees alone from Balimoia and associated landowners. The developer added that the Balimoia Interim Landowners Association (BILA) has yet to determine whether it will use its business arm, Balimoia Development Corporation (BILDECO) or a new business entity to participate in business opportunities created by the developer and its suppliers. Meanwhile, police reinforcements from Ramu, Lae, Kainantu and Goroka were deployed into the area to protest the properties and equipment. The Balimoia area, in which the gold-rich Mt Kora stands, is sandwiched between Kainantu town in Eastern Highlands and Ramu Valley in Morobe Province.

## **Wars of words over Panguna as Bougainville moves to new era**

Leonard Fong Roka, PNG Attitude, 26 August 2017



With Bougainville less than a year away from a referendum on its political future, the Autonomous Bougainville Government (ABG) and a local Panguna group known as the Meekamui Government

of Unity are in a war of words over the re-opening of the Panguna copper and gold mine. The ABG wants the now reformed Bougainville Copper Limited (BCL) to operate the mine which it believes will finance the redevelopment of Bougainville. But the Meekamui and the Osikaiyang Landowners Association are keen to see the mine opened by an Australian company they have aligned with called RTG. Bougainville's president John Momis has said the ABG will not allow a company with no track record to mine at Panguna. The quarrel between the ABG and the Meekamui is potentially divisive and may affect peace-building efforts in the autonomous province. BCL, through the Panguna Negotiation Office, is said to be funding a group calling itself Panguna New Generation Leaders which is aggressively pushing for the re-opening of the mine.

The Meekamui and its overseas backers are taking a more moderate stance but are determined to get RTG to develop the mine. After a 10-year civil war, the signing of the Bougainville Peace Agreement in 2001 addressed the political problem but did not provide a settlement to cater for the Panguna problem which is still shimmering around us. Meanwhile the 1980s vintage old landowners associations and the new landowners association are also still verbally brawling and attacking each other. As this struggle goes on, we, the innocent people of Panguna, are being blamed by other Bougainvilleans of working to re-open Panguna. On the BCL side we see no change of heart for the interests of the people of Bougainville who have suffered because of them and the PNG state. Rio Tinto offloaded its shares to PNG and Bougainville so that we could see that it was changing its mind on the future of Panguna. But can we be sure? We need to watch to see if various personalities move to and fro between positions in BCL and Rio Tinto. Let us hope we are not submerging into the violence of the 1990s even as we try to work through the peace agreement and move to the new dawn that next year's referendum should represent.

### **Who is standing up for the seabed in New Zealand?**

Paul Brooks, Wanganui Chronicle Editorial, 24 August, 2017

THE SEABED mining dispute in South Taranaki has many of us wondering exactly what constitutes the role of the Environmental Protection Authority and its large staff of former politicians, accountants and the odd person actually versed in environmental matters. Its decision to allow seabed mining of iron sands in an ecologically sensitive area highlights its political -- as opposed to its environmental -- nature. Its title is an oxymoron. It is also worth noting that the decision by the committee appointed by the EPA was split, two for approving the application and two against it, with the casting vote made by chairman Alick Shaw, a former politician and professional committee member. To quote from the EPA website: "Mr Shaw is currently a member of the Housing New Zealand Board and the New Zealand Parole Board (until the end of September 2016). He completed two terms as a board member for the New Zealand Transport Agency.

Mr Shaw has held numerous positions on a variety of governance boards, and is a former Councillor and Deputy Mayor of Wellington City Council." And his knowledge of the seabed and consequences of its destruction come from ... ? It was his decision to allow seabed mining to go ahead. That decision went against the wishes of the people who live in the affected area, the people who are protesting and putting a legitimate case against the mining proposal. To suggest their petitions and submissions were taken into account before the decision was made is, in the vernacular, bollocks. The decision was political. It was made by a committee appointed by an agency run by a Government which has systematically withdrawn funding from environmental protection and conservation. That decision was a foregone conclusion despite the well-paid months the committee sat and pondered. The promises of jobs and local prosperity, even if true, mean nothing in comparison with the environmental damage to the region and the pillage of valuable breeding grounds. But who is listening?

## **Bougainville group adamantly against renewed mining**

Radio New Zealand, 23 August 2017



A group calling itself 'Bougainvilleans United Against Mining' has re-stated its opposition to a resumption of mining at Panguna. The government in the autonomous Papua New Guinea province wants the huge copper and gold mine re-opened to give the economy a lift ahead of the independence referendum to be held in 2019. Bougainville's Mining Minister Raymond Masono this week applauded a joint resolution by ex-combatants to back the re-opening, but one of those praised by the minister, a former Bougainville Revolutionary Army commander, James Onartoo, said he and his group do not support it. Mr Onartoo said their group, which includes many women, landowners and ex-combatants, will not support Panguna being re-opened, or mining anywhere on Bougainville. Members of the group joined a blockade that stopped the Autonomous Bougainville Government (ABG) from signing a memorandum of agreement with landowners at Panguna two months ago. Mr Onartoo says the ABG is weak and lacks the laws and systems to effectively regulate and deal with a large scale mine. He says without these mechanisms in place a resumption of mining will cause more harm than good.

## **Seabed mining sparks environmental concerns**

August 23, 2017, The National Business

LEADERS of Rabaul district in East New Britain want the Nautilus Minerals Explorations Limited to provide evidence that the proposed Solwara One seabed mining operation will not destroy environment and marine resources. They are concerned about a potential impact on the coastal areas of New Ireland and East New Britain. A committee which met at the office of Rabaul MP Dr Allan Marat on Thursday raised the concern in response to the intention by the company to carry out community projects on Watom Island and on the north coast of the Gazelle Peninsula. Rabaul district administrator Marakan Uvano said Nautilus planned to build health facilities on the island and on the north coast of Rabaul as part of its services to the people who would be affected by the deep-sea mining operations.

Uvano said the company was already delivering health facilities in strategic locations along the west coast of New Ireland. Statesman Sir Ronald Tovue urged the committee to voice its objection to seabed mining activities in the Bismarck Sea. Marat has maintained his objection to under-sea mining operations since Nautilus applied to the government for mineral exploration rights in the Bismarck Sea which covered New Britain and New Ireland. Marat warned that the safety of the liveli-

hood of the coastal people of Rabaul would be affected if the Solwara One project was allowed to proceed.

### **Bougainville. Masono applauds joint resolutions**

Post-Courier, August 23, 2017

BY SEBASTIAN HAKALITS

The Vice President and the Minister responsible for Mining of the Autonomous Bougainville Government Raymond Masono has applauded the joint resolution of Central Bougainville ex-combatant advisory council to support the re-opening of the Panguna Mine and for mining in Bougainville generally. Mr Masono was referring to an article in the Post Courier dated 18<sup>th</sup> August 2017 during which Mr Ishmael Toroama representing those for the reopening and Mr James Onato representing those previously opposed to the reopening of the Panguna Mine, who pledged their support to the reopening of the mine. “It is important that different factions in Bougainville begin to look at the big picture in terms of the kind of Bougainville society before the conflict,” Masono said.

“The ABG must not only satisfy some level of fiscal self-reliance as we move ever closer to the conduct of the referendum in 2019 but would also need to raise its own revenue to fund its service delivery and development programs if the majority voted to break away from Papua New Guinea. I hope that the joint resolution of the Central Bougainville Ex-combatants advisory council will pave way for the signing of the Memorandum of Agreement between ABG, Special Mining Lease (SML) Osikayang landowner association and the eight mine affected landowner associations, ex-combatants and other major stakeholders of the Panguna Mine.” The Mining Minister is encouraging the two opposing landowner groups that are still fighting over the leadership of SML Osikayang Landowner Association to amicably resolve their differences by mediation, holding of the annual general meeting and the conduct of the elections for new association executives.

Mr Masono thanked the independent mediation team led by Ishmael Toroama for their efforts over the last six weeks to consult with ex-combatants that has resulted in the joint resolution to support the re-opening of Panguna Mine. He said that although the finer details of the joint resolution has not yet been made available to the ABG, the support of those who initially closed the Panguna Mine at the late Francis Ona’s orders is a significant step to redevelop a project that can bankroll Bougainville’s political aspirations as well as sustain its long term economic development.

### **Botten welcomes plans by Govt to finalise clan vetting process**

Post-Courier, August 23, 2017

Oil Search says it is pleased that one of the priorities of the incoming government is to finalise the clan vetting process for the PNG LNG project landowners. Oil Search managing director Peter Botten had remarked while offering the company’s congratulations to the Prime Minister Peter O’Neill for being returned to office, leading a strong coalition government. The remarks stem from the company’s on-going concern on the timely disbursement of funds owed to landowners. Mr Botten said Oil Search and PNG have subscribed to the Extractive Industry Transparency Initiative (EITI) and it has and will continue to report benefits that have been paid by both its oil and LN operations. “Since PNG LNG came on stream in mid 2014, Oil Search estimates that the project has generated K3billion or US\$1.6billion for the state, provincial government and landowners through equity distribution, development levies and royalties.

“Of this K2.5billion (approximately US\$950million) had already flowed through to the relevant recipients. “We are pleased to see that one of the Government’s key priorities is finalising the land-

owner clan vetting process. This is aimed at identifying, which landowners are eligible to receive benefits from the PNG LNG project. “At present royalties due to landowners are being held in a trust account with the Central Bank and equity payments are in a trust with the Mineral Resources Development Company (MRDC). “Oil Search is committed to providing government with whatever assistance it can to ensure the clan vetting process is completed as soon as possible, so these royalty and equity payments being held on behalf of the landowners can be released,” the managing director said.

### **Revised mining act will be passed: Minister**

Cedric Patjole, PNG Loop, August 23, 2017



Mining Minister, Johnson Tuke, has announced that he will make it his business to have the revised Mining Act passed in Parliament this year. Tuke said the revised Mining Act, which contains six new laws, will immediately be brought before the National Executive Council for endorsement. The Minister announced this during a Ministry handover-takeover ceremony in Port Moresby. He takes on the role of Mining Minister from former Namatanai MP, Byron Chan. In his maiden speech as Mining Minister, Tuke said he will ensure the new law is passed by the end of the year. This also includes the *Mineral Resources Authority Act (2005)* review. “The proposed changes to the Mining Act are focused on improving the regulatory framework of the mining sector through the application of international best practice principles. “So inline with the undertaking that was given by the Prime Minister at the PNG Mining and Petroleum Conference in Sydney last year, I will ensure the new law is passed by parliament before the end of this year,” he said.

“In addition, I’m also quite pleased to know that the six new policies that were developed for the mining sector in PNG, these new policies will be brought before cabinet immediately for endorsement so that they can be applied in PNG to address predominant issues in the mining sector.” Minister Tuke gave praise to Chan for his leadership as the Mining Minister in the 9th Parliament and that he will continue the progress he has made. That includes the review of the *Mining Act (1992)* and the upgrading of the Department of Mineral Policy and Geohazards Management (DMPGM) capacity. Tuke has given the assurance that while the Government is committed to bringing change, it will also protect the interest of investors. “Let me assure the people of PNG that this government is a government that will bring about change to benefit the people and serve the interest of Government. “It will also protect the interest of the investor and ensure there is transparency, accountabil-

ity, in the mining sector under my leadership,” Tuke said. Chan said he was happy that a man of Tuke’s stature has taken on the role.

## **Sovereign Wealth Fund is our security**

Post-Courier, August 22, 2017

By BARNEY ORERE

Concepts such as Dutch Disease are risks that threaten macroeconomic stability and consequently the long term development of the economy. This requires a forceful and comprehensive response from Government at all levels. Given the fact that there is heavy dependence on the non-renewable sector; that is, petroleum and minerals, the current generation arguably has clear obligations to ensure that the benefits from their exploitation is available to generations that will come later. Of importance will be the manner in which the State manages the increase in economic activity and resulting fiscal flows. The implementation of large scale projects such as the PNG LNG in a small economy such as PNG poses considerable challenge in terms of macroeconomic management also. To minimize the potential negative impact of the considerable increase in financial flows and economic activity on the national economy, the Government policy was to ensure that a Sovereign Wealth Fund structure was implemented in the lead-up to increase in fiscal flows.

A Government submission says that whilst PNG LNG Project forms the backdrop of the implementation of Sovereign Wealth Fund (SWF) in PNG, it was to be expected that the SWF, upon establishment, was likely to be the recipient of financial flows from a range of projects or sources. The submission which had its cover page removed was found in a warehouse quite by chance. Although some progress could have been made on the SWF, the lack of conversation has prompted the matter to be brought out into the open and there are insights which, hopefully, will get the conversation going. The idea behind a Sovereign Wealth Fund (SWF) was to secure PNG’s future by putting away savings from major resource projects. Parliament passed the enabling law and five years later conversation on SWF needs to come out stronger. Time has become of profound essence because earnings from PNG LNG will be flowing in a less than three years from now and without a SWF in place, where will we put the money?

The country is at a critical crossroad because without a management mechanism in place, the synergy effects of vast earnings in a small economy will be the cocktail for the dreaded Dutch disease. What is more troubling than ever is the lucrative nature of SWF; the nation’s future security will need to be conducted at the most highest level of integrity and that means transparency and accountability. Hopefully this isn’t one of our greatest obstacles because we mess it up now and there’s nothing for future generations. On February 22, 2012, Parliament passed the Organic Law on the Sovereign Wealth Fund; a high profile initiative that has the potential to be a significant contributor to the welfare of the people, stability and growth of the Independent State of Papua New Guinea for generations to come. The statutory objectives of Sovereign Wealth Fund are:-

- TO support macroeconomic stabilization,
- TO support the development objectives of the Government, including long-term economic and social development, and,
- TO support asset management in relation to assets accrued from natural resource revenue.

The SWF was to consist of:-

- (a) A Stabilisation Fund, to manage the impact of fluctuation of mineral and petroleum revenues on the economy and on the national budget, and,
- (b) A Development Fund, to provide definite and ongoing funding for economic and social development in accordance with the development plans of the Government.

The author/s of the submission noted that the organic Law on Sovereign Wealth Fund creates the following stakeholders to be involved in running the SWF:-

- SWF Board to oversee the SWF (Section 16 of the Organic Law on SWF)
- Minister responsible for Treasury matters to determine the investment mandate for the SWF board and receive and consider reports from the board (section 6),
- SWF Appointment Committee to appoint members of the SWF board (section 22)
- Independent Probity Auditor to consider probity issues associated with the operation of the SWF (section 39), and ,
- Secretariat to assist with the operational aspects of the SWF (section 31).

Certain matters regarding the composition, functions and governance of each of these stakeholders are set out in the Organic Law. However, details of how these stakeholders will manage the SWF and interact with each other have not been fully provided for in the Organic Law. Section 42 of the Organic law provides for regulations to be passed in future which are necessary to give effect to the Organic Law on SWF. The submission recommended that in advance of the start of revenues being ready for deposit, the National Executive Council should take action to implement the Organic Law on SWF with the view to ensuring that it was fully operational prior to operations starting at the PNG LNG Project. To this end a working committee was suggested to take charge of implementing the Organic Law. PNG has already made dozens of LNG shipments.

When the Post-Courier raised the dangers of Dutch disease in a feature, Treasury Secretary, Dairy Vele made a statement a day or two later, that tax revenue from the PNG LNG Project would not be seen until 2020 (or thereabouts). He took the trouble of explaining how complicated the project was and made no mention of proceeds from any shares that might be held in the project; only the tax component. PNG borrowed about K14 billion to get the PNG LNG Project off the ground. When Prime Minister Peter O’Neill took office after the 2012 General Election, he spoke of starting the Sovereign Wealth Fund but the conversation gradually faded as he got embroiled in the tussle over the Independent Commission Against Corruption and other legal squabbles that confronted him.

The aim of the Organic Law on SWF was the establishment of the appropriate structures for the management of PNG’s increased resource wealth. We see now from the submission that we’re dealing with a very lucrative organization. But it is the decisions that will be made that will protect the future of PNG. With the earnings from the PNG LNG coming up, as indicated by the Treasury, work on SWF must begin because there are still some outstanding bits and pieces to attend to. Time is of essence because this is the entry point for Dutch Disease to set in. We will have so much money to throw around we will wreak havoc in our small economy; that is the danger.

### **Benefits delivery from PNG LNG must improve**

Post-Courier, August 21, 2017

Oil Search managing director Peter Botten has called for an improvement on the disbursement of funds owed to landowners of the PNG LNG project. The calls are in light of the ongoing debate pertaining to the benefits being derived from the oil and gas business. Speaking at a business breakfast last week hosted by the Business Council of Papua New Guinea (BCPNG), Mr Botten told business and government leaders including the Prime Minister Peter O’Neill, that he believed there is a broad feeling that the recent developments have delivered little over the last few years. “Benefits delivery from PNG LNG must improve. Landowners must be paid. “The money is there, some have already been paid but barriers to revenue distribution must be removed,” he said. “Over K3billion has been paid by the project in royalties, development levies and equity distributions to the State and landowners since 2014.

“Maybe not as much as some people expected but still it’s a considerable sum,” the managing director said. Prior to these statements, Mr Botten had told the business and government leaders that with the right environment oil and gas production can more than double over the next five to seven years. “Potential investment over K60billion in developments, appraisal and exploration are possible in this time frame. Construction can lead to over 20,000 new jobs with significant other spin off economic activities,” he said. However he stressed there were many issues to resolve to make this happen. He said a prerequisite to success is developers engaging with government, landowners and indeed the whole country to demonstrate fair value distribution for all parties must be achieved from existing projects. “One that people feel is right value for resources extracted, one where developers work with state to deliver infrastructure address service delivery and support both economic and social development of the country,” Mr Botten said.

### **Global mining major needed to re-open Bougainville’s Panguna copper mine?**

Kevin McQuillan, Business Advantage PNG, 18 July 2017



Moves to re-open the Panguna copper mine on Bougainville are gathering momentum. Funding the re-opening is a key concern, however, says Bougainville President, John Momis. Could one of the global mining majors get involved? Bougainville Copper Ltd (BCL) is currently advertising for a local Bougainville-based manager, and are looking at the payment of K14 million in rent and compensation that was owed to the 812 customary clan groups who own the blocks of land within the mining lease areas. Autonomous Bougainville Government President John Momis tells Business Advantage PNG, that over the next year, he expects BCL to open an office and ‘start dealing with some of the legacy issues, demonstrating BCL’s commitment, in a just and fair way, to some of the real issues that have been bothering the land owners.’ That includes, he says, the ecological, environmental, and health damage issues caused by former owner, Rio Tinto. ‘They have walked away, so now BCL has to address that.’ Momis says the Joint Steering Committee preparing for the mine’s re-opening consists of representatives from the nine official landowner groups, BCL, the national government, and the ABG, and is to be chaired by an independent chairman.

#### **Funding**

A key challenge is the cost of reopening the mine; back in 2012, BCL estimated it would be US\$5 billion. ‘BCL has to demonstrate to us they have ability to solicit funds and attract a developer and I’m sure they are thinking about this,’ says Momis, pointing out that under Bougainville’s 2014 Mining Act, BCL has first right of refusal about re-opening the mine. ‘The Panguna mine is a “high-risk, high-return” investment.’ ‘We are giving BCL the opportunity to get funds and to meet the conditions as per the mining law. If they fail, then other companies will have to apply and be put

through this process.’ Mining industry analysts describe the Panguna mine as a ‘high-risk, high-return’ investment, which only global miners would be interested in. Greg Evans, KPMG’s Perth-based Global Leader, Mining Mergers and Acquisitions, believes there will be considerable interest. ‘If you look at what the resource is, and what it can deliver to both an owner and investor—and, probably more importantly, the local economy—it would have to be a definitive “yes”. ‘The copper price is heading in the right direction, the supply metrics are working in the favour of copper broadly and I would expect that BCL are being approached reasonably regularly by a number of metals traders.’

Evans points to growing demand for copper, noting that batteries in electric vehicles are likely to use 927,000 tonnes of copper a year by 2030, according to forecasts by Bloomberg New Energy Finance. That alone equates with 5 per cent of current production. Evans believes a global miner, ‘like Glencore or similar’, is likely to become involved. ‘KPMG just completed a survey around transaction activity across a bunch of sectors. In the mining sector, the preference of the majors was particularly for joint ventures at the asset level. ‘Batteries in electric vehicles are likely to use 927,000 tonnes of copper a year by 2030.’ ‘To me, that would be the form that a transaction would likely take. BCL would ensure the social licence to operate, and look after stakeholder management, political and administrative management on the ground, with perhaps a partner coming in providing financial and operational support. ‘So, it is likely to be a large industry player used to dealing in remote locations, eliciting strong local community engagement, and creating local employment as an obligation and priority. All those things are going to be required.’

### Risks

Satish Chand, Professor of Finance at the University of New South Wales and based at the Australian Defence Force Academy in Canberra, says risk assessment will be crucial. ‘There has been a history of conflict where a very small number within the population has the ability to stop a very large mine. That risk remains. ‘There is a contest over the distribution of proceeds and that has not yet been settled to my understanding. There is little that is known about the magnitude of the cost involved in the clean up.’ Chand notes that the Bougainville Mining Act says 51 per cent of the mine must be locally-owned. The non-binding referendum on Bougainville’s independence from PNG scheduled for 2019 must also be considered a ‘risk’. Greg Evans agrees the local shareholding requirement makes the financing prospect ‘more challenging’. ‘The biggest successes that the majors have had in countries such as Africa and South America, have been where they’ve engaged local communities, shared the profits, and shared the benefits. The control over how those profits flow and are allocated is equally the challenge—as it is the solution. ‘You’ve always got to come back to the quality of the resource; which will always make it attractive.’

## Ten People die in Papua During Mine Labor Dispute



Photo: Alfindra Primaldhi  
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WELLINGTON, New Zealand (Radio New Zealand International, August 17, 2017) – An Australian miners' union says 10 people have died in Indonesia's Papua province due to a labour dispute at the Grasberg mine. Tabloid Jubi reported four thousand workers were laid off by Freeport McMoran after going on strike in May. The strike was in response to the threat of layoffs after mining was disrupted by a dispute between the government and the company. Freeport said that the workers were considered to have resigned because they violated their contracts. Andrew Vickers of the Construction, Forestry, Mining and Energy Union said health rights for the redundant workers and education for their children had been withdrawn by Freeport. Mr Vickers said 10 people died after being rejected by a hospital due to a lack of healthcare coverage. Negotiations between the government and Freeport were reported last week in Jakarta. Since January, operations at the massive gold and copper mine have been crippled by the dispute .

### **Landowners' participation in Elk Antelope project now official**

August 21, 2017, The National Business

THE landowners of the Elk Antelope resources in PRL 15 (Petroleum Retention License) in Paiwaia, Kikori, Gulf have handed over the certificates of their business and association to Total E&P PNG Limited. The certificates were delivered to the company's community affairs representatives at Wabo station last Monday. Total is the operator of the Papua LNG project. Amos Neripe, principal landowner, chief of the Jao Hoo clan and chairman of the Kiausonghai Association gave the certificates to company officials. "I as the owner of the Elk Antelope gas fields have been organising an association and a company for my clan for sometime in compliance to the Oil and Gas Act hereby officially hand the certificates to you," Naripe said. "The landowner company intends to participate in the project while the association will look after the affairs of clan members and other community developments that will assist in improving the living standards of my people."

Senior community affairs officer Jim Kia said the event took place "with the full knowledge of Total's chief executive and Community Affairs Manager". The Elk Antelope resources in the Paiwaia area is around 7tcf (trillion cubic feet) of gas which is massive. Elk Antelope will be commissioned to operate soon and this would entail transformation of the area with pipeline and conditioning plant developments. As a consequence, there will be an influx of people and companies into the area to part take part in the development. The Jao Hoo clan, after the registration of its company and association, is now better positioned to actively participate as principal landowners of the gas field.

### **Samoa cautioned about experimental seabed mining**

Joyetter Feagaimaali'i-Luamanu, Samoa Observer, 20 August 2017

Experimental deep-sea mining is on the agenda for a five-day National Focus Group Dialogue hosted by the Samoa Umbrella for Non-Governmental Organizations (S.U.N.G.O.) which starts today. But S.U.N.G.O. President, Roina Vavatau, believes Samoa needs to proceed with caution. During an interview with the Samoa Observer, the President of S.U.N.G.O said Samoa should not be easily enticed by the millions promised if they opt to support deep-sea mining activities. "The money is very attractive however we have to consider the social impact of deep sea mining on us," she said. "This is our livelihood, everyone depends on the ocean and if this deal comes to pass, what is going to happen to us." Mrs. Vavatau urges the public to come as one and voice the rejection of Samoa to be a part of deep-sea mining activities. "Although the P.A.C.E.R Plus has been signed... however unless a total of eight Pacific countries do not sign on, there is no deep sea mining in our oceans."

To be held at Tui Atua Tupua Tamasese Efi conventional centre, the meeting will focus on disability; climate change; Sustainable Development Goals; Land Act and Laws and Deep Sea Mining. “These topics will form the basis of dialogue throughout the week,” she said. “Experts in these identified areas have been invited to provide information and guidance throughout the week to ensure participants are well informed in the approach to formulate Position Papers and Action Plans that S.U.N.G.O. will advocate on behalf of Samoa’s Civil Societies.” The President invited members of the public so they can be informed about the conversations around the topics. “There will be representatives from government agencies whose mandates deal with the issues discussed as stated earlier.” According to Mrs. Vavatau, their main goal is to afford the public the opportunity to gain knowledge of the said topics. “That way they can make informed decisions when they come across these issues.”

Last year, a World Bank report recommended that Pacific Island countries supporting or considering deep-sea mining activities proceed with a high degree of caution to avoid irreversible damage to the ecosystem, and ensure that appropriate social and environmental safeguards are in place as part of strong governance arrangements for this emerging industry. The report says that Deep sea exploration of minerals and resources is increasing across the globe, but its short and long-term impacts on the environment, economy and society in general remain largely unknown, according to the report, *Pacific Possible: Precautionary Management of Deep Sea Mining Potential in Pacific Island Countries*. “Given the immense uncertainty, deep sea mining in Pacific Island countries should be approached with the highest degree of caution and transparency,” said Tijen Arin, Senior Environmental Economist and co-author of the paper.

“Work in this space is already progressing in many countries, and progress has been made in legislation, but strengthening and increasing institutional capacity still remains a significant challenge and therefore we recommend stronger regional cooperation in this area.” Fiji, Papua New Guinea, Solomon Islands, Tonga and Vanuatu have granted permits for deep-sea mining exploration, and the Cook Islands undertook a minerals exploration tender process. So far, Papua New Guinea is the only country in the Pacific region to have granted a license for ocean floor mining.

### **Many protest New Zealand seabed mining consent**

"We will end up like Papua New Guinea... We're going to ruin it for the sake of corporate greed"  
Laurel Stowell, Wanganui Chronicle, 20 August, 2017



Protesters line up across Mana Beach to oppose seabed mining. Photo/ Lewis Gardner

At least 150 people were waiting in strong wind until the organisers arrived. They came from as far away as Hawera and Whanganui. It had been cancelled but so many people turned up that a protest against seabed mining took place as planned at Patea Beach on Sunday. The protest was against the Environmental Protection Authority granting marine consent to Trans-Tasman Resources to mine iron-sand from the seabed 22km offshore. That consent can be appealed until August 31. After a brief prayer to Tangaroa, the god of the sea, speakers thanked everyone for coming and asked them to line up on Mana Beach and be filmed. Organiser Bianca Mitchell is hoping the footage will go viral when it's up on the internet. There were so many people that there was barely room for them to stand shoulder to shoulder between the breakwater and Patea River. There were strong feelings among the crowd.

Patea's Tom Matiaha objected to a chairman's casting vote deciding whether consent would be granted. "In my opinion the environment will be raped, both animal and mineral," he said. It would be like the damming of the Patea River, done without thought for the piharau (lamprey) that used to be there in season. "I haven't seen piharau here for a long time." Te Huatahi Hawira said seabed mining was more than just a Taranaki issue and iwi should unite against it. She noted Ngā Rauru, Ngāti Ruanui and Whanganui were all represented. "Once we open up these doors and allow them to come in they will try and mine all around Aotearoa. We will end up like Papua New Guinea." The joint manager of the award winning South Taranaki Reef Life Project, Bruce Boyd, said the granting of the consent had hurt him and it was tough to talk. His project had showed the abundance of sea life on a reef 11km offshore.

He believed life would be equally prolific where the mining is planned. He had hoped to prove that, but was unable to get out there. "It's just we've had the worst season ever as far as boating conditions go." Daniel Boyd said by the time the 35-year mining consent was finished he would have grandchildren. "I will be telling them how we used to fish here. We're going to ruin it for the sake of corporate greed." The commodore of the Patea Boat Club said the 163 members had fought the seabed mining application, after deciding it would be very destructive and wouldn't help anybody. Whanganui's David Scoullar said undersea mining was a dreadful backward step. "I'm here to show some solidarity with the people of South Taranaki in their opposition." Another Whanganui man, Athol Steward, had worked with Kiwis Against Seabed Mining and submitted at the consent hearing. He's had T-shirts printed with slogans and is planning an event in Whanganui. "The fight is just starting, I think. This is when people will really come out and voice their concern."

### **More mining companies interested in Solomon Islands**

Charles Kadamana, Loop Pacific, August 17, 2017



Photo supplied. Caption: Mining exploration in Solomon Islands.

More mining companies have shown their interest in nickel exploration after the Japanese firm Sumitomo Metal Mining (SMM) announced it is withdrawing from Solomon Islands. One of them is Sunshine Minerals while two others are yet to confirm. Sunshine Minerals has been granted a letter of intent by the Solomon Islands Ministry of Mines for its application for a prospecting licence over the Jejevo deposit in Isabel province and a prospecting licence is expected to be issued in due course. The current mining company which still has interest is Axiom, despite not being granted the rights over the International Tender Areas after a legal battle with SMM. Government Minister and Member of Parliament for Gao/Bugotu constituency, Samuel Maneto'ali, who has the political leadership over the area, said more mining companies are trying to come in after SMM withdrew. He said he was not aware of SMM's withdrawal until last week so he is not sure the reason behind the company's decision to pull out.

"We missed the best mining company," he said. Maneto'ali said the country has lost one of the best mining companies because it has 400 years of mining experience and they have all the expertise and experience to carry out mining. "They have good standing in environment assessments because they have the technology. There we missed the best mining company," he said. He said since they have withdrawn the only thing is to find other interested companies. He said since Solomon Islands lost one of the best mining companies the landowners must comprise. "They must organise themselves and agree to the best company not to lose any more interested investors like Sumitomo," he said. Sumitomo Metal Mining (SMM) has withdrawn its nickel exploration in Solomon Islands because of slumping nickel prices and the loss of a legal dispute over mining rights.

### **Star Mountain rights transferred**

August 17, 2017, The National Business

THE Highlands Pacific Ltd is transferring the management of the Star Mountains exploration project in Western to its joint venture partner Anglo American plc. This follows the payment by Anglo American of the required project expenditure of US\$25 million (K77.7 million). Under the joint venture agreement executed in February 2015, Anglo American acquired the rights to an initial 51 per cent interest in the Star Mountains project by paying Highlands US\$10 million (K31 million). According to Highlands Pacific, that 51 per cent ownership interest was then to be earned in phases – with 15 per cent vesting upon a farm-in spend of US\$25 million (K77.7 million) within the first four years, and the remaining 36 per cent vesting upon the declaration of an NI43-101/JORC compliant inferred resource of three million tonnes of contained copper equivalent within five years. The first hurdle of US\$25 million (K77.7 million) in project expenditure had been achieved thereby earning Anglo American its first 15 per cent ownership interest. It also triggers the transfer of project management to Anglo American.

Highlands chief executive Craig Lennon said he was pleased to see the exploration programme proceeding as envisaged in the original agreement. "We have an excellent relationship with Anglo American, and welcome its ongoing commitment to the exciting Star Mountains project," he said. "Exploration is advancing steadily and drilling results continue to suggest the tenements may host a large copper porphyry that could ultimately underpin a significant copper and gold mining project." A number of extensive drilling campaigns have been completed at Star Mountains over recent years. The current campaign, funded by Anglo American, commenced last October. Five holes have now been completed in this campaign with additional holes to be drilled by the end of this month.

Anglo American can move to an 80 per cent interest in the joint venture by completing a bankable feasibility study by 2030. In December 2014, Highlands and Anglo American Plc (Anglo American) announced that they were forming a joint venture to undertake exploration and potential development of the Star Mountains project. The Star Mountains region had only been drilled twice in the

last 50 years. The first drilling was conducted by Kennecott in the late 1960s when Mt Fubilan deposit in Western was discovered, and subsequently mined by Ok Tedi Mining Limited. Highlands undertook a drilling campaign for three years from 2010 where 28 diamond drill holes were drilled over six prospects which produced some major intersections of copper gold porphyry mineralisation.

### **PNG landowners threaten to shut down mine**

Radio New Zealand, 17 August 2017

Traditional landowners in Papua New Guinea's Eastern Highlands province say they want to shut down operations at the K92 mine because a memorandum of understanding has not been adhered to. Over the weekend 200 landowners agreed in principle to shut down operations at the Mt Kora mine as the company had failed to do things like awarding a contract to the landowner company, the Balimoia Development Corporation, or fund a variety of community projects. The *Post Courier* reported the chair of the Balimoia Interim Landowner Association, Nenet Tesai, saying all parties would have to go back to the drawing board to revise the MOU and press the developer to meet its obligations. Nenet Tesai said the landowners made it clear operations could continue at the mine after the MOU was modified and accepted by all parties.

### **Legal battle looms over seabed mining**

Simon Hartley, Otago Daily Times, 16 August 2017

The gloves are coming off as mining interest groups and environmentalists prepare for a legal battle over consenting issues. Similar legal challenges to Bathurst Resources' coal mining consents on the West Coast dragged on for two years and the global coal price collapsed, forcing Bathurst to mothball much of its proposed operations. Mining industry lobby group Straterra has applauded the granting of marine consents for Trans Tasman Resources to move towards ironsand extraction from Taranaki's seabed. The Environmental Protection Authority (EPA) granted the consents last week, but environmental groups vowed to lodge appeals within the 15-day appeal period. Submitting group Kiwis Against Seabed Mining (KASM) had said it would appeal and yesterday said its lawyers were working on an appeal, spokeswoman Cindy Baxter said.

"Apart from the fact that we consider this decision very flawed, and that such a huge operation with potentially devastating consequences only got the go-ahead because the chair of the committee had two votes, we have to look at the precedent it sets," she said in a statement. Straterra chief executive Chris Baker said the EPA's decision making committees's decision sent a strong signal to extractive sector investors "that New Zealand is open for business". "The [decision] committee had to satisfy itself, on best available information, that effects can be well managed," Mr Baker said. Ms Baxter said after Trans Tasman's first application was refused in 2014, many of the companies with permits on North Island coasts subsequently dropped them. She said Trans Tasman's application failed on several fronts, saying there were no surveys or studies on any marine mammals, penguins, fairy prion petrels or bottom dwelling organisms, nor measurement of existing ambient noise; which was an issue for marine mammals.

"They made no effort to undertake any baseline monitoring of the seabed, despite the lack of it being one of the grounds the EPA refused their first application," Ms Baxter said. Mr Baker noted more than 100 conditions were imposed on Trans Tasman, including a two-year monitoring plan before mining could take place. Trans Tasman's two applications and ongoing research and development costs are now understood to have cost it a total about \$86million. Trans Tasman wants to suction dredge about 50million tonnes of sands from the seabed annually, to extract 5million tonnes



local level governments to support their development priorities and provision of critical services, while also directly to the landowners. Other economic contributions from mine during January-December 2016 had totaled K1.95 billion of which K741 million had been payments to local suppliers for good and services, contracts-K806 million, government taxes K144 million, salaries K185 million. "Newcrest also contributes to the New Ireland community by providing infrastructure services through the Tax Credit Scheme (TCS).

"These projects include roads, education facilities, provision of power and water to the local villages, and access to better health services," the miner stated. "Newcrest spends K18 million every year to manage the Lihir Medical Centre, which provides dentistry, optometry, antenatal services, as well as malaria and yaws research." The firm's country manager Peter Aitsi in commenting said: "When Newcrest performs well, PNG benefits and when PNG is strong we can achieve more together. "That's why Newcrest invests in programs that will help people across PNG build a more prosperous future." Meanwhile, the firm in its full year financial results released on the stock market yesterday, had highlighted that the Australian firm's results were driven by a strengthened annual gold production at Lihir. It was also a testament to the hard work of its staff onsite.

### **Anger over New Zealand seabed mining decision**

Wanganui Chronicle, 13 August, 2017



Ngaa Rauru's Anne-Marie Broughton, Ora Hohaia, Mary Bennett, Renee Bradley, Ngaire Luke, Arareina Davis, Leaara Kauika-Stevens and Mahalia Tapa-Mosen are against seabed mining. Photo/ supplied

"We will be appealing the decision. It is just plain wrong, as evidenced by two of the four commissioners dissenting against the approval." The Environmental Protection Authority's split decision to approve seabed mining by Trans-Tasman Resources is an outrage, Te Kaahui o Rauru kaiwhakahaere Anne-Marie Broughton says. The Waverley-based iwi has been through a wide range of emotions in the last few days, she said, from anger, sadness and frustration to steely determination to overturn the decision. "We know we are not alone - we've received a huge number of messages from our uri (descendants) and the wider community who feel the same way." The decision is doubly frustrating with Government allocating funding to clean up freshwater earlier in the same week it approved work that will devastate the underwater environment, Ms Broughton said. "While the decision paper is 368 pages long, the section with the dissenting commissioners' opinions makes it incredibly clear what risk is being taken and what damage will be done by this approval."

She wanted to mihi to (congratulate) the two commissioners; Gerry Te Kapa Coates and Sharon McGarry, who stood for the environment and common sense. Ms Broughton said impacts from the approved mining would be huge. "We are talking about excavating 50 million tonnes of seabed per

year for 35 years over an area of 66 square kilometres, up to 11 metres deep - every scoop destroying the seabed and marine life and driving away the threatened blue whales who aren't just passing through but live in the South Taranaki Bight." This was "dinosaur thinking", she said. "Environmental protection is the new economy. We already have sewage from Whanganui being dumped out at sea, plus the nutrient run-off from intensive farming. "Enough is enough! We need to overturn this decision, put a moratorium on seabed mining and bring some sense to managing our environment."

## **PNG sands come to the market in Australia**

Tim Boreham, The Australian, August 12, 2017



Bondi beach in Sydney

In a variation of the coals-to-Newcastle theme, Mayur Resources, an eclectic multi-commodity resources house plans to ship a million tonnes of sand from Papua New Guinea to Sydney. Don't we have a surfeit of the stuff already — and not just on Bondi Beach? Apparently not: Mayur's sand is the high-quality, fine-grained variety valued by cement makers, and it's in short supply in the Sydney region. Mayur chief executive Paul Mulder says most of the construction sand is supplied from quarries in the Newcastle region and then trucked to Sydney at great cost. It's cheaper to ship the stuff from PNG, where the sand will be an otherwise waste product from Mayur's proposed Oroko Bay mineral and industrial sands project on the southern coast. The Singapore-incorporated, Brisbane-headquartered Mayur is in the throes of raising up to \$15.5m ahead of its September 1 ASX listing. The offer looks like being oversubscribed ahead of its close date next Friday.

Mayur's PNG assets also include limestone, copper-gold tenements and coal projects, as well as a planned coal-fired power station to be built near the industrial city of Lae. The project remains subject to a definitive feasibility study, with total capex of just \$US22m to bring the project into production. With more than 12,000sq km of highly prospective exploration tenements available to be drilled, Mayur is confident enough to plan trial shipments to customers in China and Japan within 14 months. Costed at \$110m, the Lae power project involves shipping coal from Mayur's Depot Creek project in the south of the country, which boasts the first compliant coal resource in PNG, at 11.4 million tonnes. The power plant, which has been granted environmental approval, remains subject to a power purchasing agreement execution with state-owned utility PNG Power. While approval is no Lae-down misere, Mulder seems confident the power project will ultimately prevail because of the need for reliable low-cost electricity.

## **Gold Ridge in Solomons to restart within 18 months**

Solomon Star, 11 August 2017

AXF Gold Ridge Pty Ltd of Australia says it has secured additional investor funding to start the immediate recommissioning of the Gold Ridge Mine Project. “This investment will see mine production on track to start within 18 months,” a statement issued by the company on Wednesday stated. “In an unprecedented partnership arrangement, Gold Ridge Community Investment Ltd (GCIL), which comprised the local land owners, owns 10% of Gold Ridge Mining Limited,” the statement added. AXF Gold Ridge holds the balance of 90%. The statement said additional capital and technical expertise from the Hong Kong publicly listed new shareholder Wanguo International Mining Group strengthens AXF Gold Ridge. “New capital will help the Gold Ridge Mine Project reach its full potential. “Wanguo International Mining Group led by Mingqing Gao has provided technical expertise to the Gold Ridge Mine Project for the past year.

“The strength of the partnership between landowners and AXF Resources, combined with the support from the government, has given Wanguo the confidence to commit as an investor to this project.” Gold Ridge Mine's principal landowners and community leaders confirmed their continued full support and commitment to the project during consultation. Landowners agreed that by working together, the recommissioned Gold Ridge Mine would achieve new heights (Yu mi tuggedae bae mekem Gold Ridge mine waka gud). Richard Gu, Managing Director of the AXF Group and Director of AXF Gold Ridge Pty Limited, said: “I feel humbled and proud that the project has reached this stage. “I look forward to a long and fruitful development partnership with Gold Ridge Mine landowners, our investor, and the people and government of the Solomon Islands”. Senior executives from AXF Gold Ridge including Chairman-elect Mingqing Gao, Richard Gu, and Dr Shaun Ren visited the Solomon Islands this week to celebrate the milestone with landowners and government officials.

At a meeting with Prime Minister Manasseh Sogavare, chairman-elect Mr Gao reinforced: “The re-opening of the Gold Ridge Mine will send a strong message to the investment community that the Solomon Islands is open for responsible and transparent mining business”. Over the next 18 months, the come said the Gold Ridge mine site will undergo a complete refurbishment with infrastructure upgrades to improve site access and the construction of a new power station. “An independent review of the tailings storage facility will be commissioned to minimise risk to local communities. “Community relations activities will ramp up with one of the priorities the establishment of socially inclusive engagement mechanisms with landowners and local communities.”

## **Appeals planned over seabed mining in New Zealand**

Simon Hartley, Otago Daily Times, 11 August, 2017

Environmentalists are preparing to appeal a controversial decision yesterday by the Environmental Protection Authority to allow seabed mining for ironsands off Taranaki's coast. In a split decision, the EPA has granted consent to Trans Tasman Resources, which wants to mine 50 million tonnes of seafloor sand in order to export about 5 million tonnes of ironsand a year, for the next 35 years. About 13,000 people opposed the application by Trans Tasman. Its first application in 2014 was turned down by the EPA. Kiwis Against Seabed Mining (KASM) chairman Phil McCabe said a "whopping" 99% of more than 13,733 submitters opposed the application, including iwi, the fishing industry, recreational fishers and coastal communities. Local iwi Ngati Ruanui are understood to be considering an appeal, as were other other parties. Mr McCabe said KASM had to take "the only responsible route" by appealing the decision, on behalf of the future of coastal people and the environment and sea life.

"The only logical next step is to challenge that decision on their behalf," he said in a statement yesterday. There is a 15-day period for appeals, which can only challenge points of law, and the consents will not start until any appeals are resolved. Mr McCabe said the decision was a "dangerous precedent" for New Zealand's marine environment and the EPA was "acting prematurely", given seabed mining was an "untested activity". EPA chief executive Allan Freeth said two committee members, including chairman Alick Shaw, voted in favour of the project and there was a "strong dissenting view" from the other two. As a result, Mr Shaw used his chairman's casting vote in favour of granting the consents, BusinessDesk reported. Mr Freeth underscored it was highly "complex and challenging" for the EPA and the fact there was a split decision reflected that complexity. The central issue of the application was the sediment plume, he said.

The committee found the sediment plume would have significant adverse effects on benthic (sea-floor) life for up to 3km, because of light reduction and direct effects such as smothering. "The impact on benthic life within the mining site, while being expected to be a 100% loss in the short term, is expected to be temporary in the view of the majority committee decision. "Conditions have been imposed to monitor this recovery, and take steps to ensure it occurs over the medium to long term," Mr Freeth said in a Wellington media briefing. Trans Tasman's first application was rejected in 2014 when a committee ruled the environmental impacts of the proposal were too difficult to gauge on the evidence available. The company went back to the drawing board and a second hearing was held between February and May this year, BusinessDesk said. The project has sparked controversy, as those opposed argue it will change the physical, chemical and biological nature of the seawater and degrade the quality of the oceans as a whole.

Forest & Bird chief conservation adviser Kevin Hackwell said the proposed mining area was home to critically endangered blue whales, possibly one of only five known in the southern hemisphere outside the Antarctic. "It's also habitat for at least a further 33 species of marine mammals, including Hector's and Maui dolphins, and an important migratory corridor for humpback whales," he said. Seabed mining, and return of sediment to the seafloor, could cause "catastrophic damage" and affect seabirds, fish, and marine mammals. "It's completely irresponsible to put New Zealand's only resident population of critically endangered blue whales in the firing line for Trans Tasman Resources to suck up the seabed and make a buck," Mr Hackwell said. Chatham Rock Phosphate, which separately wants to mine the Chatham Rise seabed for phosphate, welcomed the decision. It is working on a new application, after its first application was also declined by the EPA.

### **Seabed mining approved in New Zealand despite environmentalists' concerns**

Valentina Ruiz Leotaud, mining.com, 11 August 2017

New Zealand's Environmental Protection Authority approved Trans-Tasman Resources' application to mine iron sands from the seabed of South Taranaki Bight, located 22 kilometres to 36 kilometres offshore from Patea. The approval means that Trans-Tasman is now allowed to recover resources from the country's Exclusive Economic Zone. In detail, the company wants to dig up 50 million tonnes of the seabed a year, for 35 years, to get five million tonnes of iron ore per year. The South Taranaki Bight has reported JORC iron sand mineral resources of 1,698Mt at 11.16% Fe<sub>2</sub>O<sub>3</sub> for the Mine Area and adjacent Kupe Blocks at a 3.5% Davis Tube Recovery cutoff and a further 2,137Mt at 9.66% Fe<sub>2</sub>O<sub>3</sub> for Stage 2 Block mine areas. The sand will be processed aboard a purpose-built 345-metre integrated mining vessel, whose construction TTR would start soon. The company expects to begin exporting iron ore from the site to Asia in 2020.

The decision around the proposed offshore mining project, however, comes following months of debates and consultations, and it was not unanimous. Some members of the EPA's Decision-making Committee did not agree in the final deliberations, citing concerns over localised adverse

environmental effects. “The committee’s rationale for granting consent is set out in the over 300-page decision document and includes conditions and operating constraints to limit the scale, intensity and duration of the discharge effects of residual material to the seabed, known as sediment plume, as well as impacts on marine mammals,” the agency’s report reads. In response, TTR’s Executive Chairman, Alan Eggers, sent out a press release stating that his company has undertaken “extensive marine environmental work in the STB” and that he is convinced that a low impact sustainable export industry can function in the area.

But environmentalist groups such as Kiwis Against Seabed Mining do not buy Eggers’ idea and are threatening with legal actions. “We have to take the only responsible route here by appealing this decision, on behalf of the future of our coastal peoples and environment, the blue whales, Maui dolphins and little penguins. We saw at least 13,700 people object to this proposal, and the only logical next step is to challenge that decision on their behalf,” said KASM Chairperson, Phil McCabe, in a statement. McCabe also said that his organization cannot believe that government officials gave a go-ahead to what they call an experimental industry. “We have no choice but to lodge an appeal,” he added. Previous to this new development, scientists working with the National Institute of Water and Atmospheric Research also voiced their concerns over mining operations within New Zealand’s EEZ. According to their studies, unique seafloor communities could be at risk of disappearing if deep-sea mining activities take place in the area.

### **Iwi angered by approval of first seabed mining project**

Ani-Oriwia Adds, Maori Television, 10 August 2017



Local iwi Ngāti Ruanui and Ngā Rauru Kītahi are furious seabed mining has been approved in their region. The landmark decision by the EPA allows a mining company to dredge 50 million tonnes of ironsand from the South Taranaki bight. Chief Exec of EPA Allan Freeth said, “The decision is to grant consent in posing conditions that provide an appropriate degree of caution in particular establishing conservative environmental thresholds. It is well reasoned and carefully set out traversing a lot of evidence and submissions from a wide variety of individuals and interest groups.” Spokesperson for Ngāti Ruanui Debbie Ngarewa-Packer says, “They were in disbelief and I guess also being very practical people they were in quite a bit of shock and couldn't really make sense that such a impractical decision could be made.”

The vote was split between the deciding committee but a member of the committee used his chairman’s casting vote to create the majority decision in favor of granting the consent Ngarewa-Packer

says, “For 50% of a decision making committee to actually take the side of the community but then someone uses some ridiculous rule to push it across the line actually doesn't make anyone feel good. They don't feel that the process is right. Ngarewa-Packer says that this now has opened the door for much more activity like this to happen to other little communities. “We will be appealing the decision into point of law, so that involves high court but you know we would have better spent our energy and our money investing into things that are making our community stronger.” The consents commence after any appeals have been resolved

## **Oil and gas earnings ‘will’ grow**

August 10, 2017, The National Business

*PAPUA New Guinea is finding new petroleum resources. The Government agency driving all these is the Department of Petroleum and Energy. The National's business editor SHIRLEY MAULUDU discussed with the department's acting secretary, KEPSEY PUIYE, the developments taking place in the industry.*

**MAULUDU:** Tell us briefly what is happening in the petroleum and energy sector.

**PUIYE:** The petroleum and energy sector is important to the national economy and the people. Traditionally, it contributes more than 35 per cent of foreign exchange earnings for the country. This is expected to increase to more than 50 per cent with the successful realisation of the world-class PNG LNG project and other new export-oriented gas projects such as the Papua LNG. It is critical that we manage this sector well, including the revenues it generates. I am also pleased to say that we are seeing unparalleled level of interest in upstream exploration, particularly offshore with water depths of 1500 to 3000 meters. For the first time in the history of our oil and gas business, investors are having great confidence in our offshore geological regions. Much of this confidence is driven by new data derived from a series of 2-D seismic surveys undertaken recently in our southern offshore region.

I am confident that this new and increased level of confidence in upstream exploration, as expressed in serious investment dollars spent in exploration work, will certainly lead to unlocking PNG's true hydrocarbon potential.

In the meantime, much of the activities and the focus are in the petroleum or hydrocarbon sector, including LNG development. The energy sector, particularly the renewable energy sector, is relatively underdeveloped. It is a sleeping giant given the rich indigenous renewable energy sources we have. I would like to see this sector developed. For example, we need to promote and develop more mini hydro power plants and solar-driven power projects in remote and secluded areas where our people are not connected to the main PNG Power grid.

I am confident this can be achieved under the National Electricity Roll-out Programme where the World Bank and other development partners are already demonstrating their support.

I think the refined petroleum fuels market also needs to be managed and regulated properly and efficiently. The price charged at the retail market, or at the pump, must reflect true economic cost of business.

Certainly there is an imbalance in this particular market and there is an immediate need to introduce new policies and support mechanisms which will promote a competitive market.

**MAULUDU:** What is the Department of Petroleum and Energy's role in the petroleum and energy sector?

**PUIYE:** Its principal role in the petroleum and energy sector is to efficiently administer and regulate the sector. This entails granting licences and administering the entire petroleum licensing system. It is important to say from the outset that how the oil and gas business is administered and regulated is defined by the Oil and Gas Act (OGA). Therefore, the DPE's main role is to enforce the provisions of the OGA.

The department administers about 100 petroleum licences, entailing various types. As a principal regulator, DPE ensures that each licensee complies with all the conditions, including their approved

work programmes.

This is a very critical job in terms of enforcing compliance. We don't want to see companies holding onto licences, especially prospecting licences, and not doing any quality work.

Unfortunately, some licensees have been using these licences as commodities for trading in the market. One of the most critical roles DPE plays in supporting the oil and gas sector is promoting and marketing the industry.

We engage on a daily basis with a lot of players – oil and gas companies, buyers, financiers, service companies and international colleague regulatory agencies.

We try to provide the most accurate and factual data about investment in PNG and in its oil and gas sector.

**MAULUDU:** I understand there are different licences issued for the development of resources in the petroleum and energy sector. What are the differences in those licences?

**PUIYE:** It's true that the DPE deals with a number of different types of licences. The importance of these licences and the process in dealing with them is defined under the Oil and Gas Act.

The first type of licence we deal with is the Petroleum Prospecting Licence (PPL). A PPL is granted by the minister to undertake exploration in order to look for oil and gas.

A PPL is initially granted for six years and can be renewed for another five years subject to the licence being in good standing.

**Petroleum Retention Licence (PRL):** It is granted by the Minister in respect to a discovered gas field proven to be technically and commercially unfeasible.

The Minister grants a PRL for the licence holder or licensee to undertake further appraisal work to determine the full geological structure and the reserves size.

**Petroleum Pipeline Licence (PL):** A PL is a licence that deals with a specific pipeline that carries or transports oil or gas from the infield facility, such as a central processing or conditioning plant to an export terminal or to liquefaction plant.

For example, the PNG LNG project was issued a number of pipeline licences which entailed the on-shore route from Hides Gas conditioning plant in Hela to the Omati Landfall in Kikori, Gulf, and the marine segment of the pipeline between Kikori and Caution Bay outside Port Moresby.

**Petroleum Processing Facility Licence (PPFL):** A PPFL is granted in respect of a main facility that serves as the receiving facility to filter the impurities, separate and condition the raw oil or gas before export. In the case of LNG, the liquefaction plant itself is operated under a PPFL.

**Petroleum Development Licence (PDL):** A PDL is granted specifically to develop and commercialise an oil or gas project.

It covers the development of all upstream facilities within the specified geological area or blocks which cover the petroleum pool or reservoir.

The processes in granting these various types of licences are defined in the OGA.

The Minister is the only legitimate authority which grants or rejects a licence, based on recommendation of the Petroleum Advisory Board.

**MAULUDU:** What are the processes involved in the issuing of licences to investors who show potential to invest in the industry?

**PUIYE:** PNG has a first-come first-serve arrangement under the present tax/royalty or concessional regime we have. That means an investor can apply for a new Petroleum Prospecting Licence at any time. It must meet three prerequisites.

First, the applicant must demonstrate documentary evidence of a strong balance sheet or financial capacity. Second, it must confirm that it has a strong technical and management team.

Third, the applicant must provide a clear work programme with a realistic budget to accomplish that programme. When an application is received by the Petroleum Registrar, it is registered and then sent to the DPE technical officers such as the petroleum geoscientists and the economists to provide technical and financial reviews and recommendations.

The technical reviews are then submitted to the Petroleum Advisory Board through the chairman.

The board deliberates on the application and often it makes a recommendation to the Minister based on the technical reviews made by the technical people. The minister makes the final decision.

**MAULUDU:** What role does DPE have in dealing with landowner concerns and issues relating to the petroleum and energy sector?

**PUIYE:** As the lead State agency responsible for regulating PNG's oil and gas business, the DPE is also mandated to look after and address landowner concerns and benefits. DPE deals with affected landowners on a weekly or daily basis. Sometimes, it is difficult to reach an amicable solution to some of the most complex and contentious issues. But DPE always tries to find a balance so everyone wins.

This process is already defined by the Oil and Gas Act. In respect to identification of legitimate landowners in a project, it is really the project proponent who is mandated to undertake full-scale Social Mapping and Landowner Identification Studies.

This is a mandatory requirement that the Oil and Gas Act requires which the project developer is bound to fully comply with. DPE's role in this particular activity is to basically vet the report. This is an area we did not get right in the PNG LNG Project.

I will make sure proponents of each new project undertake full-scale SMLIS before we issue any licences for development. Our landowners are important partners in a project.

**MAULUDU:** Does DPE have any plans or ideas to put forward to the new government?

**PUIYE:** The message to the new Government is simple. PNG's hydrocarbon industry is already big and is expanding and this calls for strong, robust and efficient regulation of the industry.

DPE must be converted into an Authority as soon as possible so the industry to professionally and competently regulated.

**MAULUDU:** What are some of the plans DPE has for the industry?

**PUIYE:** I would like unequivocal support from the new Government to convert DPE into a Petroleum Resources Authority.

DPE is already talking to relevant entities and individuals as to how best we should work collaboratively to build the capacity of the regulator and how best it should be institutionally set up. Quality and efficient regulation is key to elevating PNG's profile as a favourable investment destination. This way, we are giving a very strong and positive signal to the industry that we do recognise the investment dollars companies spend in PNG. I firmly believe that when the regulator's capacity is built and the industry is regulated efficiently, then PNG's profile as a safe and reliable investment destination will be elevated and spiraled to greater heights.

At the back of a very strong, efficient and robust regulator, I have plans to promote a wide range of policies and projects. For example; PNG needs to off-take low cost gas for power generation and other value-added industries like petrochemical projects and other projects a based on nature gas derivatives.

## **BCL re-established as a locally owned entity**

Post-Courier, August 10, 2017

Bougainville Copper Limited (BCL) has finally re-established itself on Bougainville as a fully locally owned PNG entity. It returned full time and held its first board meeting in more than 27 years at Buka on August 3. The board, led by chairman Robert Burns, included former prime minister Sir Rabbie Namaliu and former senior ministers Dame Carol Kidu and Sir Moi Avei, who were joined by members of BCL's senior management. Its office, located in Buka, is headed by Ephraim Emioni, who will manage the company's local team. Mr Burns said it was a new dawn for BCL as an independently managed PNG company following Rio Tinto's complete exit in the middle of 2016. Shareholders now include PNG citizens, Bougainvilleans, the Autonomous Bougainville Government (ABG) (36.45 percent), Independent State of Papua New Guinea (19.06 percent) Eda Minerals (17.39 percent) and a minority of outsiders.

"The Buka board meeting was something of a historic moment for us as a company and demonstrates our high level of commitment to Bougainville going forward," Mr Burns said. Both the

board and senior management separately met with ABG president John Momis and vice-president Raymond Masono to discuss important issues regarding BCL's Panguna redevelopment plan. "We certainly appreciate the ABG's ongoing support and the fact they strongly restated their position regarding a new Panguna mining project with BCL as its developer," Mr Burns said. The company continues to and again met with representatives from the nine landowner associations who were in Buka for their bi-monthly meeting.

"Key members of our team, including executive manager Justin Rogers and senior project officer Ezekiel Burain, who are both very well-regarded in Bougainville, had the opportunity to update landowners on our more immediate community engagement plans as well as on the process for finalising the 1990 statutory compensation payments," Mr Burns said. "We are pleased that since the first visits to project communities in December last year, we have now completed 90 percent of the block title older payments, which goes to demonstrate our commitment to building trust with the landowners." Mr Burns said during the meeting, landowner representatives expressed a desire to see the Panguna project advance as opposed to objections from a minority. The endorsement, for example, of some of the women's leaders who were present was most encouraging.

### **Local landowner companies on display**

BY YOMBI KEP, Post-Courier, August 10, 2017

A Local landowner group of companies, the Anitua Group founded in 1989 is owned by landowners on Lihir Island (home of the Lihir gold mine) proudly exhibited their different businesses at the 2017 PNG Industrial and Mining Resources Exhibition. The different business units under the umbrella of the Anitua Group are Anitua Corporate Services, Anitua Mining Services, Anitua Hardware, Anitua Supermarket, Anitua Protective Services, Anitua Investments, Anitua Properties, Anitua Transport Services, Anitua Radial Drilling Services, Lihir Business Services, Lihir Auto Services, Lihir Investments (Australia), Anitua Logistics (Australia), Anitua Motors, Anitua Constructions, Anitua Farms and the mega camp management and catering groups, NCS Holdings and The Alliance Group (TAG).

Their activities range from mining services to security, retail and, more recently, agribusiness. Its subsidiaries employ around 1500 people. The Lihir landowners started the Anitua Group of Companies with NCS, a profitable core business of catering and mining camp management which has now expanded into areas of construction and property development. The Anitua group is chain owned by six clan groups, the local level government and 2,500 individuals are shareholders. The original purpose of the company was to provide the landowners with the opportunity to participate in the Lihir Gold project at one of the world's largest gold mines. Now, The Anitua Group is the largest single supplier of goods and services to Lihir Gold Limited and has successfully expanded throughout PNG and even has two Australian-based businesses.

### **Solomon Islands Gold Mine Landowners Demand Promised Royalty Payments**

HONIARA, Solomon Islands (Solomon Islands Broadcasting Corporation, Aug. 9, 2017) – Gold Ridge Landowners are demanding the government and the ministry of mines to provide an explanation as why they have still not received their royalty payment. Gold Ridge Council member, Mr Derrick Gisi conveyed the landowners stand. Mr Gisi said in April this year, the director of mines has promised landowners, their royalty payment was already in the Central Bank. He stressed, the long wait until now proved it was an empty promise. The landowners representative said the 16 tribes of Gold Ridge were promised \$358,000 [US\$45,000] Solomon dollars.



Mr Gisi warned, if the government fails to deliver the royalty payment, the landowners will be staging a march until they receive their money. "The question is, where is our money, we have been waiting for 5 months and still nothing has happened, he said. "We are requesting an explanation whether the money is still there, or has it already been used." He said responsible authorities need to take this issue seriously. Mr Gisi said a lot of land owners have been informed about the royalty payment and have been tired of waiting since. The tribal bank accounts opened for this purpose have since closed.

### **New Caledonia Union Fear Possible Closure Of Vale Nickel Plant**

Plant closure could lead to 5,000 job losses, 'the biggest wave .. the territory has ever seen'



**Photo: Timkal**

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By Walter Zweifel

WELLINGTON, New Zealand (Radio New Zealand International, Aug. 9, 2017) – Unions in New Caledonia fear that the Vale nickel plant could close within half a year and trigger the biggest wave of job losses the territory has ever seen. "That's 5,000 employees and that means 10,000 people who need to be fed", a unionist Pascal Pujapujane told New Caledonia's television station after the latest briefing by the Vale leadership. What sent the alarm bells ringing was the announcement by Vale's new CEO Fabio Schvartsman in Brazil last month that it was reviewing its loss-making operation in

New Caledonia. The timeline for a decision is not clear but reports suggest the Vale board may move as soon as this month. Returning from Brazil, the head of Vale New Caledonia Daryush Khoshnevis met union representatives who had different interpretations of the message from headquarters. Vale runs a global network of mines and mining-related businesses which make it the world's top iron producer. The word is out that Vale will stop investing in New Caledonia as it seeks to find ways to make the plant profitable. The Soenc union, which is a major workers' organisation, concluded that the plant's closure is not inevitable. Last month, the Soenc secretary-general Pierre Tuiteala warned that the plant closing would be a blow to the territory's entire economy with disastrous consequences. Other unions feel less assured by Mr Khoshnevis. Three of them, including the traditionally militant USTKE, want to take steps as soon as possible to avert lay-offs.

### **Awaiting nickel price recovery**

The nickel price on world markets has dived over the past two years after slumping in the aftermath of the global financial crisis from its 2007 top of \$US50,000 a tonne. It is now just above \$US10,000 a tonne and the territory's three nickel producers - Vale, SLN and Koniambo - have struggled as it dropped below production costs. The plant was conceived by Falconbridge, then taken over by another Canadian company Inco before it merged with Vale. The plant's launch at Goro was dogged by delays and cost overruns. It was also been plagued by industrial accidents which saw acid being spilled into the adjacent lagoon at Prony Bay, a World Heritage site. The company was also involved in protracted disputes with local Kanak groups and targeted by bouts of vandalism before settling on a way forward. While waiting for the nickel price to rise, Vale is said to have lost \$US1.3 billion in the past three years. The other nickel companies are also hurting, with SLN in Noumea, a subsidiary of France's Eramet, reportedly losing more than \$US20 million a month.

### **Unions prepare for cuts**

Experts pondering what Vale might do next have come up with four likely options. The first is to close the plant, a second is to keep running it but with reduced output, a third option is its sale and a fourth option is a partial sale or partnership. The three unions making up a new umbrella group say to ensure the plant's survival, concessions have to be considered. They point to Vale's difficulties of late in getting a permit for a storage site which, according to the company, has now been abandoned. Another unionist Evelyne Serieyssol told a news conference that there are alternatives to lay-offs, pointing to changes in work procedures and technical changes to save costs. "We have to do something - today the situation is serious and we've got five months to do it. That's very short. We have to stay active, make proposals and stay engaged with management," she said.

There has been no word from the New Caledonian government on whether it has been in touch with Vale. However, a senior politician Philippe Gomes has asked for a meeting with the head of Vale to avert a possible closure. Mr Gomes, who represents New Caledonia in the French Senate, disclosed this to reporters in Paris last month after meeting the French prime minister Edouard Philippe. The new French overseas minister Annick Girardin has also been approached over the concerns about Vale but nothing has been made public of what further action Paris might consider. The French state has been mindful of the precarious situation in the nickel sector and extended loans to keep the plants going. Last November, Vale was given a \$US200 million which only reduced the risk of Vale closing the plant and didn't elicit a guarantee it would remain operational. Any closure runs the risk of overwhelming New Caledonia's social security system CAFAT as it would struggle to accommodate thousands of jobless.

### **Re-balancing the economy**

For more than a century, nickel mining has been the backbone of New Caledonia's economy, creating wealth for miners and the colonial power France. With the emancipation of the indigenous Kanaks, a driving force of the late 20th century has been the call to share the wealth and that meant to

let more of the profits flow into the communities long deprived of the benefits of industrial development. The 1988 Matignon Accords and then the 1998 Noumea Accords have been the roadmaps to keep sectarian tensions at bay and juggle the aspirations of both the pro- and anti-independence side, both politically and economically. One of the outcomes of these agreements has been that the mainly Kanak northern province succeeded in getting its own nickel plant in Koniambo. This was part of a French policy to try to rebalance the territory whose wealth is concentrated in Noumea and the southern province. The implosion of the nickel price has been a blow to the entire territory and raised questions about its resource-dependent economy in general. Critics of the industrial policies say the Vale plant should never have been launched.

They claim the nickel ore at Prony was given away to multi-nationals by the leaders of the southern province for a fraction of its value just to thwart the push of the north to have its own plant. When Vale and the local communities signed a pact in 2008, Vale said its values were "life above all, value the people, take care of the planet, do what is just, progress together, realise our dreams." With an independence referendum looming next year, questions about New Caledonia's economic future have regained a new urgency. For New Caledonia the dependence on nickel, which accounts for practically all its exports, appears to be turning from a boon to a burden, and restructuring has been on the agenda at SLN and Koniambo for those plants to remain viable. However, with state involvement, their positions are different from Vale which is a commercial venture. Later this week, unions are due to meet Vale's managers again as options are explored to save jobs.

### **Sumitomo Metal Mining exits Solomon Islands nickel exploration project**

Yuka Obayashi, Reuters, 9 August 2017



Solomon Islands coat of arms on Parliament buildings in Honiara Photo: RNZI / Koroï Hawkins

Japan's Sumitomo Metal Mining Co Ltd. said on Tuesday it will exit from a nickel exploration project in the Solomon Islands because of slumping nickel prices and the loss of a legal dispute over mining rights in the country. Sumitomo Metal Mining, which began exploring in the Solomon Islands in 2005, has been caught up in a six-year legal battle with Australia's Axiom Mining, which ended this year with neither company being granted the rights over a nickel deposit in Isabel province, it said. "As a result of our comprehensive review of business circumstances, the final judgment in the legal proceedings and other factors, we have concluded that it is difficult for us to implement the project," Sumitomo Metal said in a statement. "We will pull out from all of the pending applications for mining leases," a company spokesman said, adding the withdrawal will be completed by the end of December.

The Japanese miner declined to disclose its exploration costs and the cost of the legal battle, but said the exit will have a minor impact on its earnings for the current financial year to March 2018. "During the legal proceedings, nickel prices have plunged. But even if the market picks up, it would be difficult to conduct the project as the social and legal system has not been developed in the Solomon Islands," the spokesman said. Sumitomo Metal has said it aims to increase its nickel output from its mine holdings to 150,000 tonnes a year in 2021 from the current 100,000 tonnes. "We'll continue to seek new nickel assets through projects in the Philippines and Indonesia, among others," he said.

### **Seabed mining in Taranaki could put endangered marine life at risk**

Te Kuru o te Marama Dewes, Maori Television, 8 August 2017

Local iwi Ngāti Ruanui and Ngā Rauru Kītahi have voiced strong opposition to a bid by Trans Pacific Resources Ltd to mine the iron sand seabed off the coast of Pātea. If the bid is accepted by The Environmental Protection Authority (EPA), spokesperson for Forest and Bird Melanie Nelson says it will be detrimental to marine life including the endangered blue whale. Soon New Zealand will find out if the first seabed mine in New Zealand has been approved. Forest and Bird spokesperson Melanie Nelson says: "There are a number of whale species there that will be devastated by the sonic echoes so we should be careful we need to look after those endangered whales." Ngāti Ruanui spokesperson Debbie Ngarewa-Packer says Taranaki iwi are still fighting for their environment. "We're hoping that it's a decision that's going to reflect the views of the community and that is that these resources of ours are here for future generations and we're obliged today as kaitiaki to make sure that our taonga are here for future usage."

The Environmental Protection Authority has considered the application by Trans-Tasman Resources Limited for marine consents and marine discharge consents to extract and process iron sand within the South Taranaki Bight. Melanie Nelson says that if it goes ahead it will have major implications for local marine life. "The discharge that will erupt from the seabed is another major problem facing the many marine mammals there such as dolphins, fish and all marine mammals." Debbie Ngarewa-Packer says no matter the outcome, the tribes of Taranaki will continue to assert their right to protect the environment. "The thing for us is if it does continue and the application is approved we will then be forced through another legal battle." The EPA is now preparing the decision for publication.

### **Niuminco moves to 100% ownership of Edie Creek mine**

PNG Resources, August 07, 2017

ASX-listed Niuminco Group Limited is now the 100% owner of the historic Edie Creek gold mine in PNG after completing an agreement to purchase the final 17% interest it did not hold. The company has acquired the 17% interest in the Edie Creek mining leases held by former Joint Venture partner Mincor Resources NL's subsidiary Mincor PNG Limited (to be renamed Niuminco EC Limited) by purchasing the ordinary shares in that company. The purchasing company is one of Niuminco's PNG subsidiaries, Niuminco Edie Creek Limited. The purchase price of \$150,000 is payable two years from the completion date in cash or shares (at Niuminco's election), or earlier should Niuminco sell the leases to a third party. Should Niuminco choose to pay in shares, the share price will be the 30 day VWAP for the 30 trading days immediately preceding the date of the notice of election by Niuminco.

## Bougainville Copper Holds First Board Meeting In Bougainville In 27 Years



WELLINGTON, New Zealand (Radio New Zealand International, August 04, 2017) – Bougainville Copper Ltd remains confident it has the support to re-open the long closed Panguna mine. BCL held its first board meeting in 27 years in the autonomous Papua New Guinea region this week and chief executive Mark Hitchcock said they were well received. The company, which had operated the mine for nearly 20 years prior to the civil war, is now under different ownership - with the Autonomous Bougainville Government taking a major role. Mr Hitchcock said it was a significant event to be back in Bougainville. "We have recently opened an office there and employed a Bougainville manager, and as part of this re-engagement with the development of Panguna, it was quite significant to have our directors back for a board meeting, and very well received." BCL has laid out a timeline to have the mine fully operational within 10 years. The BCL board includes former leading PNG politicians, Sir Rabbie Namaliu, Sir Moi Avei and Dame Carol Kidu. Another company, Australian miner, RTG, is separately negotiating to win an exploration contract at Panguna.

### **Frieda awaits approvals**

Post-Courier, August 4, 2017

The country's next worldclass gold mine at Frieda River in East Sepik province is only awaiting formal permit approvals before securing a special mining lease (SML) to begin construction. Highlands Pacific Ltd who owns 20 percent of PanAust in its June quarter report, stated that permitting processes were the focus activity for the project. As a result, project manager, PanAust continues to liaise with Mineral Resources Authority to progress applications for a SML while at the same time explore refinements to the project design to improve development economics. The report said the project was only waiting for the national election to be complete so that relevant government authorities can provide guidance on the permitting process.

PanAust is also investigating a larger hydroelectric facility that could deliver additional power potential. Alternatives are also being considered for shared-use infrastructure, development of the Nena deposit and site layout. Meanwhile, Highlands Pacific Ltd and PanAust have commenced arbitration proceedings to resolve a dispute regarding funding of project expenditure. The parties are in dispute regarding their obligations under the joint venture agreement, including whether HPL is obliged to commence funding of project expenditures. HPL previously has sought to resolve the dispute through mediation, however the parties have now agreed to seek a final and binding settle-

ment before a sole arbitrator. It is expected that the arbitration decision will be received before the end of the year.

### **Discovery could throw monkey wrench into deep-sea mining**

Todd Woody, Oceans Deeply, Aug. 2, 2017



Hydrothermal vents, known as black smokers, are relatively common at the Alarcon Rise hydrothermal vent field. Photo courtesy of MBARI

At the bottom of the ocean lie hydrothermal "chimneys" the height of 10-story buildings that spew superheated chemical fluids into an oxygen-deprived, lightless void. These hydrothermal vents nourish communities of otherworldly creatures - such as 6-foot-long tubeworms that lack mouths and digestive tracts - and create untold mineral wealth now coveted by countries and corporations. The mineral deposits laid down over the eons by the sulfides emitted by hydrothermal vents contain copper, zinc, silver and gold. Over the next three weeks, the International Seabed Authority is meeting in Jamaica to, among other things, draft environmental regulations to govern the mining of the deep sea. The mission: to fulfill the United Nations-chartered organization's mandate to preserve the biological diversity of the mostly unexplored seabed while allowing the extraction of metals that make possible smartphones, solar panels and other products used by the most committed environmentalist and rapacious industrialist alike. That job just got harder.

A new discovery appears to blow a hole in a major premise of seabed mining - that if a marine ecosystem reliant on one hydrothermal vent field is destroyed, life will go on at adjacent vents and, over time, the mined site could be recolonized by the same species. Deep-sea expeditions led by scientists affiliated with the Monterey Bay Aquarium Research Institute have found that hydrothermal vent fields as close as 45 miles to each other have spawned unique animal life based on local geology and the particular chemistry of the fluids flowing through the hydrothermal chimneys. The Alarcon Rise vent field at the southern end of the Gulf of California off Mexico, for instance, shares just seven of 61 animal species with the Pescadero Basin vent field less than 50 miles to the north, according to the study published in the Proceedings of the Royal Society B.

"Someone might want to mine the Alarcon Rise for precious metals and would say the Pescadero Basin is right next door so there will be a movement of animals between the two. But that's not the case," said the study's lead author, Shana Goffredi, a marine biologist at Occidental College in Los Angeles who works with MBARI. In fact, the Pescadero Basin hydrothermal vent field and its marine life are unlike any yet discovered. Similar to other hydrothermal vent fields, the Alarcon Rise,

discovered on a 2012 MBARI expedition, lies at a depth of about 7,550 feet and is covered in geologically young lava that spews sulfide-rich liquids at temperatures as high as 680F. Pescadero, on the other hand, lies at a depth of 12,000 feet and hydrothermal fluid flows through thick seafloor mud, creating pools of methane and hydrocarbons.



Giant tubeworms of the genus *Riftia* live on dark volcanic rock typical of the Alarcon Rise hydrothermal vent field. ((c) 2015 MBARI)

"This combination of habitat characteristics is unlike any seen on Earth," said Goffredi of the Pescadero vent field, which MBARI discovered on a 2015 expedition. "There's the possibility that these sites are unique but there's also the possibility that as we explore other sites, we'll find others like it or other unique sites." The scientists sent remote operated vehicles to the vent fields to video the marine life, retrieve biological specimens for DNA analysis and collect fluids for chemical analysis. At least 10 species found by the MBARI expeditions are new to science. But all hydrothermal vent creatures are unique in that life does not rely on light - photosynthesis - but chemicals. Seabed bacteria synthesize the minerals from hydrothermal vents and provide nutrition to tubeworms, clams and other animals.

"These are habitats that we didn't know about until the 1970s and they rely on chemical energy, not light energy," said Goffredi. "The base of the food chain and the foundational animals that create the rest of the habitat is this bacteria." The MBARI scientists found that even nearby thermal vent fields that share similar geological traits to Alarcon Rise developed unique ecosystems. Alarcon, Pescadero and two other relatively close vent fields shared only three species of 116 identified at the sites, with 73 occurring at only one vent field, according to the study. "How important are these sites to the rest of the deep sea?" asked Goffredi. "Is it underpinning the health of the region? That's something we're still trying to figure out."

The International Seabed Authority has issued exploration licenses to private companies and state-owned corporations that cover close to 500,000 square miles of the seabed outside national jurisdiction. (The vent fields explored by the MBARI scientists are within Mexico's Exclusive Economic Zone that extends 200 miles from its coastline.) Most exploration licenses are for areas of the seabed that contain potato-size polymetallic nodules rich in manganese, nickel and cobalt. Others are for ferromanganese crusts found in underwater mountains called seamounts. An expedition by scientists in the United Kingdom recently discovered that a single seamount in the Atlantic Ocean contained tellurium - a key material in some solar panels - in concentrations 50,000 times greater than found on land.



Tubeworms of the genus *Oasisia* are the most abundant animals at hydrothermal vents in the Pescadero Basin. ((c) 2015 MBARI)

Goffredi said the MBARI expedition underscores the need to conduct biological surveys to determine the biodiversity of vent fields before allowing mining. "I imagine that mining companies will be visualizing these sites by sonar mapping so you can see the chimneys on the seafloor," she said, noting that 285 vent fields have so far been discovered. "The habitats will look all the same but it's not until you send an ROV or sensors down there that you understand that they're different." In advance of the International Seabed Authority's meeting this month to develop environmental regulations for deep-sea mining, a group of leading marine biologists published a letter in the journal *Nature* in July warning about the impact on seafloor biodiversity. "Most mining-induced loss of biodiversity in the deep sea is likely to last forever on human timescales, given the very slow natural rates of recovery in affected ecosystems," the scientists wrote. "It is incumbent on the International Seabed Authority to communicate to the public the potentially serious implications of this loss of biodiversity and ask for a response."

link: <https://www.newsdeeply.com/oceans/articles/2017/08/02/the-discovery-that-could-throw-a-monkey-wrench-in-deep-sea-mining>

### **Alluvial mining remains unregulated in PNG**

Post-Courier, August 2, 2017

Alluvial mining activities in the country are largely unregulated, according to the PNG Extractive Industries Transparency Initiative (PNGEITI) Report 2014. This leaves authorities and stakeholders with limited information about this segment of the mining industry. According to the report, alluvial mining accounted for 120,000 ounces of gold, representing around six percent of the total gold mined in PNG and K373.4 million in export revenue. Some 49,000 ounces of silver were also produced, to the value of K2.3 million. "The Mining Act 1992 allows people to mine for alluvial minerals on their own land by non-mechanical means without the need for a mining licence," the report said. "Ninety percent of alluvial miners in PNG use rudimentary sluice boxes and gold panning dishes." This sector is therefore largely unregulated, and there is limited information about its size. The MRA estimates that there are up to 80,000 small-scale miners in this category."

The report states that to date, over 4,000 of these have completed training at the Mineral Resource Authority's small-scale mining centre in Wau, Morobe. "Small-scale mining conducted with powered machinery requires an Alluvial Mining Lease or Mining Lease (for alluvial purposes) from the MRA. The former are granted for up to five hectares of land that is a riverbed and extends no further than 20 metres from any riverbed. The latter may cover up to 60km<sup>2</sup>. There is a requirement for a minimum 51 percent ownership by PNG nationals. In 2014, there were 183 current Alluvial

Mining Leases and 136 Mining Leases (for alluvial purposes). Alluvial miners sell their gold to traders, who then on-sell it to one of 16 licensed exporters, regulated by the Bank of PNG.

The MRA checks the export forms and raises levies on the export. The MRA felt that levels of illegal export were low, but other estimates have suggested this could be as high as to be an equivalent volume to the official quantity recorded,” the report said. PNGEITI head of National Secretariat Lucas Alkan said alluvial mining and associated activities contributed to the economic wellbeing of a good number of people living in remote parts of the country. “This warrants putting in place strong coordination and regulatory mechanisms to keep track of opportunities and challenges that someone engaged in alluvial mining is faced with.” “Taking an inclusive government approach in regulating different facets of the mining industry is important. In this way, we can give every participant a fair shake,” he said.

### **New Caledonia Nickel Viability In Doubt**

*The plant is reported to have lost \$US1.3 billion in the past three years as the world nickel price has declined, dropping to half of what it was two years ago*

WELLINGTON, New Zealand (Radio New Zealand International, July 28, 2017) – The head of the Brazilian mining conglomerate Vale has again restated his doubt about the viability of its nickel plant in New Caledonia. Fabio Shvartsman told the website Metalbulletin that if no solution was found for its plant in Goro, the loss-making operation would have to close. The plant is reported to have lost \$US1.3 billion in the past three years as the world nickel price has declined, dropping to half of what it was two years ago. Mr Shvartsman said Vale wanted to make money and not invest more in the hope the price would rise. A Vale board decision is expected next month on how to proceed, should it fail to find a way to make the operation sustainable. Mr Shvartsman's earlier comment about the plant triggered fears of unprecedented job losses in New Caledonia which could have a severe impact on the territory's economy and finances. Thousands of jobs are dependent on the plant's operation which has been dogged by construction delays, cost overruns and industrial accidents near its World Heritage site location.

### **Panguna must not be opened**

Post-Courier, July 27, 2017

BY SEBASTIAN HAKALITS

The Panguna mine must not be opened as there were no proper consultations with immediate affected land owners at the lower tailings area, says Mr William Kareoto. “We were the most affected in terms of land mess, population, and environmental than the land owners within the mine pit area or known as the Special Mining Lease area.” “If BCL is to come back, they must first address the legacy issues as this are the very issues that started the Bougainville crisis and this legacy issues must not be negotiated later when the mine is in operation,” said Mr Kareoto. He said the K10 billion that the late Francis Ona demanded must be paid in full to the people of Bougainville as compensation in form of infrastructure divided into districts to cover for lives that were lost during the crisis and the lease agreement and land owner benefits must be negotiated and agreed by all parties before negotiations for reopening is to be done. Mr Kareoto said as a citizen of the affected areas of the lower tailings area, before any reopening negotiations is done, BCL must show us their Waste Disposal Management Plan as they have in the past polluted and bleached our environment with toxic chemicals and waste which is still evident today. “Without this waste disposal management plan BCL won’t reopen the mine and I warn ABG, BCL and self- interest land owners that what they are doing without proper consultation may lead to another up raising by the people living around and along lower tailings,” said Mr Kareoto.

## **Nautilus delivers financing notice to two investors**

July 27, 2017, The National Business

NAUTILUS has delivered a financing notice to two of its investors in respect of a private placement of an aggregate of 11,761,682 common shares proceeds to the company of US\$2 million (K6.2 million). Nautilus said on Tuesday that the notice was pursuant to its subscription agreement with Mawarid Offshore Mining Ltd and Metalloinvest Holding (Cyprus) Limited dated August 21 last year. Nautilus delivered the notice on Friday to the investors at an issue price of C\$0.214 per (K0.529) share. According to the company, the private placement will be allocated equally between the two investors. In accordance with the subscription agreement, the issue price equals the five-day volume weighted average trading price of the company's shares on the Toronto Stock Exchange immediately prior to the date of the financing notice.

Closing of the private placement under the financing notice is required to occur during August this year and within 10 business days following payment of the subscription proceeds by the investors to the company, pursuant to the subscription agreement. The private placement forms part of up to US\$20 million (K62 million) financing approved by the company's shareholders at the extraordinary general meeting of the company held on October 26 last year. Meanwhile, a spokesperson from Nautilus told The National on Tuesday: "Nautilus still needs to raise additional funding to bring the project to fruition. The company will update the market and its stakeholders as and when the time warrants."

## **Wafi-Golpu exploration project progressing, report says**

July 27, 2017, The National Business

THE Wafi-Golpu joint venture parties continue to progress in line with a work plan previously released, according to Newcrest Mining Ltd. In its June quarter report, it said this included engagement with the government on the application for a special mining lease for the Wafi-Golpu project. The joint venture parties are targeting to complete the work to update the study by the March 2018. It is expected that the business case will be optimised and an amendment to the special mining lease application will be required to be submitted by the joint venture. Wafi-Golpu is an advanced exploration project located in Morobe, about 65 kilometres south-west of Lae. The project is one of three unincorporated joint ventures between subsidiaries of Newcrest (50 per cent) and Harmony Gold (50 per cent) formed in 2008.

It is referred to collectively as the Morobe Mining Joint Ventures. According to information from Newcrest, deep drilling conducted by the joint venture since 2008 had identified a world class porphyry deposit at Wafi-Golpu suited to bulk underground mining techniques, similar to those being employed by Newcrest at Cadia Valley Operations. The project has mineral resources estimated to contain 26 million ounces of gold, 8.8 million tonnes of copper and 48 million ounces of silver. This includes ore reserves for the Golpu deposit estimated to contain 11 million ounces of gold and 4.8 million tonnes of copper.

## **As All Eyes Are On Raiatea, An Australian Mining Company Moves Closer To Makatea**

Commentary by Nicholas Hoare, 25 July 2017

Just a week and a half after the French Polynesian marae, Taputapuatea on the island of Raiatea, has been awarded UNESCO World Heritage status, another French Polynesian heritage site has edged one step closer to ecological ruin with the arrival of an Australian-based mining company to the island of Makatea. A widely recognised 'hotspot for biodiversity', Makatea is a raised coral atoll in

the Tuamotu Archipelago which despite being mined for over fifty years during the first half of the twentieth-century is now home to some of the richest avifauna in the region. The island's unique geography and remarkable ecological recovery since the end of phosphate mining in 1966 are just some of the reasons Conservation International have labelled Makatea a site of major importance for endemic birds.



**Temao harbour, Makatea island, French Polynesia**

**Photo: Sardon**

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The island's unique ecological status has been under threat since 2008 when Newcastle mining engineer, Colin Randall, turned his attention away from selling coal to the Japanese market and towards selling them phosphate instead. Randall has reputedly invested two million US dollars into the enterprise already and despite having the support of the pro-development mayor of Makatea, Julien Mai, and the mayor of Rangiroa (the commune to which Makatea belongs), Teina Maraaura, Randall has consistently come up against staunch opposition from many of the island's fatu fenua (or landowners).

Coalescing under two banners, Te Fatu Fenua no Makatea, and Te Rupe no Makatea, both associations have been fighting a grass-roots battle against the wealthy Australian who staged a lavish exhibition to promote his project at the French Polynesian Presidency in late 2016. Since then, Randall has been busy trying to convince the French Polynesian President, Édouard Fritch, that he has secured the support of the island's landowners. Randall's promises of 73 jobs over a 26-year period have not exactly won over a local population still carrying bitter memories over decades of phosphate mining followed by French nuclear testing in their region.

Randall and his associates arrived on Makatea last week along with a delegation of officials from the Rangiroa commune in an apparent attempt to further their aim of winning the landowners over. The party was joined by President Fritch for several hours on the Friday as part of a larger Government inquiry into the granting of a mining concession to the Australian. Unlike Gaston Flosse before him, who granted the initial prospecting license, Fritch had, until now, been cautious not to receive Randall or formally endorse the project. The visit was largely unannounced, leaving the two organisations little time to organise transport for their Tahiti-based members to return to Makatea and be heard.

The jury is still out as to whether the concession will be granted. Despite the fact Fritch appeared to lend his support to the project on Friday, the final decision must await the results of a public inquiry and environmental impact report both slated for later this year. Already, high-profile figures in French Polynesian politics – such as Moetai Brotherson of Oscar Temaru's independentist party,

Tavini Huiraaatira – have expressed their opposition to these developments. While Fritch has rightfully garnered plenty of adulation for the UNESCO bid for protection of Taputapuatea, perhaps the most sacred site in all of Polynesia, it would be unfortunate to see this good publicity squandered by failing to protect what is possibly the most important environmental zone in the Tuamotu Archipelago.

### **French Polynesia Mining Minister: Opponents To Makatea Mining Must Offer Alternatives**

WELLINGTON, New Zealand (Radio New Zealand International, July 25, 2017) – The French Polynesian mining minister has challenged opponents to renewed phosphate mining on Makatea to provide an alternative that could benefit its inhabitants. Heremoana Maamaatuaiahutapu told local television that Makatea cannot be left as it is. He said something must be offered to its inhabitants. His comment comes after an Australian company presented to the government and Makatea residents a project to restart mining on 600 hectares in the hope of extracting about 35,000 tonnes of phosphate a year. The company and the government say a survey will be conducted to gauge the views of the Makatea people. Opponents of the mining project have called for the atoll to be kept as a nature reserve and foster eco-tourism. Makatea had about 3,000 inhabitants at the height of the mining boom in the first half of the 20th century but the number dwindled to below 100 after mining ceased in 1966.

### **TSC projects changing lives for the better**

Post-Courier, July 25, 2017

OK Tedi Mining Limited and OK Tedi Development Foundation have been commended for the various projects they have undertaken in Western and West Sepik provinces. The accolades on the two organisations follow a routine visit, that was made by the Tax Credit Scheme Project Appraisal Committee (PAC) to the two provinces. According to manager economic programs, Francis Chibelle, the team visited current TCS projects which included Oksapmin High School, Balimo Hospital and staff houses, Kiunga Water Supply, the site of the new Kiunga Sewerage Treatment Plant, and Monfort Primary school classrooms and teachers' houses. The team also attended the official opening of the Balimo Hospital staff houses that were funded by TCS. A memorandum of agreement (MOA) was executed between OTML and OTDF in 2012, where OTML TCS is managed and administered by the OTML Economic Programs Department and OTDF Infrastructure Development Department (IDD) takes care of implementing the projects.

Mr Chibelle said OTML works closely with the communities, Districts, Local Level Governments and Provincial Governments of Sandaun and Western Province, the National Government, State agencies and Aid Donors to support and deliver the projects. Mr Chibelle said remote locations and weather conditions in most of the project sites have been some of the greatest challenges for the team on the ground. Through the TCS, OTML has provided much needed infrastructure for the people of Western and West Sepik provinces for the last 20 years. OTML registered under the TCS program in 1996, and since 1997 has provided significant development and impact projects to Western and West Sepik Provinces in the Telefomin and Oksapmin areas. The projects cover different sectors from education, health, law and order, road infrastructure, foot bridges, agriculture and livestock, airstrips and jetties along the Fly River corridor.

## Taranaki seabed mining decision delayed by a week

Andrew Owen, Taranaki Daily News, July 25 2017



Ngati Ruanui, of Patea, protest in Parliament grounds, Wellington, against the mining application. MONIQUE FORD / Fairfax NZ

The decision on a controversial application to mine thousands of tons of iron sand off the Taranaki coast has been put back by a week. The Environmental Protection Authority's (EPA) decision-making committee is considering an application by Trans-Tasman Resources Ltd (TTR) to extract billions of dollars in iron ore in shallow waters about 25 kilometres off the coast of Patea. The 20-year project would involve extracting about a quarter of a cubic kilometre of iron sands, weighing a billion tonnes, from under the sea within the South Taranaki Bight. Iron ore would be separated out on a ship before 90 per cent of the material was piped back onto the mined seabed. A hearing on the application took place earlier this year and a decision was expected to have been given to the EPA on Thursday. But the committee announced on Tuesday that it "requires a further extension of one week to deliver its decision to the EPA". It is now expected to be presented on Thursday, August 3 and will be made public in the week beginning August 14.

"As you can appreciate this is an important application and the committee is determined to ensure it has given full consideration to all of the information presented at the hearing and prepare a fully reasoned decision," Diane Robinson, EPA Group Manager: Communications, said in a statement. "As is usual with such applications, we fully expect the decision document itself could run into hundreds of pages. Once we have received it, the document will need to be proof-read before hard copies are produced and bound for publication." This is the second application by TTR, which is about 45 per cent foreign-owned, to get approval for the project. Its previous application was rejected by the EPA in 2014 but the company then modified its proposal and now describes the potential effects on the marine environment as "very small to negligible". However, the application has attracted a great deal of opposition from iwi and hapu members in South Taranaki, as well as opposition from further afield. Environmental groups including Greenpeace and Forest & Bird, along with fisheries companies, are opposing the mining permit, concerned about the impact on blue whales, Maui's dolphins and other marine life.

## Nickel's Slumping Price Worries New Caledonia's Mining Union

*Nickel price has halved over the past two years to about \$US9000 a ton and the territory's three main plants - the bedrocks of the economy - are subsequently running at a loss*

WELLINGTON, New Zealand (Radio New Zealand International, July 22, 2017) – New Caledonia's main union in the mining sector is alarmed at the low price of nickel, fearing it could lead to

the closure of a nickel plant with ensuing job losses. The Soenc secretary-general Pierre Tuiteala says if one of the big plant closes, the territory's entire economy will suffer a blow with disastrous consequences. The nickel price has halved over the past two years to about \$US9000 a tonne and the territory's three main plants - the bedrocks of the economy - are subsequently running at a loss. Last month, the head of the Brazilian conglomerate Vale said its New Caledonia operation was under review after reportedly accumulating \$US1.3 billion in the past three years. SLN is losing almost one million US dollars a day.

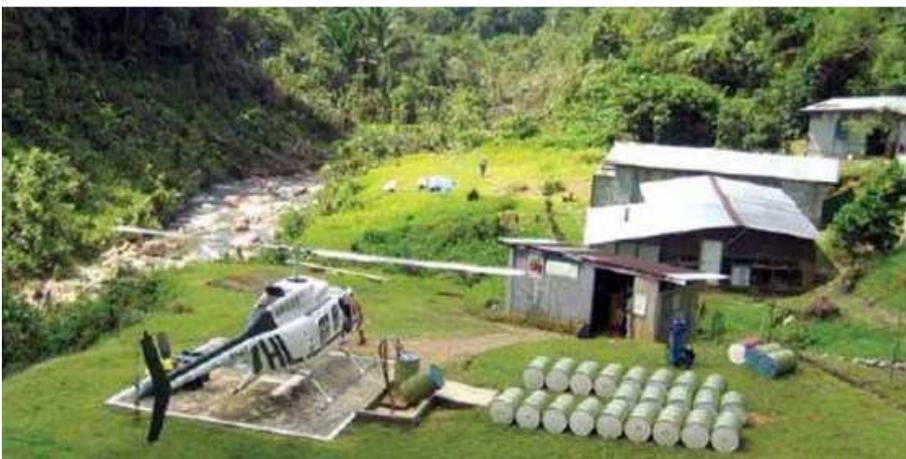
### **New Caledonia Politician Seeks Meeting With Mining CEO**

*Mr Gomes, who is one of New Caledonia's members of the French National Assembly, said he wanted to tell Vale's CEO Fabio Schvartsman not to shut the emblematic plant*

WELLINGTON, New Zealand (Radio New Zealand International, July 22, 2017) – A senior New Caledonian politician Philippe Gomes has asked for a meeting with the head of the Brazilian miner Vale whose loss-making nickel plant in New Caledonia faces possible closure. Mr Gomes made the comment to reporters in Paris after meeting the French prime minister Edouard Philippe and amid uncertainty over Vale's plans after it announced last month that it was reviewing the operation of its plant at Goro. Mr Gomes, who is one of New Caledonia's members of the French National Assembly, said he wanted to tell Vale's CEO Fabio Schvartsman not to shut the emblematic plant. There has been no comment from either the New Caledonian or French government about Vale's situation, which in case of a closure could lead to thousands of job losses. Mr Gomes said he intended to meet President Emmanuel Macron's advisor on French overseas territories next week to raise the Vale situation. Paris extended a large loan to Vale last year in the hope to aid its viability amid a prolonged nickel price slump. The latest update from Vale makes no mention of its intentions in New Caledonia but notes that two cyclones interrupted nickel production for two days.

### **Anglo American becomes manager of PNG prospect**

Australian Mining, July 20, 2017



Foreign mining companies trade Papua New Guinea rights with no reference to local people or the authorities

Anglo American has taken control of the Star Mountains copper-gold project in Papua New Guinea. Management has been transferred from ASX-listed Highlands Pacific after Anglo fulfilled an agreement to spend \$US25 million (\$31.4 million) at the site. Under the JV arrangement, executed in February 2015, Anglo acquired rights to an initial 51 per cent interest in Star Mountains by paying Highlands \$US10 million. The majority ownership is being earned in phases, with Anglo to gain 15 per cent through a farm-in spend within the first four years. The remaining 36 per cent will be acquired by Anglo if an inferred resource of 3Mt of copper equivalent is identified within

five years. Anglo has now spent \$US25 million at the project to gain 15 per cent ownership, which also triggers the transfer of project management from Highlands.

Craig Lennon, Highlands chief executive officer, said the exploration program at Star Mountains was proceeding as envisaged in the original agreement. "Exploration is advancing steadily and drilling results continue to suggest the tenements may host a large copper porphyry that could ultimately underpin a significant copper and gold mining project," he said. Several drilling campaigns have been completed at Star Mountains over recent years, Highlands explained. The current campaign, funded by Anglo, was launched in October 2016, with five holes completed and additional holes to be drilled by the end of next month. Anglo can take an 80 per cent interest in the JV by completing a bankable feasibility study by 2030.

### **Solomons Minister Allegedly Filmed In Secret Meeting**

WELLINGTON, New Zealand (Radio New Zealand International, July 19, 2017) – The Solomon Islands opposition says it has obtained video footage of a secret meeting between the minister of mines and energy and a controversial foreign miner in a hotel carpark. The video in question was also published on the youtube account Delton Teorongo with the description, "Is this how the new Solomon Islands Minerals Policy is going to to be administered?" The meeting is said to have taken place late on the night of April 21 at the Heritage Hotel. The footage shows the minister, David Day Pacha's vehicle, an SUV with registered plate number G- 3903, arriving at the carpark around 10:40pm.

A few minutes later, a man believed to be the chairman of Asia Pacific Investment Development (APID), Ray Set Fah Chu, was seen walking down the stairs and into the minister's vehicle. The car park meeting lasted for around 10 minutes before the man was seen exiting the car and going back inside the hotel. In a statement, the opposition said it strongly denounced the meeting and called on the minister to explain why he met Mr Chu. It said the meeting was highly suspicious as two months earlier the prime minister and the mines minister were caught in a text message exchange with the same miner. The leaked text messages showed the prime minister granting zero duty to Bintan Mining Company, a subsidiary of APID, to export bauxite from West Rennell.

### **Global mining major needed to re-open Bougainville's Panguna copper mine?**

Kevin McQuillan, Business Advantage, 18 July 2017



Moves to re-open the Panguna copper mine on Bougainville are gathering momentum. Funding the re-opening is a key concern, however, says Bougainville President, John Momis. Could one of the global mining majors get involved? Bougainville Copper Ltd (BCL) is currently advertising for a local Bougainville-based manager, and are looking at the payment of K14 million in rent and compensation that was owed to the 812 customary clan groups who own the blocks of land within the mining lease areas. Autonomous Bougainville Government President John Momis tells *Business Advantage PNG*, that over the next year, he expects BCL to open an office and ‘start dealing with some of the legacy issues, demonstrating BCL’s commitment, in a just and fair way, to some of the real issues that have been bothering the land owners.’ That includes, he says, the ecological, environmental, and health damage issues caused by former owner, Rio Tinto. ‘They have walked away, so now BCL has to address that.’ Momis says the Joint Steering Committee preparing for the mine’s re-opening consists of representatives from the nine official landowner groups, BCL, the national government, and the ABG, and is to be chaired by an independent chairman.

### **Funding**

A key challenge is the cost of reopening the mine; back in 2012, BCL estimated it would be US\$5 billion. ‘BCL has to demonstrate to us they have ability to solicit funds and attract a developer and I’m sure they are thinking about this,’ says Momis, pointing out that under Bougainville’s 2014 *Mining Act*, BCL has first right of refusal about re-opening the mine. ‘We are giving BCL the opportunity to get funds and to meet the conditions as per the mining law. If they fail, then other companies will have to apply and be put through this process.’

### **High-risk, high-return**

Mining industry analysts describe the Panguna mine as a ‘high-risk, high-return’ investment, which only global miners would be interested in. Greg Evans, KPMG’s Perth-based Global Leader, Mining Mergers and Acquisitions, believes there will be considerable interest. ‘If you look at what the resource is, and what it can deliver to both an owner and investor—and, probably more importantly, the local economy—it would have to be a definitive “yes”’. ‘The copper price is heading in the right direction, the supply metrics are working in the favour of copper broadly and I would expect that BCL are being approached reasonably regularly by a number of metals traders.’ Evans points to growing demand for copper, noting that batteries in electric vehicles are likely to use 927,000 tonnes of copper a year by 2030, according to forecasts by Bloomberg New Energy Finance. That alone equates with 5 per cent of current production.

### **Global**

Evans believes a global miner, ‘like Glencore or similar’, is likely to become involved. ‘KPMG just completed a survey around transaction activity across a bunch of sectors. In the mining sector, the preference of the majors was particularly for joint ventures at the asset level. ‘Batteries in electric vehicles are likely to use 927,000 tonnes of copper a year by 2030.’ ‘To me, that would be the form that a transaction would likely take. BCL would ensure the social licence to operate, and look after stakeholder management, political and administrative management on the ground, with perhaps a partner coming in providing financial and operational support. ‘So, it is likely to be a large industry player used to dealing in remote locations, eliciting strong local community engagement, and creating local employment as an obligation and priority. All those things are going to be required.’

### **Risks**

Satish Chand, Professor of Finance at the University of New South Wales and based at the Australian Defence Force Academy in Canberra, says risk assessment will be crucial. ‘There has been a history of conflict where a very small number within the population has the ability to stop a very large mine. That risk remains. ‘There is a contest over the distribution of proceeds and that has not yet been settled to my understanding. There is little that is known about the magnitude of the cost involved in the clean up.’ Chand notes that the Bougainville *Mining Act* says 51 per cent of the mine

must be locally-owned. The non-binding referendum on Bougainville's independence from PNG scheduled for 2019 must also be considered a 'risk'. Greg Evans agrees the local shareholding requirement makes the financing prospect 'more challenging'. 'The biggest successes that the majors have had in countries such as Africa and South America, have been where they've engaged local communities, shared the profits, and shared the benefits. The control over how those profits flow and are allocated is equally the challenge—as it is the solution. 'You've always got to come back to the quality of the resource; which will always make it attractive.'

### **Government to get K60bil from LNG project**

July 18, 2017 The National Business

THE Papua New Guinea LNG project will inject more than K60 billion into the government coffers over its 30-year lifespan, according the PNG Extractive Industries Transparency Initiative (EITI) 2014 report. The K60 billion will come from taxation alone, devoid of dividends from government's participation in this investment worth more than all other existing extractive projects in PNG combined – US\$19 billion (K58 billion). The Government has 16.8 per cent stake in this project managed by Kumul Consolidated Holdings Limited. The Mineral Resource Development Company manages 2.8 per cent on behalf of the landowners. The operator, ExxonMobil, has a 33.2 per cent stake with Oil Search, Santos, JX Nippon Oil and Gas Exploration Company holding 29.0 per cent, 13.5 per cent, and 4.7 per cent respectively. PNG EITI Head of National Secretariat Lucas Alkan said: "The benefits to the PNG economy by the PNG LNG and other existing mining and petroleum investments are just amazing. One can picture what the PNG society will look like in the near future if such wealth is translated well into tangible developments underpinned by transparency and accountability.

"Projects that are under the pipeline like Wafi-Golpu Mine, Frieda Mine, Papua LNG, the extension of the PNG LNG and others will pour more into government coffers in the not too distant future. "We strongly believe our presence in the country is timely and we hope to do our part by promoting transparency and accountability in the industry through our annual EITI report and associated activities. "And off course support from all stakeholders is important to achieve EITI goals. According to reports the PNG LNG project is expected to deliver social and economic benefits to PNG due to its scale and coverage. "Direct benefits include revenue streams for national and provincial governments and landowners through taxes, royalty payments, levies, and through equity participation in the project," Alkan said. "The government is predicted to benefit from taxation revenue totalling K67 billion over the 30-year life of the project, in addition to dividend revenues from its equity shareholding."

### **Call to stop deep sea mining**

July 14, 2017, The National National

A representative of Caritas Oceania has called for an immediate stop to all deep sea mining activity in the region, including exploratory testing. Director of Caritas Aotearoa (New Zealand) Julianne Hickey told a United Nations gathering in New York that deep sea mining would undermine the ability to achieve the UN sustainable development goals. Hickey said this while speaking at the event associated with a United Nations high level political forum on the progress towards achieving the sustainable development goals. Hickey expressed deep concerns about the long-term impact on the oceans and marine life arising from experimental deep sea mining, saying that the technology involved was still in its infancy and was not credible to talk about so-called 'best-practice' regulatory regimes in the Oceania region.

“A factor that exacerbates the risks is the huge reliance of communities on the oceans. For example, our community partners in Kiribati and the Solomon Islands rely on the oceans and healthy marine ecosystems for their very livelihoods,” Hickey said. The specific goal on which Hickey made her presentation was Goal 14 – Conserving and sustainably using the oceans, seas and marine resources. Caritas Oceania works closely with organisations in Samoa, Kiribati, Fiji, Tonga, Solomon Islands, Vanuatu and Papua New Guinea.

### **Nautilus makes gains on mining plans**

Post-Courier, July 14, 2017

Nautilus is making significant ground with its plans to develop the world’s first ever deep sea mine in Papua New Guinea. Among the gains is the completion of its sea floor production tools, which are currently being trialled at Motukea Island outside Port Moresby. In addition to this the firm recently reported to shareholders at its annual general meeting that company chairman Russell Debney had stated work on its production support vessel (PSV) which is now 64 percent complete. Responding to questions by the Post-Courier a company spokesperson said: “The PRSV is currently completed to deck level. “Nautilus is not paying for the build of the PSV. Marine Assets Corporation (MAC), a marine solutions company based in Dubai which specialises in the delivery of new build support vessels for the offshore industry, will own and provide the marine management of the vessel.”

“The vessel will be chartered to Nautilus for a minimum period of five years at a rate of US\$199,910 per day (K471, 875), with options to either extend the charter or purchase the vessel at the end of the five year period,” the company spokesperson said. Mr Debney had also announced at the meeting in Toronto, Canada that the firm had also delivered the launch and recovery equipment (LARS) to the Mawei shipyard in China. The firm explained LARS consists of very large A-frames, lift winches, hydraulic power units, electric power units and deck control cabins. It will be used to launch and stabilise the SPT during deployment from the vessel down to the seafloor and during retrieval from the seafloor back up to the vessel. Meanwhile, the firm has assured it will be conducting awareness programs on the SPT which are being trialled at Motukea about August/ first week of September. “It all depends on when the elections are over and the new government is formed,” the miner advised.

### **Caritas Calls For Halt To Experimental Deep Sea Mining**

Caritas Aotearoa, SCOOP, 13 July 2017



“We call for an immediate halt to all deep-sea mining including exploratory testing as this will undermine the ability to achieve sustainable development goal 14” said Julianne Hickey, Director of Caritas Aotearoa New Zealand, speaking in New York at an event associated with a United Nations

High Level Political Forum on the progress towards achieving Sustainable Development Goals. Mrs Hickey expressed deep concerns about the long-term impact on the oceans and marine life arising from experimental Deep Sea Mining. “Such mining is far from being an established practice around the world. The technology involved is in its infancy and it is not credible to talk about so-called ‘best-practice’ regulatory regimes in the Oceania region. The fact is that many of the countries in which multinational mining corporations are seeking licenses do not have established regulatory scrutiny of such activities.” “A factor that exacerbates the risks is the huge reliance of communities on the oceans. For example our community partners in Kiribati and the Solomon Islands rely on the oceans and healthy marine ecosystems for their very livelihoods” said Mrs Hickey. But there was some good news too. Caritas welcomed two specific initiatives towards better care of the oceans and marine resources. In particular Mrs Hickey highlighted the development of special Marine Protection Areas in Tonga.

“The development of Marine Protection Areas at Felemea in the Ha’apai Islands of Tonga signals a very welcome approach to sustainable use practices in the region” said Mrs Hickey. “We also acknowledge and welcome the move by the New Zealand government to ban plastic microbeads which have been shown to be harmful to waterways, fish and shellfish” said Mrs Hickey. Mrs Hickey was speaking in New York this morning (NZ time) to an event associated with a United Nations High Level Political Forum on the progress towards achieving Sustainable Development Goals. The specific goal on which Mrs Hickey presented was Goal 14: conserving and sustainably using the oceans, seas and marine resources – with regard to the Oceania region. Mrs Hickey is representing Caritas Oceania in order to ensure that the voices of Pacific peoples are heard on the world stage. Caritas works closely with partner organisations around the Pacific region – including Samoa, Kiribati, Fiji, Tonga, Solomon Islands, Vanuatu and Papua New Guinea.

## **De Beers Hoovers Up Its Best Diamonds From the African Seabed**

Kevin Crowley and Julius Domoney, Bloomberg, July 11, 2017



Photographs by Simon Dawson/Bloomberg

For years oil was the big commodity found offshore. These days diamond giant De Beers finds some of its most valuable gems on the Atlantic Ocean seabed off the coast of Namibia. They are literally vacuuming them off the ocean floor. The world’s biggest diamond producer has spent \$157 million on a state-of-the-art exploration vessel that will scour 6,000 square kilometers (2,300 square miles) of ocean floor for gems, an area about 65 percent bigger than Long Island. The Anglo American Plc unit mines in the area in a 50-50 joint venture with the Namibian government. The vessel will scan and sample the seabed to identify the most profitable areas for the ships, which suck up diamonds before they’re flown by helicopter to shore.

The investment will help the company maintain annual production of at least 1.2 million carats for the next 20 years, Chief Executive Officer Bruce Cleaver said in an interview. Those stones are

“very important to our global mix and to our customers who are looking for higher-value diamonds,” Cleaver said. Namibia’s diamonds, which have been washed down the Orange River from South Africa over millions of years and deposited in the ocean, are key to De Beers because of their high quality. While not the biggest, the gems have few flaws after being broken from larger stones on their way to the sea bed. Only the strong and good quality ones survive, Cleaver said. De Beers’s Namibian unit sold its diamonds for \$528 a carat last year, much higher than the \$187 average for the whole company’s stones and accounting for about 13 percent of total earnings.



The giant subsea "crawler" tractor is lowered into the ocean from the deck of the Mafuta.



De Beers finds some of its most valuable diamonds on the Atlantic Ocean seabed.



The Mafuta exploration vessel dredges the seabed at depths of around 150 meters off the Namibian coast.

## Experimental Seabed Mining and the Controversial Solwara 1 Project in Papua New Guinea

Peter Neill - Director, World Ocean Observatory, Huffington Post, July 11, 2017



The Deep Sea Mining Campaign is a collaboration of organizations and citizens from Papua New Guinea, Australia and Canada concerned with the likely impacts of deep sea mining on marine and coastal ecosystems and communities.

It has been some time since we've reflected on the issue of deep sea mining—the search for minerals of all types on the ocean floor. We have seen already how marine resources are being over-exploited—over-fishing by international fisheries being the most egregious example, mining for sand for construction projects and the creation of artificial islands, the exploitation of coral reefs and certain marine species for medical innovations and the next cure for human diseases based on understanding and synthesis of how such organisms function. The Deep Sea Mining Campaign, an organization based in Australia and Canada, has been following the saga of Solwara 1, proposed by Nautilus Inc. for offshore Papua New Guinea that continues to seek financing year after year since 2011.

The project is basically a kind of corporate speculation premised on the lucrative idea of the availability of such minerals conceptually in the region—indeed the company has declined to conduct a preliminary economic study or environmental risk assessment, the shareholders essentially engaged in a long odds probability wager comparable to those who invested in marine salvagers attempts to find and excavate “pay-ships” lost at sea with purported vast cargoes of silver and gold. The idea that they should be required to justify their endeavors to governments, third-world or otherwise, or to coastwise populations whose livelihood and lives depend on a healthy ocean from which they have harvested for centuries, is anathema. Deep Sea Mining [recently reported](#) on the recent Nautilus Annual General Meeting where CEO Michael Johnston was asked:

- Is it true that without the normal economic and feasibility studies, the economic viability of Solwara 1 is unknown?
- Is it true that the risk to shareholders of losing their entire investment in Nautilus is high and the potential returns promoted by Nautilus are entirely speculative?
- Is this why Nautilus is struggling to obtain the investment to complete the construction of its vessel and equipment?

According to the release, Johnston declined to have his responses recorded and evaded providing clear answers. He did, however, affirm the description accuracy of the Solwara 1 project in the Annual Information Forms as a ‘high’ and ‘significant’ risk. Local communities are also not interested in the Nautilus experiment. In recent weeks, two large forums against the Solwara 1 deep sea mining project in the Bismarck Sea have been held in New Ireland and East New Britain provinces of Papua New Guinea. Supported by the Catholic Bishops and Caritas Papua New Guinea, both forums called for the halt of the Solwara 1 project and a complete ban on seabed mining in Papua New Guinea and the Pacific. Here are some comments from those meetings:

Patrick Kitaun, Caritas PNG Coordinator: “The Bismarck Sea is not a Laboratory for the world to experiment with seabed mining. Our ocean is our life! We get all our basics from the ocean so we need to protect it. We will not allow experimental seabed mining in Papua New Guinea. It must be stopped and banned for good.”

Jonathan Mesulam of the Alliance of Solwara Warriors: “Nautilus, we are not guinea pigs for your mining experiment! We in the Pacific are custodians of the world’s largest ocean. These oceans are important to us as sources of food and livelihoods. They are vital for our culture and our very identity. In New Ireland Province, we are only 25 km away from the Solwara 1 site. It is right in the middle of our traditional fishing grounds. We will stand up for our rights!”

Vicar General, Father Vincent Takin of the Diocese of Kavieng: “In order, for any development to take place, the people must be the object of development and not subject to it. The people have not been fully informed about the impacts of Solwara 1 on the social, cultural, physical and spiritual aspects of their lives. Therefore they cannot give their consent.”

Nautilus Inc. does not appear to be major international energy company with the assets available to force this project forward as others might. The opposition is well organized and vocal with arguments and expectations that the company cannot overcome. We hope. As with offshore oil exploration alongshore and in the deep ocean, this project is isolated in an opposing political context and shifting market. It is not for this time, for these people in these places, who have no concern for the loss of the `stranded assets of invisible gamblers in the face of the gain of conserving and sustaining their ocean resources for local benefit and the future.

## **Downturn in exploration affects jobs**

Loop PNG, 11 July, 2017

A significant downturn in mineral exploration has resulted in loss of jobs and business opportunities in the country. In its bi-monthly issue, the PNG Chamber of Mining and Petroleum highlighted the drop in exploration investment, which has the potential to severely impact the country’s mining sector. In a survey conducted by the Chamber, covering the period between 2012 and 2015, mineral exploration expenditure dropped from a peak of K944.3 million in 2011 to K325.5 million in 2015. This followed a near decade of high activity from 2003 to 2011. The Chamber adds despite feasibility studies for the Frieda River and increased exploration expenditure in 2015 for the Wafi-Golpu Project, the overall expenditure was still well below 2013 levels. The downturn has already affected many rural Papua New Guineans through the loss of direct employment and potential new business opportunities, while businesses and suppliers have also lost much-needed income as a result of many junior exploration companies ceasing their operations.

During the Chamber’s annual general meeting, president Gereia Aopi said this concern is exacerbated by the proposed changes to the mining act. “We have to make every endeavour to ensure that this downward trend does not continue, although we have little or no control over the global commodity price market,” Aopi said. “What PNG can control is the fiscal and legal frameworks that directly impact this sector. Our aim must be to ensure PNG can continue to grow existing projects and also foster an environment conducive to attract new investments.” Aopi further added that the lodgment of Special Mining Lease applications for Frieda River and Wafi Golpu projects last year is an indication of why PNG must maintain its investment attractiveness. “These projects are very important to the PNG economy as existing mines like Ok Tedi, Porgera and Lihir are in mature stages. “Both projects, when developed, will have positive economic impact for PNG and together with the operating mines, could place PNG as one of the top copper and gold producers in the world,” he said.

## **Papua LNG to build own pipeline**

July 10, 2017, The National Business

By SHIRLEY MAULUDU

THE Papua LNG project will be constructing its own pipeline in Gulf, an official says. Total E&P PNG Limited director corporate affairs Richard Kassman revealed this to The National following a concern raised by the Independent Consumer and Competition Commission (ICCC) on whether the operator of the project would consider building a separate pipeline for the project. “We are aware of the position taken by ICCC Commissioner (Paulus) Ain on this matter,” Kassman said. “Following the acquisition of InterOil by ExxonMobil, they are now partners in PRL 15 and the Papua LNG project and we choose not to comment. “Yes, Papua LNG will be building its pipeline from PRL 15, down to the coast and across to Caution Bay (where PNG LNG’s LNG facility is located).”

The ICCC last month revealed negative impacts of competition in its independent assessment carried out into acquisition of InterOil by ExxonMobil. Commissioner and chief executive Paulus Ain said the investigation was conducted pursuant to Section 5(1), S6 and S7 (1) of the ICCC Act. Ain said based on information available through this investigation, ICCC considered that, if there were actual or potential competition concerns, they would affect competition in three potential markets. He said the markets included:

- The market for the third-party access to natural gas pipelines and other field project facilities;
- the market for natural gas as alternate fuel for electricity generation; and,
- The market for natural gas as input in the petrochemical industries and production of liquefied petroleum gas.

“Given the three markets above, the ICCC is of the view that competition in the market for pipelines and other field project facilities access services may be the only market that would give rise to the potential competition concerns, because ExxonMobil is currently the only operator of the existing facilities,” Ain said. “The ICCC is convinced that competition in the other two markets may not be significantly affected because the current supply of natural gas is to overseas markets.”

## **Gold sector progressing**

July 10, 2017, The National Business

PAPUA New Guinea’s gold sector has done well from the downturn in the recent years, outgoing executive director of the PNG Chamber of Mines and Petroleum Greg Anderson says. Anderson said in the chamber’s recent mining and petroleum review that three mega-projects in the resource arena on the drawing board augured well for PNG. “PNG’s gold sector, in particular, has performed very well from the downturn of five years ago,” he said. “Although export levels have stagnated in recent years, the 57.6 tonnes of gold PNG exported last year fetched a record K7.04 billion in export revenue. “While LNG had been expected to totally dominate Papua New Guinea’s resource export landscape, the downturn in gas prices has meant that in 2016, PNG’s export of gold (K6.77 billion), copper (K1.1 billion), nickel (K668 million) and cobalt (K195.2 million) were worth K8.71 billion, compared to the K8.19 billion fetched by LNG exports.

“For the first time in PNG’s history, total resource exports earned by this country topped just over K20 billion out of total exports worth K24.8 billion, according to official data released by the Bank of Papua New Guinea.” Anderson said the private sector and the Government should be constantly aware of the cyclical nature of mineral and petroleum commodities. “They must be ready to remain effective and competitive when commodity prices hit their lows, generally as a result of oversupply or slowing demand due to global factors,” he said. “For Papua New Guinea, we must not lose sight

that opportunities exist even when markets may be down, allowing for a robust performance when an upturn occurs. It could be argued that the special mining lease applications by the Wafi-Golpu and Frieda River copper-gold projects are in that category.”

### **Enough resources to increase prosperity**

Post-Courier, July 10, 2017

Out going executive director of the PNG Chamber of Mines and petroleum Greg Anderson, is confident the next generation of resource projects will distribute prosperity to a much larger proportion of Papua New Guinea. Prior to his exit, Mr Anderson had noted that for the first time in PNG history, exports earned from the industry just topped over K20 billion in 2016 out of the total export worth K24.8 billion. “While much of the past developments are regarded by economists and others as enclave projects, I feel confident that the next generation of resource projects is about to change that perception,” Mr Anderson said. The PNG LNG project is the mega-projects now on PNG’s drawing boards, and will distribute prosperity to a much larger proportion of Papua New Guineans.” Mr Anderson highlighted this in the chamber’s bi-monthly Mining and Petroleum review released on Friday.

He said the mining ventures, as well as the quantities of gas that was available, would see a vast increase in electricity generation so that most of the people living in towns and some remote villages will have access to power in the next 10-15 years. Head of PNGEITI national secretariat Lucas Alkan commended Mr Anderson for his contribution to the industry. “We are equally confident as Mr Anderson of a bright future the mining and petroleum sectors hold for the Papua New Guinea economy. “This is a good message for Papua New Guinea from someone who knows better about the extractive industry,” Mr Alkan said. “We at the PNGEITI are excited to be part of this exciting times ahead by promoting transparency and accountability in the mining and petroleum sectors through our EITI annual reporting process,” he added.

### **Pacific Bauxite accused of tricking Solomon Islanders over mining rights**

Ben Doherty, The Guardian, 6 July 2017



Tomoto Neo, Nendo, Santa Cruz Islands, Solomon Islands. A bauxite mining proposal has divided the small island community. Photograph: Alamy Stock Photo

An Australian mining company is embroiled in a standoff with landowners in the Solomon Islands over allegations it coerced, bullied and tricked communities into signing over prospecting rights to their land. A government has been overthrown and local landowners have taken to blocking the roads with stones, and even reportedly confronting miners with bows and arrows, to thwart prospecting on their island of Nendo, in Temotu, the easternmost province of the Solomon Islands. The miner Pacific Bauxite denied any allegations of impropriety and said it had worked in close consultation with landowners who overwhelmingly supported their work. So far it has engaged only in hand-augered prospecting. “Landowners are also very keen to determine the potential for minerals resources on their land,” it said. “Prospecting provides landowners with a free evaluation of their land while not committing to mining.” The company’s application to prospect had divided the Nendo community, a former Solomon Islands governor general has said.

Several Nendo residents have said dozens of landowners across the island had withdrawn their authorisation for Pacific Bauxite to prospect on their land. The company said it was not aware of any landowners withdrawing their consent and that it remained committed to consulting with all owners. Some Nendo landowners have said they were not properly told about the environmental impact of mining, and others claimed they were coerced into signing, told to sign blank pieces of paper, or had their signatures forged. Ruddy Oti, a Temotu landowner and legal adviser to the Temotu Conservation and Sustainable Development Association, told the Guardian many people on the island felt they had been manipulated into signing surface access agreements for the company on their land. “There was no proper consultation, people were not informed about the potential impacts on their land,” Oti said.

“People were asked to sign blank pieces of paper and those signatures were collected and used to say these landowners have agreed to have prospecting on their land. They did not agree. “Some signatures were forged. When I went to see those people, they said they had not agreed. “And some landowners said they felt pressured to agree, or that they weren’t told about the impact upon their land. Those people have now written sworn affidavits to revoke their consent.” Oti said landowners were resolute in their opposition, having seen the damage of logging on other parts of the island. Some villages have reportedly put roadblocks up to stop miners’ access or threatened vehicles with bows and arrows. A video clip posted online shows some of the community resistance to bauxite mining on Nendo. The short clip, shot on a phone, shows a group of primary school students and adults in the village of Noipe on Nendo blocking the road and not allowing a Pacific Bauxite vehicle to pass.

Mark Gwynne, the executive director of Pacific Bauxite, tells the group – most of the children are holding signs in protest – the company is engaged in “good, ethical mining”. “There is good mining, and there is bad mining, and I have witnessed a lot of bad mining,” he says. “We work really hard with communities. We reach agreements with communities for good mining. We do everything we can to protect the land, the villages, the people. We provide education for the children, we provide training for the adults for working. Can I show you some photos?” He is told by one man from the village: “Excuse me. We don’t need photos. “Just stop everything. We don’t need mining and we don’t need prospecting. That’s all. The land is our heritage and our future for young generations.” The standoff ends politely and without incident. Brett Smith, the director of Pacific Bauxite, told the Guardian that at this stage the company had only completed reconnaissance prospecting and that no landowners were compelled to allow mining.

“The results from this are highly encouraging and warrant further work to determine the potential for mineable resources,” he said. “We are hoping that the bauxite deposits at Nendo provide the potential for a long-term industry that will result in the generation of beneficial sustainable businesses for the people of the Temotu province.” Smith said Pacific Bauxite had a strong commitment to the environment and the community on Nendo, in particular around health, education and future sus-

tainable economic development. “To date, the company has provided much needed medical equipment to the Lata hospital and donated equipment to several schools. This community support will continue while the company is working at Nendo. “The company also has a policy of providing employment opportunities for the local community. Expatriate workers are kept to a minimum to allow maximum benefit and training to local people. In the event that mining takes place in the future, the company intends constructing a training facility to Australian standards. That will have the capacity to provide skilled employees from the local community.”



The Solomon Islands. Mining has a damaged reputation in Nendo after logging and mining on Rennell Island, on the south-western edge of the Solomons archipelago. Photograph: Alamy Stock Photo

Smith said mining on Nendo would have the smallest possible footprint and minimise the environmental impact. “Rehabilitation will focus on returning a large majority of affected land to its former condition, while small areas will be considered for future beneficial businesses which will be fully owned by the local community.” He said the company was being discredited by a small group that had misinformed the community. Solomon Islands’ director of mines, Thomas Toba, said officials from his department considered several objections to mining on Nendo before granting the prospecting licence. Department officials have travelled to Nendo to speak to concerned landowners. Toba recently launched the Solomon Islands’ new national minerals policy, which established a legal framework for minerals extraction, something the country had not had previously.

“Another thing is people will realise that resource owners have a part to play in this; they have a voice in this industry compared to the past when they can only participate through signing of surface access agreements,” he said. While some landowners say they are resolutely opposed to mining, others argue it will bring development to the most remote region of the Solomons archipelago, often overlooked by the central government in Honiara. Father Brown Beu, a former provincial premier, said that Pacific Bauxite prospecting would bring educational and health facilities to the province. “We trust this company,” Father Beu told a radio interview. “Unlike other investors who are invested in Temotu province, the AU Mining [50% owned by Pacific Bauxite] will shortly after this be able to provide medical facilities that we will never – I don’t know, for centuries to come – never have.”

But the penultimate premier of Temotu province, Nelson Omar, who was overthrown in March, believes he was ousted because of his resistance to business licences for miners and loggers in Nendo. Omar’s government had refused to grant a business licence to Pacific Bauxite. In March he was defeated in a sudden vote of no confidence. Within a week, a business licence was granted by the new

government to Pacific Bauxite. Omar said he warned the Temotu assembly that his refusal to grant the licence – and another logging licence to an unrelated company – were the bases for efforts to remove him. “In fact it did happen. Days after the closure of the assembly, the licence was granted in an urgent executive meeting, exactly as I predicted,” he said. “The consent from the resource owners, the landowners, how it was conducted, was not done in accordance with existing legislations which govern the mining and logging acts.”



A traditional ceremony in Nendo. The great majority of locals do not want the mine, says former governor general Father Sir John Ini Lapli. Photograph: Alamy Stock Photo

The former Solomon Islands governor general, Father Sir John Ini Lapli, said the possibility of mining had divided families and tribes. “The great majority of people do not want this,” he told Radio New Zealand. “Just the few that ... are working with [the miner]. And there is a real possibility for clashes between the landowners, tribal groups, even relatives themselves if the government is not clear cut about how to deal with this.” Lapli said the people of Temotu felt their wishes had been ignored in the central government’s decision to issue a prospecting licence. He said the land belonged to the people, not the government. “They came with some agent unknown, they didn’t come through the procedure, and so they were able to pay some people to sign accepting this proposal they signed up and that is how they locked [in] these landowners.” Mining has a damaged reputation in Nendo after logging and mining on Rennell Island, on the south-western edge of the Solomons archipelago.

The mining, by Bintan Mining, was initially undertaken with an illegally granted mining licence and has left the island with widespread environmental damage and little development. A video, [Ripples in Rennells](#), by the environmental advocacy organisation OceansWatch has been played widely across Nendo. Pacific Bauxite was formerly Iron Mountain. Pacific Bauxite bought a 50% stake in AU Capital Mining, which was the original holder of the prospecting licence from the Solomon Islands Mines and Minerals Board. Pacific Bauxite’s website says of the Nendo project: “The company is extensively engaged with the local community and is ensuring that all stakeholders are made fully aware of current and future activities regarding the project. To this end, meetings held with local parties to date have been extremely positive and much enthusiasm has been generated by the recent phase of exploration.”

It says the company’s initial auger drilling and pit sampling had confirmed “extensive large-scale bauxite deposits” on the island. The main area earmarked for mining is approximately 12km by 2km (24 square kilometres) but that is expected to grow. “Identified areas of mineralisation are sig-

nificantly larger than historically defined,” the company said. Bauxite is the principal ore in aluminium and is also used to make refractory materials, chemicals and cements. Australia is the world’s largest producer of bauxite. Bauxite deposits are found in tropical and subtropical areas, in deeply weathered volcanic rock, which make up many islands in the Solomon Islands archipelago.

### **Nautilus defends awarding of project**

Post-Courier, July 6, 2017

Nautilus Mineral Inc have defended the awarding of its WASH project in New Ireland to a Goroka-based company. The Canadian miner was responding to assertions that had been made by a Jonathan Mesulam, at a forum on deep-sea mining, which was organised by the Catholic Church in Kavieng recently. Mr Mesulam reportedly was aggrieved at the outsourcing of projects, which he argued ought to have been given to the locals. Nautilus had, in a response provided to the Post-Courier, stated the contract had been awarded on merit to APT Projects. “APT were awarded the program because they had experience in PNG delivering similar projects, and there was no similar expertise in New Ireland.” “The program is aligned with the New Ireland Provincial government’s programs to improve village life and has been a major success.”

“The program contained a large training element, and it is hoped that eventually the skills will be available in New Ireland for future project; that will be undertaken by locally based companies and groups,” Nautilus had stated. The company had stressed that while the company had yet to begin operations in the country, it has been working with communities since 2007. During this period, it has completed a variety of initiatives focused on health and education. These wererunning water and toilets to 22 schools in the impact communities, health baseline survey, health patrols that had seen the team attend to 7,000 patients, construction of the Pubanom Bridge and education baseline study. In addition, various donations to schools, community groups and activities.

### **Namatanai Churches taking stand to ban deep-sea mining**

*Mainline churches in Namatanai are backing the people there in a bid to ban deep-sea mining in their waters.*

BY SHARON LOWA, Post-Courier, July 5, 2017

Mainline churches in Namatanai are backing the people there in a bid to ban deep-sea mining in their waters. This move was made known at a recent forum, where churches took the lead to gauge views of the people particularly on matters pertaining to the marine environment, which they believe will be endangered if deep-sea mining does take place. Spokesman Jonathan Mesulam said there was strong opposition from the people with the support of the churches not to allow the mining operation in their waters. Nautilus was granted licence by Papua New Guinea in 2009. However, since then, there have not been any mining activities taking place. Mr Mesulam claimed the delay in the start of the company’s operation was due to lack of financial confidence by investors in the project and other issues. Meanwhile, Nautilus yesterday brushed aside all the assertions made by Mr Mesulam, stating all to be incorrect.

From the outset, the company had stated it has written to the Catholic Church to provide a brief and clarification on misconceptions that have arisen on the Solwara 1 project, however, they have yet to hear from the Cardinal. The company, in a detailed response, had stated from the outset that the company has been working with the impact communities since 2007, and has completed a variety of initiatives in health and education, even though it has not yet begun operations. The company assured that it has and continues to work with government, adhering to all the rules and regulations.

“The company’s major shareholders and technology partners continue to support the project through a bridge financing facility and active investor support,” the company had stated.

“Natutilus’ Environmental Impact Study (EIS) was independently reviewed for the Department for Environment and Conservation in 2009/10 by Cardno.” “The EIS was approved with a series of conditions and has not been superseded by the company’s Environmental Monitoring Management Plan that is being developed by regulators.” On claims of inconsistency of information presented to communities, the Canadian firm stressed it has and will continue to endeavour to provide the communities with the most up-to-date information. It had clarified that all programs have been put on hold due to the election but will restart once this national process is completed.

### **PNG crude oil reserve at 2.53 billion barrels**

Post-Courier, July 5, 2017

PNG’s proven crude oil reserves are estimated at 2.53 billion barrels, placing it at 99 out of 103 countries with proven reserves. This is according to the PNG Extractive Industries Transparency Initiative Report 2014. Latest figures recently made available this year to the local media, by Oil Search managing director Peter Botten, indicate around seven billion barrels of untapped oil reserves. According to Mr Botten, what have been tapped into formed 40 percent of the entire crude oil volume. Ninety percent of the untapped crude oil reserves are gas. Kumul Petroleum Holdings Ltd (KPHL) managing director Wapu Sonk said extractive companies operating in the country have only discovered close to 30TCF (trillion cubic feet) of gas, but there was more to be found, especially offshore of PNG, which has huge potential and is yet to be tested. “Oil exploration in PNG commenced in the 1920s and the first commercial production began in 1992, and there are currently five principal oil fields.” Oil production has been in a slow but steady decline since the mid-1990s,” the report said.

“A range of national and multinational oil and gas companies are actively engaged in exploration and production in PNG, with a number of new projects in planning and development stages.” “Gas production at scale is just starting, with the PNG LNG project shipping its first liquefied natural gas (LNG) in May 2014.” Head of PNGEITI National Secretariat Lucas Alkan said: “Apparently, the figures from 2014 report and the ones provided by Oil Search and Kumul Petroleum Holdings vary significantly, with the latest figures painting a different picture of how PNG’s investment in the petroleum industry will look like.” “We consider this to be frank discussion by leaders in the oil and gas sector on the volume of petroleum reserves.” “This goes to show that the companies are investing with the true spirit of transparency and accountability, and this is what EITI is all about.” “We appreciate this, and we hope to continue the good working relationship through the industry participation in our vibrant Multi-Stakeholder Group (MSG) in the EITI reporting,” he added.

### **Villagers fret over river gravel extraction**

Luke Rawalai, The Fiji Times, July 04, 2017

VILLAGERS of Matalolo outside Labasa Town raised their concerns on the procedures for gravel extraction being carried out along the Nakorotari River bank. A member of the public, Ropate Rakuro, told this newspaper that villagers were concerned with gravel extraction procedures because machines were digging soil along the river banks, instead of extracting rocks from the riverbed. "It is a worry because this can cause soil erosion on the river banks during the wet season," he said. "This is the problem when we do not have enough monitoring done on companies working along the river banks and they take advantage of their licence conditions because there is no one to monitor them. Something needs to be done to address this issue and authorities need to look into the

concerns raised." Suweni district representative Poasa Vocea said there were more than six companies extracting gravel along the Nakorotari River.



A digger works on the bank of Nakorotari River yesterday.

Responding to Mr Vocea's concerns during Prime Minister Voreqe Bainimarama's tour of the Northern Division recently, Lands and Mineral Resources Ministry's permanent secretary Malakai Finau admitted there was not enough done to monitor gravel extraction. Mr Finau said they recently set up an environment section within their department that would monitor these extraction and mining works. The ministry's director Mineral Department, Dr Raijeli Taga, said it was not mandatory for gravel to be extracted from the riverbed but from where a proper licence had been given. Dr Taga said the Ministry of Lands and Mineral Resources issued licences only for any extraction on State land or from the river. "TLTB gives licences for extraction on Native land and communities near rivers that have gravel deposits need to know that they can assist to monitor and that they should have been consulted during the EIA process," she said.

### **Policy implementation in sector a challenge: Report**

Loop PNG, 4 July, 2017

Implementing legislations and policies in the mining and petroleum sector is a challenge due to weak capacity and lack of accountability, points out a report. The PNG Extractive Industries Transparency Initiative Report 2014 says: "While the Government sets strong policy and has a relatively robust legislative regime and fiscal control, implementation is challenging due to weak capacity and a lack of accountability, particularly at local levels. The associated lack of transparency also leaves the way open for corruption. "The principal laws that regulate mining activities in PNG are the Mining Act 1992 (MA), which sets out how mining projects should be administered and regulated, and the Mining (Safety) Act 1977, which stipulates safety requirements on mine sites, provides for investigations and inquiries into mine accidents and establishes a regime for certification of prescribed mining roles" the report said.

The report noted that a revised MA will be presented to Parliament after 2017 election. "It is anticipated this will include regulations for offshore mining, mine closure and rehabilitation, resettlement and geothermal resources and standards for employing mine workers. The Mining (Safety) Act is also under review," it said. Matters relating to the environment within mining and exploration tenements is governed by the Environment Act 2000. The operation and development of mineral de-

posits in relation to the Ok Tedi mine is governed by the Mining (Ok Tedi Agreement) Act 1976 and the fourteen supplemental agreement Acts. The Panguna mine on Bougainville is governed by the Mining (Bougainville Copper Agreement) Act 1967, although mining legislation for the Autonomous Region of Bougainville has now been passed. “The relationship between those respective pieces of legislation is unclear as the former has not been repealed, nor have the references to it in the MA been amended,” it said.

The reports stated, the petroleum industry is governed by the Oil and Gas Act 1998 (OGA) and the Oil and Gas Regulation 2002 under the administration and management of the Department of Petroleum and Energy (DPE), headed by the Minister for Petroleum and Energy. “The OGA specifies regulatory instruments for oil and gas development activities such as: Licensing, exploration, development, processing, storage, transportation, and sale of products.” PNG EITI Head of National Secretariat, Lucas Alkan, said: “It is only fitting to have such a robust legislative and policy framework for a resource rich country like ours. “The PNGEITI has already capitalised on such fiscal and legislative setting, in advancing transparency and accountability in the sector, through its annual reports and we hope to build on that progress. “We are also of the view that there are upcoming legislations and policies to keep Papua New Guinea in par with world best mining and petroleum practices,” Alkan added.

### **Mining companies will have be transparent about owners**

Post-Courier, July 4, 2017

Companies directly involved in the petroleum and mining sectors will be required to disclose information regarding their beneficial owners come 2020. Beneficial owner (s) of resource projects (mine, oil and gas companies) refers to the natural person (s) who directly or indirectly owns or controls a corporate entity/ company. This follows after a signing of contract between PNG Extractive Industries Transparency Initiative (PNGEITI) National Secretariat and KPMG yesterday. KPMG is the successful bidder for the implementation of the Beneficial Ownership Roadmap that spells out how Papua New Guinea can develop a matrix to report beneficial owners. The implementation of the roadmap was effected yesterday and will be rolled out until the final quarter of 2019. During this time a platform or matrix will have been developed for reporting -through the EITI reporting process in 2020. Head of the PNG Extractive Industry Transparency Initiative National Secretariat Mr 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.

Mr 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 lack of transparency in this area often creates an environment for other illegal activities such as money laundering and transfer pricing. This affects other sectors of the economy and often create a conducive environment for corruption and tax evasion,” Mr Alkan said. He 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,” Mr Alkan said. Mr Alkan expressed confidence working with KPMG to successfully implement the roadmap.

## **Ramu Nickel: Landowner companies sign K1m catering deal**

Post-Courier, July 4, 2017

Landowner companies Raibus Limited and National Catering Services (NCS) have signed a K1 million agreement to provide catering services to the Madang-based nickel and cobalt mine. The joint venture collaboration took about a year to conclude, to provide services for the RamuNiCo-managed project sites at Kurumbukari mine in the Bundi LLG, and Basamuk refinery in Rai Coast. The initial agreement between NCS and Raibus Ltd, which forms NCS-Raibus joint venture, expired on June 30 last year, until last Friday when the new one came into place. CEO of Anitua Ltd, which owns NCS, John Gethin-Jones signed on behalf of NCS, while Steven Saud signed as board chairman of Raibus Ltd. General manager of Ramu NiCo community affairs, Martin Paining, deputy general manager of corporate office Charlie Hu, chief financial officer of Ramu NiCo, Zhong Jiawen and representatives from both NCS-Raibus and Ramu NiCo witnessed the signing ceremony.

Mr Zhong welcomed the significant agreement and congratulated the parties for coming to an understanding and eventually signing. “This is the start of a new beginning, and we hope to see improvements in the catering services.” “Granted by our ideal of one Ramu NiCo, one community, we hope to work together so all parties involved benefit equally,” Mr. Zhong said. Mr Paining said the agreement is significant for all partners and particularly a business opportunity for the project-impacted landowners from KBK mine to Basamuk refinery covering the pipelines, which are represented by Raibus Ltd. “This agreement sets the foundation now to move forward together. Any issues arising must be addressed amicably, and benefits must be shared equally under the agreement,” Mr Paining said. Charlie Hu described the agreement as a milestone and significant that took a year to achieve. “It’s a very significant moment for us.”

“It was difficult to reach this agreement and today is significant for us. We must work together to improve the service,” Mr Hu said. Mr Gethin-Jones welcomed it and declared that NCS was happy to reach the final agreement so that it can provide the catering services expected in the next three years. Mr Saud said it was difficult to reach the agreement, but Raibus Ltd is looking forward to working together with NCS to build its capacity until such time the ownership is transferred to Raibus Ltd. Each party holds 50 percent interest each in the equity of NCS-Raibus to provide catering services to more than 2,500 Ramu NiCo employees. Raibus Ltd will train its staff under a comprehensive business development succession and exit plan to be developed by NCS with the aim of building the capacity of landowners to fully take over the catering services after three years.

## **New Caledonia Nickel Plant Strike Settled**

*Union demanded retention of 6 workers fired for misbehavior*

WELLINGTON, New Zealand (Radio New Zealand International, July 3, 2017) – New Caledonia's public broadcaster says a strike at the SLN nickel plant has been settled. Seventy of one union's 120 members had been on strike since last Monday, forcing SLN to lower the output of its furnaces. The union was demanding the retention of six workers who were being sacked for serious misbehaviour. Details of the agreement to end the dispute have not been released. SLN has been run at a loss for the past five years amid a global slump of the nickel price, with the deficit last year alone amounting to \$US160 million. Last year, the French state provided a \$US230 million loan to supplement an advance by SLN's parent company Eramet of \$US370 million.

## **Solomons group plans legal action over Temotu mining**

Radio New Zealand, 3 July, 2017

A Solomon Islands conservation group says it's planning legal action against the government over mining plans in the remote Temotu province. An Australian company, Pacific Bauxite, secured a licence to prospect Santa Cruz island, and it claimed it had the consent of several landowner groups. But the Temotu Conservation and Sustainable Development Association said those groups didn't realise the implications of what might happen, and many were now trying to withdraw their consent. The Association's chair, Father Charles Melinga, said the provincial and national governments had done nothing to address their concerns. He said the groups believed the law was not followed when the prospecting licence was granted, and they were hoping to challenge it in court. Father Melinga said he hoped the process could begin soon. "As far as mining is concerned at the moment, the population is in suspense as to what will happen next. So we call on the provincial government and the other related authorities to be clear on what is going to happen."

## **ABAC Considers Industry Policy**

*The APEC Business Advisory Council (ABAC) Is Considering A White Paper Policy, Which Will Create A Sustainable Future For Communities Involved In The Extractive Industries.*

Post Courier, July 2, 2017

THE APEC Business Advisory Council (ABAC) is considering a white paper policy, which will create a sustainable future for communities involved in the extractive industries. Co-chairman David Toua said this has been discussed by the ABAC member countries. Mr Toua said PNG has now introduced a white paper policy at the ABAC level and hopes that it gets endorsement from APEC. "This policy is all about creating sustainable future for disintegrated communities surrounding extractive industries after its life." "The white paper is about looking at where our extractive industries are based." "If we take mining as an example, say OK Tedi Mine, and when the mine life finishes, what will happen to the communities." "The trick now is to work within those communities to create sustainable living whether it's through agriculture or other means." "Once the mine life has expired in those communities, many of which prior to mine life were quite modest, but since they have grown with the mine, once the mine goes you want them to continue in a sustainable fashion, so that's really the essence of the white paper," he said.

## **Strike Slows New Caledonia Nickel Production**

WELLINGTON, New Zealand (Radio New Zealand International, July 01, 2017) – A strike at the SLN nickel plant in New Caledonia has begun to hit production as the company is incurring monthly losses in excess of \$US22 million. 70 of a union's 120 members have been on strike since Monday, forcing SLN to lower the output of its furnaces as it struggles to improve its output to survive. The union has accused SLN of a lack of transparency in its performance plans and it has demanded the reinstatement of six workers being sacked for serious misbehaviour. SLN has been run at a loss for the past of five years amid a global slump of the nickel price, with the deficit last year alone amounting to \$US160 million. Last year, the French state provided a \$US230 million loan to supplement an advance by SLN's parent company Eramet of \$US370 million.

## **Press Release**

### **Deep sea mining threatens unique marine life, experts warn**

*Gland, Switzerland, 26 June 2017 (IUCN) – Mining the deep ocean floor would inevitably lead to the loss of biodiversity, which cannot be compensated for through biodiversity offsets, 15 marine scientists and legal scholars argue in a letter published today in the journal Nature Geoscience. IUCN, 26 Jun 2017*

The rules that will govern the emerging deep sea mining industry – including environmental protection measures – are currently being drafted by the International Seabed Authority (ISA), an inter-governmental body. The letter’s authors say the ISA must recognise the threat mining poses to marine life, and communicate it clearly to its member states and to the public. With the deep seabed environment still largely unexplored, mining may lead to the loss of undiscovered species, making biodiversity offsets impossible. Out-of-kind biodiversity offsets, which involve restoring or preserving very different marine habitats like tropical coral reefs, cannot compensate for the loss of unknown deep-sea species. “With interest in deep sea mining growing exponentially, now is the time to ensure that lasting damage to the unique ecosystems found in the ocean depths can be prevented. The new rules governing deep sea mining must take its full costs to society and the environment into account,” says Kristina Gjerde, IUCN’s Global Marine and Polar Programme senior advisor on High Seas issues and co-author of the letter.

“Improved scientific research is essential to better understand the deep sea environment and the potential impacts of mining. We also need to engage all levels of society to weigh the value of deep sea minerals against the unavoidable loss of living systems in the deep sea.” Deep sea mining is still an experimental field that targets minerals such as copper, nickel and cobalt, used for the production of technologies like wind turbines and hybrid cars. Mining may destroy deep sea habitats, eradicate rare and unique species, and introduce sediment clouds, noise, toxic chemicals, vibration and other forms of pollution into pristine environments. Ecosystem and species recovery may take decades to centuries, if it occurs at all, according to the authors. Restoring ecosystems damaged by mining is not realistic in a deep-sea environment, the letter states. This is because of the high cost of working on the deep sea floor, the extremely slow recovery of deep sea species and the enormous spatial scales of deep-sea mining for some minerals. A single 30-year licence to mine metal-rich nodules will involve an area the size of Austria, for example.

Biodiversity loss can be reduced with techniques like patchwork extraction, where some sites are set aside, although this does not prevent harmful side-effects. For example, the dispersion of fine and potentially toxic particles in plumes can smother and kill marine species. According to the UN Convention on the Law of the Sea, the deep seabed and its mineral resources beyond national jurisdiction are the common heritage of mankind, and do not belong to any one country. Deep-sea scientists and legal experts who co-wrote the peer-reviewed correspondence with IUCN’s Kristina Gjerde include C. L. Van Dover of Duke University, USA; J.A. Ardron and D. Jones of the University of Southampton; M. Gianni of the Deep-Sea Conservation Coalition; A. Jaeckel of Macquarie University; L.A. Levin of Scripps Institution of Oceanography; H. Niner of University College London; C.R. Smith and L. Watling of the University of Hawaii at Manoa; T. Thiele of the London School of Economics; P.J. Turner of Duke; and P.P.E. Weaver of Seascope Consultants.

### **Freeport’s Tactic to Protest Against Indonesia**

JAKARTA, GRES.NEWS, 13 June 2017

Indonesia for Global Justice (IGJ) urges the Indonesian government not to make an investment stability agreement that was requested by Freeport. "The Indonesian government must stop giving

privileges to Freeport in upholding the Law on Mineral and Coal Mining," said the Coordinator of IGJ Research and Advocacy, Budi Afandi, in a written statement received by *gres.news*, Monday (12/6).

Budi said that the investment stability agreement will only update the list of investment agreements that allow investors to protest against a country one-sidedly to the International Court of Arbitration. He asserts that Freeport's temporary Special Mining Permit (IUPK) is a privilege provided by the Indonesian government, and legalized in the Energy and Mineral Resources Minister Regulation No.5/2017 that's been revised to Energy and Mineral Resources Minister Regulation No.28/2017. "Freeport's temporary IUPK is only available until October 2017. If the negotiation doesn't reach an agreement, the operations will be based on the Contract of Work (CoW). Despite this, Freeport has been advantaged by the concentrate export permit that's still available until October 2017. This is the privilege given to Freeport that the other foreign mining companies don't have," he explained. Previously, Freeport asked the government to make an investment stability agreement that grants the equal rights as the CoW, such as nailing down the tax, contract extension guarantee, and the right to file a complaint to the International Court of Arbitration. Freeport has stated they will protest against the Indonesian government to the International Court of Arbitration for converting CoW to IUPK.



Alliance of Social and Political Science Faculty (FISIP) Students from Jakarta, West Java, Banten are seen staging a demonstration at Jalan Cut Meutia, Bekasi, West Java, Friday (19/5). They asked the government to nationalize the strategic assets that are controlled by foreign private sectors, especially Freeport's mining area, and stop intimidation against farmers. (ANTARA)

"The existence of investment stability agreement would be contrary to the spirit of the Mineral and Coal Mining Law that wants to take over the country's independence in controlling and managing Indonesian mines. The agreement would negate the power of IUPK that puts the government's position above investors," Budi added. Meanwhile, Executive Director of IGJ Rachmi Hertanti explained that the investment stability agreement would still give a chance to Freeport to protest against Indonesia to the International Court of Arbitration. Despite this, the government has made a right decision by converting CoW to IUPK to stop foreign investors from making decisions arbitrarily. "IUPK is administrative, and the management is one sided so the country has a bigger authority and the government may resolve disputes in the state administrative court. However, if the government makes the investment stability agreement, the government and investors are in the similar position, and the country has no authority to control investors. On top of that, the government must resolve civil disputes in arbitration agencies," she explained.

Rachmi also said that many foreign mining companies protest against Indonesia to the International Court of Arbitration because of the existence of investment agreements, both investment treaty and CoW. 50% of complaints filed by foreign investors to the International Court of Arbitration are from mining companies, such as Newmont, Churchill Mining, Planet Mining, and Indian Metal Ferro Alloys. Despite this, the Indonesian government has tried hard to minimize the risk of being complained by foreign investors by reviewing and canceling investment agreements made by the government. "It's obvious that Freeport urges the government to make investment stability agreement so they won't lose their right to protest the Indonesian government to the International Court of Arbitration. If the investment stability agreement were approved, the government would suffer a setback in maintaining the state independence at mining sector," she said firmly. (drc)