

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

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Abbreviations in common use:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PIR: Pacific Islands Report

PNG: Papua New Guinea

Websites:

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

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

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

Mine apologises for overflowing of slurry

August 30, 2019, The National Business

THE Ramu Nico Management (MCC) Ltd has apologised to the country for the unfortunate slurry overflow that spilled into the harbour last Saturday. Vice-president Wang Baowen apologised to Mining Minister Johnson Tuke, Madang Governor Peter Yama, Mineral Resources Authority managing director Jerry Garry and landowners at Basamuk in Rai Coast district for the mishap. Baowen said the company's management was extremely concerned about the incident and conscious of its possible impacts and would take every measure possible to contain and manage the spill. "Even though the slurry spillage occurred accidentally and not out of company's negligence to industrial requirements and standards, we will work very hard to improve so this does not happen again," he said. Tuke and Yama expressed concerns about the incident which had pictures of the affected area posted on social media bringing public uncertainty and criticism.

They emphasised that such incidents needed to be avoided and for the project to operate following all state and mining protocols in order to promote confidence among all stakeholders especially the

landowners and people of Madang. Tuke said he would meet with the Environment, Conservation and Climate Change Minister Geoffrey Kama and issue a joint statement on the matter next week regarding the measures being taken to manage the environmental impact as well as an investigation into the cause of the spill. Yama said his government was committed to serving the interests of the people and supporting major investors like Ramu NiCo. "I as the governor of Madang have the responsibility towards my little people and nothing else," Yama said.

"When you (Ramu NiCo) do the right thing, my people are happy, I am happy and you will be happy doing business." Meanwhile Garry expressed his satisfaction with Ramu NiCo for solving the initial critical issues and asked the company to provide further information on heavy metal concentration in the slurry before the overflow, the amount of heavy metal into the harbour (sea), the quantity of slurry that went into the sea and metal concentration. According to MRA's preliminary findings, Garry said the slurry overflow was from one of the slurry neutralisation tanks in the early hours of Saturday morning after maintenance work; two slurry pump control systems failed causing a loss of primary containment and tank overflow for almost 48 minutes.

"The overflowed slurry flowed into an emergency retention pond and some slurry bypassed the diverter gate then flowed into the harbour for less than 28 minutes," Garry said. "The authorities (MRA and Cepa) were informed on Saturday afternoon, and officers were dispatched to the site by Monday afternoon to conduct a thorough investigation which carried on until Wednesday." MRA confirmed closure of the affected ocean front after company community affairs officers had communicated with villagers not to use the affected area for recreational purposes or fishing. "The investigations will determine the nature of the slurry, including toxicity, pH (acidity) levels and other heavy elements discharged and how best to mitigate the slurry already discharged into the ocean."

Chinese-owned Ramu Nickel plant spills 200,000 litres of 'toxic' slurry into the sea

Liam Fox / Pacific Beat, ABC News, 30 August 2019



A Chinese nickel mine operator has apologised after accidentally spilling an estimated 200,000 litres of toxic slurry into a bay in Papua New Guinea's Madang province, turning the water bright red and staining the shore.

- Key points:
- The spilled material is "very toxic" and rich in heavy metals
 - However PNG authorities say there are no immediate safety concerns
 - Compensation and punishments will be pursued, officials said

Mining authorities in PNG said the spilled material was a mineral-rich slurry that had been piped to the processing plant at Basamuk Bay from a nickel mine site 135 kilometres inland. Mineral Resources Authority managing director Jerry Garry told the ABC's Pacific Beat program the slurry was "very acidic". "In terms of the heavy metals — in terms of nickel, cobalt, magnesium — they are very toxic," he said. Mr Garry said the spill occurred when an electronic fault caused a pump failure, which went undetected by workers, leading to an overflow. The spill occurred on August 24, and photos showing the contamination caused outrage on social media.

"The people from the village they went down to the beach ... and they realised the water was contaminated and the colour had turned to red," Nigel Uyam, a local villager who took the first photos of the spill, told the ABC. "They are angry ... we are trying to control the angry people and we are trying to control the situation." Authorities said compensation would be pursued and a punishment would also be imposed on the plant operator, Ramu Nickel, which is owned by the Metallurgical Corp of China (MCC). Ramu Nickel's vice-president, Wang Baowen, said the company was extremely concerned about the incident and "committed to address any compensation".

\$2b nickel mine's troubled past

The spill is the latest incident in the Ramu Nickel mine's short but troubled history. The \$2 billion project was the first Chinese resource investment in Papua New Guinea. The start of operations were delayed by a year as landowners fought [an unsuccessful legal battle to prevent it from dumping waste into the sea](#) by a process known as deep-sea tailings disposal. A clash of cultures saw local staff fight Chinese employees in 2012, while armed villagers attacked the mine site in 2014, injuring staff and destroying property and equipment.

A Chinese worker was killed and two local staff injured in a workplace accident in 2016 that saw the mine temporarily closed — that same year slurry leaked from the pipeline connecting the mine to the processing plant. "People have been raising concerns about the way the plant has been operating for years," Gavin Mudd, an associate professor at RMIT University's engineering department, told the ABC. "If this happened in Australia, there would be heads rolling." Despite the toxic nature of the spill, the mineral authority's inspector found no immediate safety concerns and no reason to shut down the plant's operations. Residue samples have been sent to Australia for testing, with results expected in under a month.

Government to discuss Wafi-Golpu

August 30, 2019, The National

THE National Government will discuss landowner issues with the Wafi-Golpu project today as it is a major project the State wants to start operation on schedule, Morobe Governor Ginson Saonu says. Saonu said his government took out a court order restraining the signing of a memorandum of understanding (MoU) by the previous government on Dec 11, 2018, because it was done with a lack of consultation and amicable understanding between all interested stakeholders. "MPG (Morobe provincial government) took the court order out restraining the MoU for the best interest of landowners and both the national and provincial governments including the developer Wafi-Golpu JV," he said. "We all need to come up with an understanding before signing any MoU's or MoA's to ensure the project progresses as expected and no one is left out from benefitting." Saonu made the remarks in response to concerns raised by presidents of several landowner associations from Yanta, Hengambu, Babuaf, Wampar pipeline and Wagang outfall that expressed dissatisfaction over the delay of the project. Saonu said the Government would discuss the issues raised about the Wafi-Golpu project before a decision was made.

Dishonest acts displease PM

August 30, 2019, The National Main Stories

PRIME Minister James Marape, pictured says it saddens him when people use Government institutions such as courts, Vulupindi Haus and other departments to access funds illegally. He said he was briefed of the decision by certain interest groups from Western to continue accessing large amounts of money (well over K500 million) from a trust account for the people of Western. He said when he was finance minister, he arrived at certain key trust deeds to ensure funds were safe-guarded and protected from continual abuse by interest groups based in Port Moresby and elsewhere. Marape said it was a sad legacy to the funds (Community Mine Continuation Agreement – CMCA – and the non-CMCA funds) that were meant to prop up Western. “It sadden me that we continued to have people with interest, outside the mainstream interest group, continue to use institutions of our democracy to continue to access funds or try to access funds by running in and out of Vulupindi Haus and running in and out of court houses.”

Landowners threaten to shut down mine PNG's Lihir mine

Landowners in Papua New Guinea have given an Australian mining company a deadline to reinstate its manager. Radio New Zealand on 30 August 2019



The Lihir gold mine in Papua New Guinea's New Ireland Province. Photo: Supplied/ Newcrest Mining Limited

The New Ireland landowners have given Newcrest until the 10 September to reinstate Craig Jetson as its executive general manager. If the company doesn't do that, villagers say they will shut the mine's operations on Lihir Island. Newcrest has appointed Craig Jones to replace Mr Jetson and this has not gone down well with the landowners. A landowners spokesman, Newman Sana, said they wanted compensation for damage the mine had caused to the environment. He said that Mr Jetson, who has been on Lihir for two years, had worked well with the landowners in their negotiations with the company. "If he (Jetson) leaves, we don't trust and we don't believe anyone can take up that fight," Mr Sana explained. "Even he has challenged our own governor and the mining minister. We are not going to stop fighting until we make that change. "We are concerned that if Craig goes, if this is not going to work out we are going to shut down the mine."

Mr Sana said at a meeting last week with mine officials including Mr Jetson, the landowners issued the company with a 21-day notice to reverse its decision to replace Mr Jetson or face a shutdown of its operations. He said Mr Jetson is the only company executive to reside on Lihir and engage with

the community and landowners. "His removal in the middle of a review of the compensation package for the landowners is a breach of trust," Mr Sana said. "Under Craig's leadership, he has delivered cash profits for the company and I believe his dismissal is to derail a better compensation package for the landowners." Mr Sana said Newcrest has been operating in Lihir for almost 20 years and the landowners have suffered. "But Mr Jetson brought hope. He is respected by all Lihirians not just the affected landowners," he said. Mr Sana said the landowners will meet with company officials again next week.

Call to shut down Ramu mine

August 29, 2019, The National

ENVIRONMENT, Conservation and Climate Change Minister Geoffrey Kama has supported Raicoast MP Peter Sapia's call to shut down the Chinese-operated Ramu NiCo mine in Madang. Kama made the comments after Sapia demanded that the mine be closed after mine tailings spilled into Basamuk Bay in Raicoast, polluting the environment around the refinery. "I'm scheduled to go there next Monday and if I see the situation is devastated I will close the mine," Kama said. "We need to see the report first and then make a decision. "But the man who can shut down the mine is the chief mining inspector who is there now with his mining and environment staff." Kama said the issue was being assessed by the authorities. "Environment and mining officers are now at Basamuk," he said. "This thing happened last Saturday when tailings spilled into the river and ground and now the officers are there and they will give me a report."

Sapia demanded the closure of the mine as a result of the environmental damage done by the tailings spillage into the environment in Basamuk Bay. "Ramu nickel mine is now on the spotlight as an environmental disaster with the sea turning red and orange which has gone viral on social media," Sapia said. "According to the Ramu Nico environmental plan, the tailing wastes will be processed properly before being discharged into the sea and there will be zero spillage into the environment. "I have already engaged an independent mining expert to be on site to conduct an investigation which I will present next week." Sapia said that environment plans were presented to the Conservation and Environment Protection Authority before an environmental permit was granted to a mine to operate. "Ramu Nico has now breached the environmental permit and therefore cannot operate any more. "As the Raicoast MP, I demand the closure of the mine. "We must now go back to the negotiating table to decide the mine's future."

Ok Tedi generated K21bil since ops began

August 28, 2019. The National Business

OK Tedi Mining Ltd (OTML) has generated more than K21 billion for the people of Western and PNG since it started production in Aug 1984, according to its chief executive. In that time, it has produced five million tonnes of copper, 15 million ounces of gold and 33 million ounces of silver, OTML managing director and CEO Peter Graham said. Speaking at the company's 35th anniversary celebrations on Sunday, Graham mentioned the statistics while congratulating everyone who had been an integral part of its operation. "Last year, we celebrated 50 years since the resource was discovered at Mt Fubilan. This year, it's 35 years since we started production," he said. "That says something about how strong and resilient we are to keep on operating through 35 years and that was through some difficult times like the earthquakes, landslips and dry weather.

"Ok Tedi, on the world stage is a significant player. "It is recognised around the world as a significant mining operation." Graham acknowledged the company's strongest and longest stakeholders which were the customers, staff, contract partners, local community from the mine area and the riv-

er communities. He spoke about the recent visit by representatives of Ok Tedi's smelter customers who visited the operations two weeks ago. "In the past week or so, we've had visitors in town from our smelter customers in Japan, Korea and the Philippines," he said. "They've been our customers for 35 years and they came here to reinforce the relationship that Ok Tedi has with them. "That is unique anywhere in the world. "I would suggest, for a mining operation to have retained the same customers for 35 years, it speaks volumes about the nature and integrity of Ok Tedi. Today, we are a globally competitive producer and we are very proud of that.

"That is a result of our workforce efforts and our contract partners who work with us to make ourselves competitive as any other mine in the world." The anniversary was celebrated with a parade and float and a marching competition, followed by a song competition, speeches, traditional singing groups and a live band performance by the Gedix and Malahiffz bands from Madang. The indoor stadium was open to arts and crafts sellers, who came with a range of items from hand-made jewellery, paintings, pottery to carvings, baskets and bilums. Also on display was a media board showcasing the historical timeline of OTML from 1963 and looking beyond 2025. Posted up on display boards were images capturing the development and growth of the company's operations, people and community over the years since discovery of Mt Fubilan in 1963, where the Ok Tedi mine sits today.

Former South Fly MP charged

August 28, 2019, The National

FORMER South Fly MP Sali Subam was arraigned at the Waigani Committal Court for allegedly misappropriating K6 million in public funds. Subam, 64, of Garaita village in Morehead, South Fly, Western, appeared before Magistrate Ernest Wilmot. Subam was alleged to have been involved with others, including Kiriwina-Goodenough MP Douglas Tomuriesa and his wife Rachael, in misappropriating funds which were allocated for the renovation of health workers' homes in Western. Tomuriesa and his wife are facing similar charges. It was alleged that on Oct 14, 2011 the Finance Department raised a cheque for K6 million to South Fly for health workers' houses under the 2011 supplementary budget for rural health services.

On Nov 2 the same year, Subam called a joint district planning and budget priority committee (JDPBPC) meeting where resolutions were made, including the decision to change the purpose from building houses to promoting healthy living. Police believed the meeting took place after some earlier discussion between Subam and Tomuriesa, who is the director of a building and construction company Quick Span Building Systems Ltd. Subam, who was then the Sports Minister, wrote to Rural Development and Implementation Department and Central Supply and Tenders Board asking to tender the housing project.

His letters were contrary to the JDPBPC meeting decisions. Subam's liaison officer, a co-accused, allegedly claimed to be the technical evaluation committee chairman and allegedly provided false tender assessment reports recommending Quick Span to be awarded the contract and it was awarded on May 4, 2012. Subam and his liaison officer went to Daru and had the cheque processed by the district administration. In Feb 2013, the first shipment of 21,600 roofing iron sheets arrived at Morehead LLG in South Fly. It was alleged that that was the only shipment from the contract.

Anger over spillage from nickel plant into PNG's Basamuk Bay

The governor of Madang, Peter Yama, says a slurry spillage from the Ramu nickel mine is the worst environmental disaster in Papua New Guinea.

Radio New Zealand on 27 August 2019



Basamuk Bay Photo: Facebook/ Elisha Wesley Mizeu

This came after a spill into a creek turned the sea red which is a threat to marine life as well as local villagers. The *Post Courier* reported Mr Yama has called on the government to immediately close down the Chinese government-owned and operated Ramu nickel project because of its poor environmental record. He said the company is operating illegally anyway, because its mining agreement expired in April this year. Mr Yama also pointed out the company had had a 10-year tax holiday, made billions in profits and paid very little to his people. He said the only reward the company has given the people in the Basamuk Bay is the reckless spillage of highly toxic waste in the sea.

Mine pollution at Basamuk Bay... We warned about it 10 years ago

Scott Waide, My Land My Country, 25 August 2019



Ten years ago, a small group of Papua New Guineans made a decision to fight the construction of multibillion kina Chinese owned nickel mine in the Madang province. The reasons were simple:

1. Land was going to be taken away from its traditional custodians in Kurumbukari in the Usino-Bundi electorate and...
2. the sea, a vital resource for the people's survival, was going to be polluted by the dumping of tailings into the Basamuk Bay.

I cannot mention some of the names of those who were strongly opposed to this because I do not have their permission. But they remained dedicated and were determined to stop the destruction from happening years before I got involved in the campaign. It is one part of my life I never regretted. In 2011, in the course of the campaign, we produced one of several documentaries warning of the destruction that was about to happen. We hoped that in the process, people would be educated and would make the right decision and stop the dumping of tailings or the construction of the processing facility. While filming the documentary UPROOTED, we travelled to Kumumbukari, where old Benny Mangua, a chief in his own right and chief custodian of the land wept because he was going to lose his land forever.

Months earlier, he was told by the Chinese company workers that their village was going to be removed because it was going to become the mine site. They gave him K500 as a resettlement payment. Months later, his sons were evicted from their village by police. Benny Mangua, didn't survive long after that. He passed on, a broken man separated from his land. His family was told not to plant food on land that was later turned into a dumping area for the mine. His son Peter Peter continued to resist attempts by police and the company to remove him. One morning, armed police, acting in the interests of the Chinese mine management, broke down his house and forced him off his land.

He died about two years later. In Basamuk, on the coast, they built a nickel refinery. Landowners went to court to stop the company from dumping waste into the bay. Some were threatened. The court case was unsuccessful. Government officials peddled a narrative that the waste was "safe" and that it wouldn't affect the sea. During a presentation in Madang, we walked in uninvited and asked the Chinese developers what they meant when they said the "waste is safe." Their response was that the system they used was of international standard.



Members of landowner companies said the people wanted and needed development and that we were stopping their “progress.” In their ignorance, they listened to the line pushed by the Chinese developer that America was behind it and that we were supporting “an American (Western) agenda.” In the end, the court ruled in favor of the company. Today, people complain about the waste disposal in the once beautiful Basamuk Bay. The water is red from the waste disposal. Some of the older men who selfishly supported the mine and the refinery are dead. Their children are living with the destruction they allowed.

International Environmentalist to Conduct Assessment on PNG’s Porgera Gold Mine Papua New Guinea Today, August 22, 2019

Papua New Guinea will engage an International Environmentalist to assess environmental damages done to local communities around the Porgera mine site in the Enga Province. Grievances on environmental damage is one of the many issues raised by landowners. Papua New Guinea Mining Minister Johnson Tuke said they will take on board an accredited Environmentalist to study the impact of damage. Minister Tuke said this is one of the serious legacies that must be seriously looked into as the damage has affected many communities. Early this month, Barrick Gold Corporation President and Chief Executive Mark Bristow said K800, 000, for compensation for environmental damage was paid to a landowner group but stuck because of disputes between members of the same clan. Mineral Resources Authority Managing Director Jerry Garry said the issue and others must be addressed and not dragged into the new life of the mine.

Firm urged to produce results

August 23, 2019, The National Business

MINING Minister Johnson Tuke, pictured, has urged the Mineral Resources Lihir Capital (MRLC) Ltd board and management to produce results and make a difference for their people. Tuke, during his address to the board yesterday, said MRLC was doing exceptionally well and had an important role to manage the resources for the people. “It’s a wonderful thing that you have exited from Mineral Resources Development Company and you can make your own decisions,” he said. “With the inception of national group subscribing to your board and advising you this, you will go a long way. “You are here in the board for a reason, not by chance or by opportunity.

“You are here to make a difference for the people. “You are managing a resource that is extractive and it has a time limit to it. At one time or another resource you are getting your returns will be depleted. Once it is depleted, you will be left high and dry,” he said. Tuke said MRLCL was a partner in the development process for Papua New Guinea. “You are an equal partner as important as anybody else, like the international partners and donors. Tuke said the board needed to maximise its funds to the people which was a big responsibility. “If you want to hold custody over this position for a long it will mean how much you do for the people,” he said.

Minister confident to endorse Mining Act

August 23, 2019, The National Business

MINING Minister Johnson Tuke is confident he will endorse the Mining Act this year. Tuke, who was the special guest at the Mineral Resources Lihir Capital Ltd board meeting yesterday, said Prime Minister James Marape’s catch cry to “Take Back PNG” meant to strengthen State institutions. “We need policy interventions,” Tuke said. “I’m adamant, no one will stop me, it is far too

long. Forty years of operating mining in PNG is enough. “The investors bring in their money and want to get a good healthy slice cake and return so as us, we are the owners of the resources.”

He said Papua New Guineans needed to be smarter in the management of their resources. Tuke said Lihir gold mine benefits had transformed the livelihood of the people. He said the good developments on Lihir and the successes of that project needed to be mirrored in other project areas around the country. Tuke acknowledged the work of MRLCL saying that he would assist in his capacity as minister. “I will standby you and support as long as it matters with the people. “I’m here to serve the people and to listen to everybody,” Tuke said.

Telefomin prioritises road in its five-year development plan

August 23, 2019 The National

TELEFOMIN in West Sepik has prioritised road in its five-year development plan launched yesterday. National Planning and Monitoring Minister Richard Maru told those gathered at the Telefomin station that development plans for every district and provinces should synchronise with the Government’s medium development plan three. Maru said it was vital for the Telefomin to prioritise roads for the next five years as the way to open up access for the people. He said the Tabubil-Telefomin road was important to the Government because it would connect the coast in Vanimo. He said as part of the Government’s plan to open up access and connect people, there were plans to build the road from Telefomin to Vanimo.

He said Vanimo was marked to be the economic hub of the region with plans to open up free trade with Indonesia. Maru said he had written to the management of Ok Tedi mine to use part of the tax credit funds to start construction from Telefomin to Tabubil. He said he also advised Ok Tedi and Frieda River gold mine to start a technical school in Ambunti to prepare its workforce for the project. Maru said people from the two Sepik provinces should be ready to supply local workforce to the mine when it starts construction with the special mine lease application now before Mineral Resource Authority. Maru said the mine was the future of the people and without developments, like Frieda, “there will be not happy and smiling people our visions 2050 envisions”.

Firm signs deal to increase LNG contracted volumes

By DALE LUMA, August 22, 2019, The National Business

OIL Search Ltd signed mid-term liquefied natural gas contracts recently to take the total contracted volumes for PNG LNG up to 7.9 million tonnes, says managing director Peter Botten. “They consider the move as a smart thing to do in the current market and this will leave only minor volumes exposed to LNG spots,” he said. “The 7.9 million tonnes represents approximately 90 per cent of the project’s LNG production output. “In April, the PNG LNG Project contracted the final mid-term tranche of LNG volumes with Unipac Singapore Pte Ltd. “The contract ensures a commitment to supply approximately 0.45 million tonnes per annum of LNG over a four-year period. “Supply commenced in April this year, with two LNG cargoes delivered to Unipac during the second quarter.

“The PNG LNG gas agreements were signed in April and other key commercial agreements may progress right through the first half of the year. “PNG LNG undertook some significant schedule maintenance in the first half of the year and we anticipate a strong second half from the project. “We also had a successful appraisal up at Muruk two which tested very good reservoir quality sands that proves that Muruk two is in continuity with Muruk one. “That will have ramifications on resource based announcements later this year and early next year. “The Papua LNG has also dominat-

ed our discussions and interest over the last three or four months. “We are effectively all ready to align our joint ventures, align the interest of the various commercial entities. ‘We are all ready to go when the Papua LNG and P’nyang gas agreements are confirmed and finalised by the PNG Government.”

Discussions on LNG project continuing

By HELEN TARAWA, August 22, 2019, The National

PRIME Minister James Marape says discussions are continuing over the Papua LNG Project between the developer and the Government. He said the Government was trying to establish whether the agreement signed with developer Total was consistent with the law. “Conversation are still going on, our Government, since we’ve come on board, one of the issues we are trying to establish and ascertain exactly is whether the agreement signed was congruent to the laws of the land,” the prime minister said. “I’m the last one to break the laws of my land. I expect every corporate citizen and every public servant and the public to comply with the laws. “We’ve taken time, we respect that this is serious investment and our nation is not in the business of chasing away investors.

“But at the same context we must also respect the laws we have in our country.” Marape said Petroleum Minister Kerenga Kua based on cabinet decisions had gone for a meeting in Singapore. “Minister Kua based on the decisions we reached, has taken the decision to Singapore for the meeting. “He has met the developers, he has come back and is yet to brief the cabinet. “Total’s senior executives are coming back again to meet us and we will have those conversations.” Marape said it was his business to ensure that the country’s entitlements were secured by law. “My business is to ensure that PNG’s entitlement by law in as far as benefit is concerned is secured. “Those reconciliations will go on and while I know it’s quite stressful to our international business partners, I’m not in a place to be forced into making hasty decisions. “The decisions I make today has consequential effect for the eight million people if not now then into the future.

Papua LNG Talks In ‘Mexican Standoff’ As Govt Seeks New Gas Deal

Post Courier, August 21, 2019

The Papua LNG negotiations in Singapore have broken down into a ‘mexican standoff’ between two major oil conglomerates and the PNG government. Talks centred on the Papua LNG agreement, signed early this year between developer Total of France and the PNG government. Hopes were high, there was an air of anticipation. But over the weekend in Singapore, the talks in Asia’s scenic garden city state never eventuated. Instead, details are all being hushed up although there is really nothing to hide as each camp retreated their home countries. The PNG government delegation led by Petroleum Minister Kerenga Kua returned quietly, empty handed and in low spirits. The government is seeking to re-adjust the agreement, which seeks, among others, more for landowners. Total executives have shied away from an official comment as they told the paper the statement will have to be sent back to France for approval from the hierarchy which will take a week.

ExxonMobil and Oil Search Limited, the other big two in Papua New Guinea remained zipped. But insiders from Singapore say that the big French oiler Total and powerful US ‘conglomerate’ ExxonMobil refused to back down from demands already made public by the PNG government. The oil and gas giants remain adamant that PNG government to respect the gas agreement signed this year. The insiders said that there was more at stake if the agreement was aborted and so much money already wasted. They also told the Post-Courier from Singapore that whatever the outcome, the players were ready to take the matter to court. “The PNG government must respect the agree-

ment that was signed and there's so much at stake if they sue the State and ask for all the monies to be reimbursed? I mean you not looking at millions, you looking at billions."

Gulf the deal is aborted. Of course the company stands to lose but the biggest losers will be the State," the insider said. "The players spent billions of US dollars to get to where they are right now. "What Governor Chris Haiveta, who is leaning towards the developers, is in Australia for the investment conference in Sydney. He is also not talking to the media yet. Mr Kua is back in Moresby, his return, quiet and unheralded. He said late last week before heading to Singapore that the deal for the Papua LNG project could be modified if a government review found its terms unfavorable. But early this week, he cautioned that considering what was at stake, the people's expectations must be guarded during this period. "The negotiations could work out well or even disastrously, but either way, the people must be ready to accept whatever outcome." Yesterday the PNG government was contacted but the paper was advised an official statement will be released by before end of the week.

Oil Search records K550mil profit

August 21, 2019, The National Business

OIL Search Ltd (OSL) has recorded a US\$162 million (K550 mil) net profit after tax in the first half of this year, a 105 per cent increase from the same time last year, says managing director Peter Botten. Botten announced yesterday that the strong results were due to the company not having disruptions compared to last year resulting in good productions from the PNG LNG (liquefied natural gas) project. "Our net profit after tax is US\$162 million which is up by approximately 100 per cent compared to the first half of last year with a dividend per share of five US cents," he said. "You can term the first half results as solid with a total production of 14.1 million barrels of oil equivalent which was 38 per cent higher than the first half of 2018 which was 10.24 million barrels. "We recognise that the first half of last year was impacted by the tragic earthquake that took place in the Highlands in Feb 2018," he said,

"We obviously had a relatively disruption free first half and that resulted in a solid production base of 38 per cent higher than last year. "PNG LNG produced an annualised rate of 8.6 million tonnes per annum that was impacted a little by planned down time in the first half. "We expect a strong second half for rented reasons with no planned down time during that period of time. "Our total liquidity remains sufficient at US\$1.43 billion (K4.85b) to support our growth opportunities in PNG and in Alaska." Botten said the total revenue from the first six months which ended on June 30 was US\$777 million (K2.638bil) which was a 39 per cent change from last year which was US\$556 million (K1.887bil). The oil company also recorded a total operating cash flow cost of US\$419 million compared to last year which was US\$244 million (K760.6mil).

Mine to carry on operation

August 21, 2019, The National

PORGERA gold mine in Enga will continue to operate until a determination is made by the State, Mining Minister Johnson Tuke says. While providing an update on the mine's extension application and negotiations for the mining development contract and memorandum of agreements (MOA) yesterday, Tuke said consultations with all parties concerned was necessary before a determination was made. A state negotiation team was appointed by the National Executive Council on April 10 to renegotiate the Mining Development Contract. Tuke noted that some legacy issues had to be reviewed by the team in the process. Some of these issues include environmental damages, relocation and re-

settlement of landowners among others.

“We all know the licence has expired on Aug 16,” he said. “Porgera (licence) has extended in time in relation to production, that doesn’t guarantee that we have given (them) a licence. “There is no ceiling time under our Mining Act that will stop them (Porgera) from operation until the state determines,” Tuke said. “It is my duty as minister to make sure I move it fast and make sure all due diligence are done properly.” Mineral Resources Authority managing director Jerry Garry said: “The application (extension) was lodged in July 2017 that application had gone through the process of assessment, there are many other stages has to be complete before a determination is made.”

Oil Search on tenterhooks over Total’s Papua New Guinea gas deal

Sonali Paul, Reuters, August 20, 2019

Oil Search warned on Tuesday that costs for a \$13 billion plan to double gas exports from Papua New Guinea could rise if talks on a gas agreement between the government and Total SA drag on beyond next week. Australia-listed Oil Search is a partner in Total’s Papua LNG project and Exxon Mobil Corp’s PNG LNG project, which together aim to double LNG exports from the impoverished Pacific nation to around 16 million tonnes a year. PNG’s new petroleum minister, Kerenga Kua, last week suddenly set out to renegotiate a gas deal with Total, which the company had signed in April with the previous government. Neither side has commented on the talks held last week in Singapore.

Oil Search Managing Director Peter Botten said on Tuesday further talks are planned this week and next week, with the aim of reaching an agreement by the end of August. “It’s a dynamic environment at the moment,” said Botten, who was in Singapore during the talks, adding that he had been fully briefed on them. He declined to comment on what issues have yet to be resolved or say how confident he was a deal would be done by the end of next week. “I’m not going to put odds on it,” Botten told Reuters in an interview. “We’re doing whatever we can to work with whoever we can to try and get this resolved as quickly as possible. Time is running out though.” Botten has led Oil Search, PNG’s biggest company, for 26 years and has faced delays on projects before, but said the current uncertainty was rare in a country that has had a “very stable fiscal regime” for many years. “It’s unusual that this is happening at such a critical time in the project.”

The Papua LNG project had already lined up bids from contractors to do preliminary engineering and design work, but those are due to expire in September, he said. The companies risk having to pull together new bids if the existing bids fall over, and could face higher costs. “It would be done in a market that probably would have a higher level of expenditure as the capacity in the market gets soaked up by new projects in other parts of the world,” Botten said. Oil Search on Tuesday reported its half-year profit more than doubled to \$161.9 million for the six months ended June 30 from a year earlier, just ahead of a consensus estimate of \$160 million, on strong output from the PNG LNG project and higher oil-linked LNG prices. The result last year was hurt by a shut down of PNG LNG following a major earthquake.

Police called in to calm angry LOs

August 20, 2019, The National National

THE Gobe Leadership Committee meeting held in Port Moresby yesterday was almost marred by violence by disgruntled groups but police presence allowed peaceful proceedings. A group of landowners supporting former chairman Philip Kende and other clans not included in the Gobe Leadership Committee (GLC) attempted to stop the new team led by chairman Mathew Sisimolu from

conducting the first GLC meeting after Kende was ousted. While there were disagreements between different factions, the majority of the landowners from Semberigi, Erave, in Southern Highlands and, Kiam, in Gulf, supported the move to change leadership of the landowner organisation that they claimed had been ineffective for more than 20 years.

To defuse tensions, members of the police mobile squad two from Port Moresby was called in to provide security. The meeting was conducted following a letter dated Aug 9, 2019, from the Petroleum Department to Minerals Resources Development Company board as the trustee shareholder of Petroleum Resource Gobe (PRG) recognising the election of Sisimolu as chairman of GLC on Aug 3. Following the receipt of the letter, and as per clause 3.10 (a) of the (Gobe memorandum of agreement), the chairman of GLC automatically sits on the board of Petroleum Resources Gobe (PRG) Ltd, which now creates a vacancy on the chairmanship of PRG board and the current landowner directors.

PNG puts Barrick, Zijin on notice over Porgera gold mine negotiations

Jonathan Barrett and Mell Chun, Reuters, August 19, 2019

Papua New Guinea plans to take a larger share of the Porgera gold mine as part of lease-renewal talks, diluting the ownership of joint venture partners Barrick Gold Corp and Zijin Mining Group, the country's commerce minister told Reuters on Monday. The planned changes are part of a push by the South Pacific archipelago to transform its economy under new government leadership amid a perceived lack of benefits flowing from resources projects back to communities. Porgera, located in PNG's northern highlands region, is expected to produce 240,000 to 260,000 ounces of gold this year. Barrick and Zijin each own 47.5% of the mine, with the remaining 5% held by landowner group, Mineral Resources Enga. PNG's Minister for Commerce and Industry, Wera Mori, said a portion of Barrick and Zijin's stakes would be given to the national and provincial governments and to landowners. "We would like to see the mine to continue, but this time to be structured in such a way with a lot more national interest in it," Mori told Reuters in an interview in Sydney.

The final figure to be held by Barrick and Zijin would be determined during on-going negotiations over a requested 20-year extension to the lease, he said. "It will decrease correspondingly, like if the state picks up say 30% or 40%," said Mori. Barrick and Zijin were not immediately available for comment. In early August, Barrick Chief Executive Mark Bristow said in a statement that there needed to be a "partnership approach" over the future of the mine. The Porgera lease recently expired, although the operators are allowed to keep producing during lease-renewal negotiations. Papua New Guinea land-owners have raised concerns over what they say are negative social, environmental and economic impacts from the mine. Negotiations with the project operators have been complicated by a split among the landowners.

GOLD RUSH

PNG was the world's 14th largest gold producer in 2018, according to the World Gold Council. Mori, who was standing in for PNG's new prime minister, James Marape, at an investor forum in Sydney, said the resources-rich nation was developing policies to keep more of the commodities it produces to improve its economy. "We are in the process of developing the framework to retain at least 30% of our gold that we export every year," Mori told the forum early on Monday. Proposed changes to the country's mining laws are expected to be presented to PNG's parliament in the coming weeks, capturing all new projects. Mori said that PNG would also consider pegging its currency, the kina, to gold, rather than the U.S. dollar. PNG's central bank currently fixes its currency to a narrow U.S. dollar band, propping up the kina's value while creating a shortage of dollars available in the Pacific nation.

Marape, the former finance minister who became PNG's new leader in May after winning a vote in parliament, has put some of the world's biggest resources companies on notice over how profits are shared from the country's resource riches. He said he wanted to turn PNG into the "richest black nation" on earth over the next decade. This includes sending a team to renegotiate its Papua LNG agreement with French oil major Total SA. Gereia Aopi, PNG country director at Papua LNG partner Oil Search, told the forum that the sector required certainty. "I think the industries both in oil and gas and mining have indicated that we don't object to the changes that are going to take place as long as there's proper consultation," Aopi said. The Total-led Papua LNG, which also includes Exxon Mobil Corp, is part of a \$13 billion project set to double the country's exports of LNG.

PNG aims to retain 30% of exported gold, may change currency pegs

Jonathan Barrett, Reuters, 19 August 2019



Papua New Guinea wants to retain at least 30% of the gold it currently exports as it transforms its economy under a new government leadership, the country's commerce minister said on Monday. PNG was the world's 14th largest gold producer in 2018, according to the World Gold Council. Its assets include the Porgera gold mine, majority controlled by a joint venture between Barrick Gold Corp and Zijin Mining Group, which has a lease currently up for renewal. PNG's Minister for Commerce and Industry Wera Mori told an investor forum in Sydney that the resources-rich nation was developing policies to keep more of the commodities it produces in the country to improve its economy.

"We are in the process of developing the framework to retain at least 30% of our gold that we export every year," Mori told an investment forum in Sydney. Mori said that PNG would also consider pegging its currency, the kina, to gold, rather than the U.S. dollar. PNG's central bank currently fixes its currency to a narrow U.S. dollar band, propping up the kina's value while creating a shortage of dollars available in the Pacific nation. James Marape, the former finance minister who became PNG's new leader in May after winning a vote in parliament, has put some of the world's biggest resources companies on notice over a perceived lack of wealth flowing from their projects back to communities. This includes sending a team to renegotiate its Papua LNG agreement with French oil major Total SA.

Newcrest reports K1.9bil profit

August 19, 2019, The National Business

THE Lihir gold mine operator Newcrest has reported a statutory profit and an underlying profit of US\$561 million (K1.9 billion) for the year ending June 30. According to the results released by the

company on Friday, this was 178 per cent, 22 per cent higher than the prior period, from gold production of 2.49 mil ounces (70.59 metric tons). It stated that Newcrest's Cadia mine in Australia, contributed US\$965m (K3.2 billion), or over 64 per cent of the group's cash flow from operating activities, with Lihir mine contributing around 20 per cent. The Lihir gold mine, which is one of the largest known gold deposits in the world, contributes to the country's economy in multiple ways, including through taxes and royalties, employment, investment in infrastructure and services, and purchasing goods and services from local suppliers. It also noted that more than K7.2bil had been spent on capital investment since the company's acquisition of Lihir in 2010.

Kainantu gold mine increases production

August 19, 2019, The National Business

THE Kainantu gold mine continues to produce high grades and increasing rates of material movements, vice-president for business development and investor relations David Medilek says. Following the announcement early this year to double its production from 200,000 ounces (5.669 metric tons) to 400,000 ounces (11.339 tons) per annum by 2020, Medilek said production and costs were tracking better than the company's original projection for 2019. "As a result, in the second quarter financial results released on Thursday, Kainantu mine increased 2019 production guidance from 72,000 ounces (2.04 tons) to 80,000 ounces (2.26 tons) of gold equivalent – from 68,000 ounces (1.92 tons) to 75,000 ounces (2.12 tons) – and 2019 cost guidance improved to US\$780 (K2,648) – US\$820 (K2,784) per ounce gold all-in sustaining costs from US\$720 (K2,444) – US\$760 (K2,580) per ounce."

He said from the second quarter financial results, the mine continued to produce gold at a profit and with a major focus on socially responsible mining. "K92 (Kainantu) has one of the best safety records in the entire Australasia region, with over three years without a lost time injury," he said. "Additionally, K92 is committed to the people of PNG and the local communities, employing over 700 people, of which over 95 per cent are from Papua New Guinea." The company also has long-term social and economic development initiatives, including (but not limited to):

- Joint venture agreements between landowner groups and service providers to provide long term supply of services, including transport, security, ancillary mobile plant and catering and camp services;
- scholarship to support children of landowners for studies at tertiary institutions, with 11 scholarships provided last year and 50 this year; and,
- infrastructure and services development programmes.

Medilek said told The National last Friday that the company was committed to also expand its operations in Kainantu, Eastern Highlands, which was currently underway and also explored new areas via reinvesting profits from the mine. "Exploration activities have considerably increased, with six drill rigs now operating versus the two rigs operating last year." Medilek reiterated that they were committed to the development and prosperity of the people of the locals through responsible mining.

Locals apologise to firm

August 19, 2019, The National

A PEACE and reconciliation ceremony between ExxonMobil and landowners of Angore PDL 8 in Hela was held on Thursday at Hidawi in the Haiyapuka local level government (LLG) of Tari-Pori after disgruntled villages burnt ExxonMobil equipment last year. The ceremony was organised by

Mineral Resource Development Company in consultation with the Department of Petroleum for the people and leaders of Angore and ExxonMobil. The ceremony was done in the traditional Huli way of facilitating peace and reconciliation by offering pigs. Males Au, landowner representative from Angore, apologised to ExxonMobil on behalf of the people and called on the company to resume operations in Angore. Au said the people would take ownership of the province and support ExxonMobil to continue work in the project area as they would not repeat what they did last year. He said the people of Hidawi had asked for peace in the community.

“We want peace in Angore and we are here to make peace with ExxonMobil,” he said. “I want to apologise to ExxonMobil for the destruction caused to the properties of ExxonMobil and their contracting companies.” Several pigs and presents were handed to ExxonMobil by the locals. Hela administrator William Bando said the issue surfaced because it was a unitised project. He said the provincial government would release some funds for clan vetting to be completed so landowners were identified. The ceremony was witnessed by Chief Magistrate Mark Pupaka, Bando, Defence secretary John Akipe, secretary for Petroleum Lohial Nuau and representatives from ExxonMobil, Oil Search, MRDC and Kumul Petroleum Holding Ltd. Landowner leaders included Larry Andagali, the managing director of Trans Wonderland and Libe Parindali managing director of Hides Gas Development.

\$14bn PNG LNG expansion hangs by a thread

Esmarile annucci, Mining Weekly, 15 August 2019



The share price of ASX-listed Oil Search stumbled on Thursday after the government of Papua New Guinea (PNG) sent a delegation to Singapore seeking to renegotiate the terms of the PNG liquefied natural gas (LNG) agreement, signed in April this year. Minister for Petroleum Kerenga Kua said on Thursday that the agreement was signed by the previous PNG government, in a period when "serious moves" were being made to remove and replace said government. He added that the new government took office in May with a firm view that the PNG gas agreement was disadvantageous to the state, and was seeking to renegotiate the deal. Kua warned that the negotiations could work out "disastrously" but said that the people of PNG had to be ready to accept the outcome. The efforts to renegotiate the PNG LNG agreement come despite the PNG government's earlier assurances that it would, in principle, stand behind the signed agreements in the best interest of the State.

At the time, however, the government reserved the right to discuss "a shortlist of matters" with the project proponents. Oil Search MD Peter Botten on Thursday said that the company was looking

forward to gaining further clarity on the PNG government's position regarding the agreement, which was inked in April this year, and the ways forward for the project. The April agreement between the PNG government, Oil Search and ExxonMobil, and operator Total SA defined the fiscal framework for the PNG LNG project, and included a domestic market obligation, a deferred payment mechanism for the State's payment of past costs, and a national content clause to support local workforce development and the involvement of local businesses. The agreement gave the project proponents the confidence to start the initial work on a \$14-billion plan to double the expansion of LNG in PNG to around 16-million tonnes a year. The expansion plans include three new 2.7-million-tonne-a-year trains at the PNG LNG project, two of which will be operated by Total on its own acreage, while the third will be operated by ExxonMobil and fed from its existing and new gas-field P'nyang. A final investment decision on the expansion is targeted for 2020.

Official: LNG helps recovering economy but future not clear

August 15, 2019, The National

PAPUA New Guinea's economy is recovering but still faces an unclear future due to uncertainties mainly to do with the performance of the extractive sector, says World Bank senior country economist Ilyas Sarsenov. Sarsenov said this while presenting World Bank's PNG economic update report during the Port Moresby Chamber of Commerce and Industry business breakfast this week. He said the concentration in the mining, oil and gas industry increased and had a big impact on the economic outlook of the country. "All in all, you can see that the fragility and volatility of the economy comes mainly from the extractive sector," he said. "Almost all of the export is resourced based and the extractive sector is over 80 per cent of the total exports. "If for some reason, the demand for LNG (liquefied natural gas) and other minerals declines and prices collapse, that will have an impact on the extractive sector that will spill to impact the economy.

"Natural disasters are another potential threat and if another one like the devastating earthquake in the Highlands hits again, that will also greatly impact the economy. "Although the economy is recovering and the outlook remains positive, there are still certain fragilities that we (World Bank) have identified due to rising economic uncertainties. "These uncertainties pose a potential risk to PNG's economic outlook and they comprise of domestic factors due to the micro-economic, domestic and political policies. "There are also external factors such as the recent escalation of the trade tension between super powers such as the United States and China." Sarsenov added that trade tensions had caused a loss of confidence in the global business community and investors.

Marape Backs Moratorium, Leans Towards Ban On Experimental Seabed Mining

Matthew Vari, Post Courier, August 15, 2019

Prime Minister James Marape has indicated he will support a proposed regional moratorium on seabed mining, however, could not go as far as to say a ban outright would be needed. In an interview with the Post-Courier at the opening ceremony of the Pacific Islands Forum on Tuesday, Mr Marape responded when asked in relation to Fiji's stance on the matter, that he would support the move, making specific reference to what he described the Nautilus Solwara 1 project as "a total failure". During Fiji Prime Minister Frank Bainimarama's opening remarks at the Sautalaga climate update meet on Monday, he informed leaders present of Fiji introducing its own climate change act, of which the country will push an ambitious proposal for both its national and a regional moratorium on seabed mining. "I ask you all to join in this ambitious venture and also support a 10 year moratorium on seabed mining from 2020 to 2030 which would allow for a decade of proper scientific research of our economic zone and territorial waters," Mr Bainimarama said. Sentiments supported by

James Marape regarding the proven viability of deep sea mining, which he said is not yet a proven concept. “As a nation we have lost over K300 million in a concept of deep sea mining.



“Until that deep sea mining technology is environmentally sound and takes care of our environment at the same time we mine it, then at this point in time, I support the call made by the Fijian Prime Minister, we just need to have the best technology available,” Mr Marape sternly said. When asked if it could go as far as supporting a ban, the Prime Minister left this option out adding just as the moratorium aims to prove the viability- that process will prove “on a case by case basis going into the future”. “If there is an opportunity for deep sea mining, so long as environmentally it is friendly and the harvest of resource is done in a sustainable manner then we can give considerations to this, but right now it is a show. “We don’t have the luxury of that informed decisional research. “This is because that technology is not proven anywhere and PNG we burnt almost K300 million in that Nautilus (Solwara) 1 project on a concept that someone told us it can work, but it is a concept that is a total failure as I speak,” the PM said. Apart from 15 per cent state investment in the project, Kumul Mineral Holdings is also seeking redress for the unearned revenue to the tune of US\$51 million (K173m).

Papua New Guinea sends team to Singapore to renegotiate Total LNG deal

Sonali Paul, Reuters, 15 August 2019

Papua New Guinea has sent a team to Singapore to renegotiate its Papua LNG agreement French oil major Total SA, the nation’s petroleum minister said in a statement on Thursday, warning the talks could end “disastrously” for the gas project. The strong language from minister Kerenga Kua marked an about-turn from a statement 10 days earlier, when he announced the new government would stand by the gas deal agreed by the previous government with Total in April, with some minor changes. The state negotiating team, which includes Kua, left on Thursday for Singapore and will return early next week, the minister said in a statement released by his office. “The negotiations could work out well or even disastrously,” he said. Papua LNG, a joint venture between Total, Exxon Mobil Corp and Australia’s Oil Search Ltd, is part of a \$13 billion plan set to double the country’s exports of liquefied natural gas (LNG). The Papua LNG gas agreement, key to the project going ahead, came under review when Prime Minister James Marape came to power in May promising to reap more benefits for the impoverished nation from its huge oil, gas and mineral resources. “Success in the discussions could lead to an early progress of the project. By the same token failure could have very serious ramifications,” Kua said.

“This is a risk we take as we try to move in the direction of taking PNG back and making it wealthy.” Total declined to comment ahead of the talks, but its Chief Executive Patrick Pouyanne said on July 25 that he expected the government to respect the gas agreement. Oil Search said on Thursday it looked forward to “further clarity on the state’s position” on the agreement and ways to advance the project. The government has said it wants to sort out Papua LNG before resuming talks on another gas deal, governing the Exxon-led P’nyang field, which will also feed the \$13 billion expansion of LNG exports. Oil Search is a partner in both Papua LNG and P’nyang. The renewed uncertainty around the status of the Papua LNG agreement and potential for further delays on the P’nyang deal knocked Oil Search’s shares down 6.7% on Thursday. “We remain of the view that we can’t rule out a tougher approach to the Papua gas agreement being taken by the new government, which would present risk of material delay,” Credit Suisse analyst Saul Kavonic said in a note. Analysts have warned that delays on sealing the agreements and any changes to terms could see the gas projects put on the backburner as Total and Exxon may then look to pursue other LNG projects elsewhere in their global portfolios. Exxon Mobil in PNG was not immediately available for comment.

Canadian miner in PNG to be liquidated following restructure

A Canadian company that planned to mine Papua New Guinea's sea floor will be liquidated after approving a restructure. Radio New Zealand, 14 August 2019



Collecting machine. Photo: Nautilus Minerals

Amid intense criticism of its plans by environmentalists, Nautilus Minerals has struggled to get its project in the Bismarck Sea off the ground. On Monday, creditors voted unanimously to move all assets and debt to a company called Deep Sea Finance. If approved by the Supreme Court of British Columbia, Nautilus will be liquidated following the vote. In recent months, the company had been delisted from a stock exchange, put its assets up for sale, taken out millions in loans and obtained court protection from its creditors.

Following Monday's vote, Jonathan Mesulam, a Solomon Islands community leader and campaigner with environmental group the Alliance of Solwara Warriors, said opponents of the company would "re-double our efforts to ensure that the new Nautilus will never operate at Solwara 1." PNG's government had a 15 percent stake in Nautilus and Mining Minister Johnson Tuke has said it might seek financial compensation against the company.

PNG mines minister shot at in Port Moresby

Radio New Zealand, 14 August 2019

Papua New Guinea's Minister for Mining Johnson Tuke has revealed he was shot at last week in Port Moresby. The *Post Courier* reports that the incident occurred after a National Executive Council meeting in the PNG capital, and that the MP narrowly missed being hit. Mr Tuke said he was driving to his office, turning off a main road around Two-Mile Hill, when a group of four men suddenly turned on him.



PNG minister of mines Johnson Tuke. Photo: PNG Post Courier

He said that as he quickly reversed, one of the men shot at him, with the bullet smashing through his vehicle's front headlight, before he sped away. According to the minister, two of the men had factory-made guns and the other two had bush-knives. Mr Tuke said he was unable to state whether the shooting was politically motivated or whether it was just a random shooting. But he has called on the government to take action to boost law and order mechanisms to counter criminality in the capital. He also asked for his office and staff to be re-located, explaining that his officers have experienced such attacks before in this location.

Fiji calls for sea-bed mining moratorium as Nautilus restructures

Nic Maclellan, Islands Business, August 13, 2019

Fiji Prime Minister Voreqe Bainimarama has again called for a 10-year moratorium on sea-bed mining, at a time that many Pacific island nations are preparing for new frontiers of resource exploitation in the marine environment. Speaking in Tuvalu this week before the 50th Pacific Islands Forum, Prime Minister Bainimarama called on fellow Forum island states to “support a 10-year moratorium on seabed mining from 2020 to 2030, which would allow for a decade of proper scientific research of our economic zones and territorial waters.” There is growing pressure from French, Canadian and US corporations to advance the deep-sea mining (DSM) agenda, as well as interest from the China Ocean Mineral Resources Research and Development Association. Just as energy corporations are looking towards deep-sea oil and gas reserves, companies are developing technology to exploit mineral ore deposits found on the ocean floor, including cobalt crusts, seafloor massive sulphides and ferromanganese nodules.

Fiji’s call for a moratorium comes as community groups across the region are campaigning against potential environmental hazards of deep-sea mining, especially to ecologically sensitive hydrother-

mal vents. A report from the Guam-based Blue Ocean Law argues: “There is a general failure to incorporate sufficient environmental protections, as well as the norm of free, prior, and informed consent for indigenous peoples, who are most likely to be impacted by DSM. In the 21st century, and under well-established norms of international law, these omissions represent serious violations of international legal obligations.” Bainimarama’s call comes the same week as major restructuring of the Nautilus Minerals corporation, which has been planning to commence mining off the coast of Papua New Guinea, under a world-first licence issued by the PNG government.

Fiji and oceans policy

In recent years, Fiji has taken a leading role in ocean policy at the United Nations, working with other Forum island countries through the Pacific Small Island Developing States (PSIDS) group. In June 2017, Fiji and Sweden co-hosted the high-level UN Conference on the Oceans and Seas in New York. This conference issued a call for action, highlighting action on ocean acidification, plastics, and overfishing. UN Secretary General Antonio Guterres appointed former Fiji UN Ambassador Peter Thomson as the UN Special Envoy on the Ocean. This global campaigning is also translating into domestic legislation. Speaking in Tuvalu this week, Prime Minister Bainimarama said: “In addition to playing a leadership role in the global Ocean Pathway, we are also developing a National Oceans Policy, under which Fiji plans to move to a 100 per cent sustainable managed Exclusive Economic Zone, with 30 per cent of this being earmarked as a marine protected area by no later than 2030.” Under the Forum’s “Blue Pacific” agenda, island nations are seeking to draw the links between oceans and climate policy. Bainimarama noted that Fiji was working with the Republic of the Marshall Islands in the Pacific Blue Shipping Partnership to develop “a blended and innovative finance structure to support the decarbonisation of domestic marine transportation fleets and facilities in Fiji and across the region. This means replacing inter-island ships with more efficient hybrid ships, thereby reducing fuel costs and emissions.”

Pacific DSM initiatives

Under the provisions of the UN Convention of the Law of the Sea (UNCLOS), many Forum island countries with large EEZs have been in discussions with transnational corporations to partner in deep sea exploration for maritime resources. Under UNCLOS and the authority of the International Seabed Authority (ISA), developing countries can also partner with overseas corporations to licence exploration in “The Area”, international waters that include vast arrays of minerals in Pacific Ocean areas such as the Clarion-Clipperton zone. Nauru has long been a champion of DSM – at last year’s Forum leaders’ meeting, Nauru President Baron Waqa hosted a side event with ISA Secretary General Michael Lodge and Samantha Smith, the former Head of Environment and Social Responsibility with the deep-sea mining corporation DeepGreen.

This new frontier has drawn in regional organisations, to address legal, technical and regulatory issues around DSM. Boundary limitation is a vital concern as Pacific nations seek to increase potential revenues from fisheries and seabed mining in their Exclusive Economic Zones (EEZs). From 2010-16, the European Union funded the Pacific Community (SPC) to develop model DSM legislation for Forum member states, with many civil society groups concerned this work was promoting rather than regulating DSM. The SPC Maritime Boundaries Division has also been engaged in technical work to clarify borders between independent island states as well as with colonial powers like France and the United States (for example, Vanuatu and France have been involved in a decades-long dispute over Matthew and Hunter islands).

There are tensions between the administering powers and territorial governments over the control of seabed minerals in the remaining colonies in the region. With an EEZ of nearly 5 million square kilometres, ocean-floor resources could be vitally important for the newest Forum member, French Polynesia. However, as the French government moved to amend French Polynesia’s autonomy statute earlier this year, France’s constitutional court ruled that rare earths can be classified as “strategic

metals”, which come under the control of the French State rather than the Government of French Polynesia. Independence leaders have long argued against the French State’s control of strategic metals, with former Senator for French Polynesia Richard Ariihau Tuheiava telling the UN Special Committee on Decolonisation in 2017: “We have continually emphasised the critical nature of the resource question as a core issue for our future development. Whether or not these resources are considered in Paris to be ‘strategic’ is irrelevant to the applicability of international legal decisions which place the ownership of natural resources with the people of the non-self-governing territories.”

Collapse of PNG initiative

Early initiatives to begin sea-bed mining in the Pacific have not come to fruition. This week’s setback to a major project in Papua New Guinea provides a salutary warning about the complexity and potential costs of DSM. Under a licence issued by the PNG government, Nautilus Minerals has long planned to mine seabed minerals beneath PNG’s Bismarck Sea. However, with widespread community resistance, falling share prices and the loss of a specialised support vessel, Nautilus constantly pushed out the date for commencement of mining. In February this year, Nautilus filed for court protection from its creditors under the Canadian Companies’ Creditors Arrangement Act (CCAA), and the Canadian-based company was later delisted from the Toronto Stock Exchange.

This week, major shareholders MB Holding and Metalloinvest have moved to take control of company assets at the expense of major creditors and smaller shareholders (The PNG Government holds 15 per cent equity in Nautilus’ PNG subsidiary and the Solwara 1 project through the company Eda Kopa). The looming collapse of the Solwara seabed mining initiative has been welcomed by civil society groups in Papua New Guinea, which have been campaigning against potential adverse impacts on ocean ecology. Jonathan Mesulam of PNG’s Alliance of Solwara Warriors stated: “We rejoiced when the company filed for protection from creditors in Canada. Our opposition and our court action have helped push it to that point. Communities across Papua New Guinea want to see the nightmare of deep-sea mining removed from PNG waters. We will re-double our efforts to ensure that the new Nautilus will never operate at Solwara 1.” Fiji’s call for a moratorium on DSM will be debated in the corridors at this week’s Pacific Islands Forum, but there’s a way to go before all Forum member countries are willing to delay action on the supposed ocean El Dorado.

Nautilus emerges, barely alive and impotent: just can’t get that deep sea mining project up

The PNG Government applied to the Canadian Court unsuccessfully to regain some of its failed investment Deep Sea Mining Campaign, 13 August 2019

In a court appointed meeting today in Canada the creditors of Nautilus Minerals voted to effectively liquidate the company. The two main shareholders – MB Holding and Metalloinvest – have taken control of a very much shrunken Nautilus at the expense of major creditors and hundreds of hopeful small shareholders. Nautilus, which has been seeking to start the Solwara 1 mine off the coast of Papua New Guinea, filed for court protection from its creditors under the Canadian Companies’ Creditors Arrangement Act (CCAA) in February 2019. With its court-appointed monitors, Price Waterhouse Cooper, Nautilus has given up trying to find possible buyers of its assets. Andy Whitmore of the Deep Sea Mining Campaign said, “This is effectively a ‘smash and grab’ raid by the two main shareholders. But the company is essentially worthless. Its equipment is tailored to the mining of deep sea hydrothermal vents which the world now agrees are too ecologically valuable to mine. Even other DSM companies such as DeepGreen suggest mining hydrothermal vents creates an unacceptably high level of environmental impact..”

In addition to this, Nautilus still faces an ever-widening community opposition over its Solwara 1 mine. Jonathan Mesulam of the [Alliance of Solwara Warriors](#) stated, “We rejoiced when the com-

pany filed for protection from creditors in Canada. Our opposition and our court action have helped push it to that point. Communities across Papua New Guinean (PNG) want to see the nightmare of deep sea mining removed from PNG waters. We will re-double our efforts to ensure that the new Nautilus will never operate at Solwara 1.” Andy Whitmore continued, “Under the deal minor creditors will be fully repaid, while major ones will get 10% of what they are owed. The biggest loser is the PNG Government which held 15% equity in Nautilus PNG and the Solwara 1 project. It has been left stranded with a debt equivalent to one third of its annual health budget for country of 9 million people.”

“The main shareholders through Deep Sea Mining Finance (DSMF) – the vehicle lending money to Nautilus – have swapped those debts for ownership of the company. While a cheap purchase, they end up owning very little. Nautilus is a company with still no capital or support vessel to realise its deep sea mining ambitions. Also, because Nautilus was delisted from the Toronto Stock Exchange as part of the insolvency proceedings, the new Nautilus will now be a private company, and not open to the same level of scrutiny.” The PNG Government through its company Eda Kopa applied to the Canadian Court unsuccessfully to regain some of its failed investment. Smaller shareholders are considering a class action against the new company.

Nautilus Minerals’ plans to mine the seafloor sink deeper

Cecilia Jamasmie, Mining.com, August 13, 2019

Struggling Nautilus Minerals, one of the world’s first companies to plan on mining the seafloor, will soon join a long list of companies that have failed at attempts to extract minerals in remote places, as its creditors have voted this week in favour of liquidating the company. The Canadian firm, which tried for years to fully develop its Solwara 1 gold, copper and silver project off the coast of Papua Guinea, faced relentless community opposition, culminating in legal action and public appeals to the government. Those issues, together with environmental concerns and the fact that the company lost its only production support vessel last year, eroded investors’ support, forcing Nautilus to delist from the Toronto Stock Stock Exchange in March. Since then, the Vancouver-based firm’s assets, including equipment, intellectual property and mining leases, have been put up for sale through PricewaterhouseCoopers.

In the process, Nautilus has left the Papua New Guinea government, which still owns a 15% stake in the Solwara I project as well as equipment, facing a debt equivalent to one-third of the country’s annual health budget for its nine million people. “The company is essentially worthless. Its equipment is tailored to the mining of deep sea hydrothermal vents which the world now agrees are too ecologically valuable to mine,” Deep Sea Mining Campaign’s (DSMC) Andy Whitmore, said in a statement. “Even other deep-sea mining companies such as DeepGreen suggest mining hydrothermal vents create an unacceptably high level of environmental impact,” Whitmore noted.

Unlike other seafloor mining companies, including Nautilus, DeepGreen doesn’t want to drill, blast or dig the bottom of the ocean. The explorer, also Canadian, plans instead to scoop up small metallic rocks located thousands of metres below the surface in the North Pacific Ocean. The deep sea, more than half the world’s surface, contains more cobalt, nickel, copper, manganese and rare earth metals than all land reserves combined, according to the US Geological Survey. Companies exploring or already developing projects to mine the seafloor argue the extraction of those deep-buried riches could help diversify the sources currently supplying metals needed for electronics and evolving green technologies, such as electric vehicles (EVs) and solar panels.

Not enough studies

Academics and scientists, including the DSMC — a group of non-profit organizations and citizens from the Pacific Islands, Australia, Canada and the US — are concerned by the lack of research on the possible impacts of high seas mining. They fear the activity could devastate fragile ecosystems that are slow to recover in the highly pressurized darkness of the deep sea, as well as having effects on the wider ocean environment. Last year, the European Parliament called for a ban on seabed mining until the environmental impacts and risks of disturbing unique deep-sea ecosystems are understood. In the resolution, it also urged the European Commission to persuade member states to stop sponsoring and subsidizing licenses to explore and exploit the seabed in international waters, as well as within their own territories.

Shortly after, an international team of researchers published a set of criteria to help the International Seabed Authority (ISA), a UN body made up of 168 countries, protect biodiversity from deep-sea mining activities. So far, it has granted 29 licences to governments and companies, authorizing them to explore in international waters. Nautilus, however, has been the only company to go beyond the exploration stage for what was supposed to be the first polymetallic seabed mine. More projects may be surfacing soon, as the ISA is expected to open up the high seas to mining.

Study reveals communities unaware of mining impacts

August 13, 2019, The National

THE Government needs to talk to local communities about the impact of the Frieda River Mine before going ahead with the project, a study has revealed. An awareness campaign carried out in Ambunti, East Sepik, by University of Papua New Guinea (UPNG) undergraduate students in river bank villages last year, revealed that there was misleading information. The students, who presented their findings during the 2019 PNG Update Forum last week, were final-year students Michael Ban (business management) and Adrian Taranu (tourism and hospitality); Dr Anna Joskin (mentor) associate dean research and post-graduate studies assisted the pair. The awareness informed the people that Frieda and Sepik rivers would encounter possible destruction of people's livelihoods if the Frieda River Mine begun operations. The awareness aimed to share ideas on potential areas that could be affected by mining activities; showed pictures of environmental damages of other mines to the villages and documented what villagers' response to the potential impacts of the Frieda River Mine on their livelihoods.

“Our aim was to educate the locals about the possible destruction that could happen if the proposed Frieda River Mine goes ahead,” Ban said. “Our study found out that the people were not aware of the disadvantages of the mine because the Mineral Resources Authority (MRA) had not informed them. “We, the students and educated elites, feel obliged to do what is best for our communities. “So we can't sit back and look at our people who will suffer if they do not understand the impacts of having a mine.” Ban said he was satisfied that through the need for further awareness and discussion on the mine, its operations had been deferred from April this year to 2028. “From our observations the communities are not in support of the mine,” he said. “They realise the mine will come and go but the destruction will be there and they will suffer from it.”

President Calls For A Fair Share Of Lihir Gold Mine Benefits

Post Courier, August 12, 2019

Newly elected president of Nimamar local level government (LLG) Stanley Tunut has called on the national government to allocate its share of service delivery funds owing over the years. Mr Tunut, a National Alliance party member unseated deputy governor and incumbent president Ambrose Si-

lul of the People's Progress Party (PPP). His election was witnessed by locals who gathered in numbers at the Tumbawinlam House last week Thursday. He said Lihir island has been deprived of government services despite having the third largest gold mine in the world. "Over the years, the people of Lihir have not felt the impact of the funds from the national government's service improvement programs directed to the provincial, district and the local level government," Mr Tunut said. But he said that the royalties worth millions paid into the Nimamar local level government have made no impact in the livelihood of the people.

"The first thing I will do is to overhaul how the budget of the Nimamar local level government will revolve to the people of Lihir with the royalties that is directed into the administration." He said the budget of the LLG will be well structured to benefit the people rather than the administration consuming the entire internal revenue. "I intend to make some changes in the administration the budget was delivered in past and make a fresh start," he said. "If you visit the entire island on the western and to the eastern tip, you will notice the run down state of infrastructures and road conditions. To get to the western tip of the island will only require four-wheel vehicles to manoeuvre through. School and health infrastructures are wearing to and drug supplies in the aid posts and clinics are inadequate," Mr Tunut said.

He said only a fraction of the population that reside within the perimeters of the mine site receive benefits from the mining company Newcrest Mine Limited. Mr Tunut said to look after the affairs of the people of Lihir, there has to be an audit made on the works of the previous administration in order to make a fresh start. "The people of Lihir do not want any political affiliation but want services to be delivered." He said the Nimamar local level government under his leadership will support and work alongside Namatanai member Walter Schnaubelt to deliver projects for his local level government. He urged all stakeholders, churches and the entire population including the landowners of Lihir Gold Mine to unite because the future of Lihir will depend entirely on them.

Overvalued kina blamed for lack of sustainable growth in PNG

Radio New Zealand on 12 August 2019

An economist has blamed an overvalued currency for holding Papua New Guinea back from sustainable economic growth. Stephen Howes, the Director of the Australian National University's Development Policy Centre, made the comment at the PNG Update conference in Port Moresby. He said it was important for PNG to diversify and move away from an economy heavily dependent on the resource sector. PNG is one of the top ten resource-dependent economies in the world. Professor Howes said for PNG's economy to be diverse, it needs to be more competitive. "And to be more competitive it can't have such a strong exchange rate. At the moment, the kina is over-valued, and that's holding back the diversification of the economy, and therefore reducing the chances for sustainable growth." he said.

More than K14bil spent on services, says ExxonMobil

August 9, 2019, The National Business

MORE than K14 billion has been spent on Papua New Guinean services including K6 billion spent with landowner companies since the production of the PNG LNG project started. This was revealed by operator ExxonMobil PNG yesterday during the celebration of its 10-year partnership with landowner companies to deliver the project. Managing director Andrew Barry said they were proud to have watched and supported the development of the three local businesses: the Hides Gas Development Company, Trans Wonderland Ltd and Laba Holdings. "Supporting the local businesses is a priority for us. Without them, we wouldn't be where we are today-successfully delivering the coun-

try's first LNG project," Barry said. Since its establishment, Hides Gas Development Company has supplied ExxonMobil PNG with skilled labour in civil construction, catering and security services, employing over 3,000 locals at the peak of PNG LNG's construction. Trans Wonderland Ltd has become a leading transport and logistics company in the country and has provided transport and support services to ExxonMobil PNG.

Petroleum Dept lacks 'expertise'

Luke Kama, The National, August 9, 2019



PNG Liquefied Natural Gas Plant near Port Moresby. Photo: Richard Dellman.

THE Department of Petroleum and Energy (DPE) has a shortfall in technical expertise that needed to be addressed by the Government through recruiting competent and qualified personnel from the open market, an expert says. Johannes Kaman, a national resource economist who has worked around the world on various oil and gas and mining projects, told The National yesterday that PNG was a country rich with oil, gas and minerals but needed the best technical advice to get the most out of those resources, and that advice had to come from the DPE. "Oil and gas and the mineral sector is a very technical sector that needs the best people with the required skills, knowledge and expertise in those fields to carry out the task on behalf of the State and negotiate with developers," he said.

Kaman said the failure in addressing the outstanding landowner issues and benefits sharing matrix concerning the PNG LNG and the failure in securing a better Papua LNG deal was a result of poor technical expertise in the department. "The government needs to enquire about why the senior positions of the DPE which were advertised externally calling for applicants in the open market was withdrawn and the advertisements done again through an internal advertisement," he said. "The Government needs to find out why that was the case because people in all the senior positions in the DPE are acting on the positions. "And some of them are not qualified and do not have the skills, knowledge and the technical expertise to be there." Kaman said PNG needed to get a better deal from its resources and there was really an urgent need to review the technical expertise at DPE.

Barrick outlines legacy issues

By CLARISSA MOI, August 9, 2019, The National Business

THE two legacy issues at the Porgera gold mine in Enga are the relocation of the affected landowners and the environmental impacts of mining activities, according to the operator. Barrick Gold Corporation president and chief executive officer Mark Bristow, pictured, during his visit to the country last week, said they had received complaints about relocation. “To relocate, you need land. To have land, you need to have access to land and we can’t do it,” he said. “So it is in the hands of the State and the provincial government to work with us to relocate those people that have been impacted by our operations and we recognise that.”

Bristow said the same goes with the environment. “The environment is always an emotional issue and we as miners have a responsibility here,” he said. “At the same time, we are in the part of the world where there’s a high level of seismicity (earthquakes and tremors), there’s always landslides, because it’s a dynamic geology. So you can’t impound the tailings that come from our processing like you would anywhere else in the world because you create an added liability because if it collapses in an earthquake, then that would really damage the environment and put peoples’ lives at risk.” Bristow said the mine was placing tailings back in the underground mine. “So as we mine it, we park the tailings back, we process the tailings, neutralise all the chemicals and we pump it back into the mine,” Bristow said.

Huge loss at mine

By CLARISSA MOI, August 6, 2019, The National Main Stories



ILLEGAL mining activities at the Porgera gold mine in Enga is costing the operator around K4.5 million a month, it has been revealed. Barrick Gold Corporation president and chief executive officer Mark Bristow attributed the loss in revenue to “the traditional environment where the mine operates”. “We deal with social crisis almost every day in Porgera,” Bristow said. “So K4.5 million a month. Just think about it. That could be going to the community,” he said. “Porgera is a critical component not only on the country’s revenue to date but because it’s real and it’s happening every day. “It is a very important engine in the part of Papua New Guinea which is traditionally volatile.” He estimates a loss of between US\$800 million and US\$1.5 billion (K2.65 billion and K5 billion) from the illegal activity.

He said Porgera was a large contributor to the Engan provincial economy and the PNG treasury. “From the revenue created by Porgera, 48 per cent of every kina arrived either in the provincial purse, the national treasury purse, with the provincial governor or the landowners,” he said. “And 52 per cent has arrived in the hands of the investors who continue to reinvest the money.” Bristow said Porgera was one of the largest employers in the country with 3,100 workers, 1,000 of whom were from the Porgera region. He said 900 employees were given opportunities to study overseas. Meanwhile, acting managing director of the Mineral Resources Authority Philip Samar said earlier the Government was committed to addressing the issue of illegal mining at Porgera. He was responding to concerns raised by the Porgera Joint Venture (PJV) that there had been a huge increase in the number of illegal miners who had access to the stockpiles and open pit area, putting their own lives and the lives of company employees at risk.

The activities resulted in the loss of lives and injuries to illegal miners and employees. A team of government officials, including Mineral Resources Authority officers, were sent to the mine site to reassess the illegal mining situation. He said the situation had escalated “such that the normal daily mine operations are being significantly hindered and the mine is not able to operate at its full production capacity”. “Barrick has approached the Government to urgently provide assistance in resolving this law and order issue so that the mine can continue its normal operations,” he said. “The company is concerned that at the rate and the manner at which illegal miners were operating, the mine could face serious problems including shutting down operations.”

Landowners Want 100 Per Cent Ownership of Porgera Mine

Zombi Kep, Post Courier, August 5, 2019



Majority landowner representatives are calling on Prime Minister James Marape to extend his ‘Take Back PNG’ campaign by taking back the Porgera gold mine from operator Barrick Niugini Limited (BNL). Acting through the Justice Foundation of Porgera, 18 out of 24 landowner agents who signed the MOA in 1969, are urging the PM to act on his word by taking back Porgera gold mine from Barrick. In a recent press conference in Port Moresby, chairman of Justice Foundation for Porgera Mr Jonathan Paraia, claiming to speak for the 18 landowner agents, declared their intention to take 100 per cent ownership. Enga must own the land which was given to us by God and the 95 per cent that is leaving the country for Canada must stay back in the country,” said Mr Paraia. “We own all the resources in the country, yet all the resources are leaving the country.” He said if the profits were retained, a lot of people from Porgera, Enga and PNG as a whole will be employed and

there will be surplus of money owing into the country. “That’s why when the mining lease expires, we are putting our resolution up to government not to renew the agreement.”

He said according to the Mining Act, anything six foot underground belongs to the State and the State should have full ownership of the mine and its profits. But he claims the ownership had somehow passed onto foreigners. “Over the last 30 years, 95 per cent is owned by Barrick and nothing is coming back to us, even the country is missing out on it,” said Paraia. “But now as the mining lease is expiring, PNG must own this mine.” He said that just like the government taking over OK Tedi, they want to take ownership of the Porgera mine to resettle the landowners affected, pay proper compensation, and deliver proper services. “The government must allow us to take over the mine so that all the damages that were done to Porgera will be fixed by ourselves,” he said. “The things that Barrick has failed to do today; we want to do ourselves.”

He stressed that the mine will continue to operate just as it is but the ownership needs to change. “All the workers will be intact and all contractors will remain but the ownership must change.” Former Laigaip Porgera MP Nickson Mangape who is also one of the 18 landowner agents, brushed aside comments made on social media that they are incapable of owning the mine. “You people kept asking who will take over Porgera gold mine and saying that it’s too complicated on Facebook,” explained Mr Mangape. “You look at OK Tedi, the government of the day took over. This is the same thing that we want with Porgera.” He said there is no difference. “About 33 per cent went to landowners (Ok Tedi) and 67 per cent went to the government, the same will happen with Porgera. Enough is enough,” he said.

Meantime the National Court in Waigani ruled last week Friday that BNL and Mineral Resources Enga (PJV) will continue mining after the August 16 expiry of the mine’s SML. Following the ruling, BNL president and chief executive officer Mark Bristow said a total of K20 million in royalties for landowners are withheld as a result of ongoing legacy issues. Mr Bristow also said the company has funded a lot of training initiatives and to date, the total value of K544 million including donations has provided schools, health services, water, power, bridges and roads in support with the local government to change the lives of the people for the better. He said the company has also made a commitment following its recent meeting with Prime Minister James Marape that it would invest in the Paiam hospital to get it operational again.

Red flag raised in mining

August 5, 2019, The National

A SOCIAL scientist and researcher from Murdoch University in Perth, Western Australia, says there are a lot of indirect impacts from mining activities that people need to understand because of its longer lasting impacts. Charles Roche, in his presentation during a youth seminar and public meeting at the Lutheran headquarters in Ampo last Tuesday, said a lot of awareness still had to be done in mining project areas, especially in PNG. He said the problems were not only here in PNG but around the world as well. “All developers want to make money, and their focus is on development. But there are other thoughts in the Western countries on development, where people are challenging the very model of development that is being pushed upon the people of PNG,” he said. “I see the development plans in PNG are recreating the same mistakes that Australia and other developed countries have made and continued to make.

“This is not my land and I do not speak for this country, but I have information about how the extractive industry can impact people in PNG, Australia and all over the world.” Roche had been coming to PNG since 2009 because of his work with the Mineral Policy Institute (MPI). The MPI is a small non-government organisation that is concerned with Australian mining companies and what

they are doing, with a particular focus on PNG. He said one of the reasons why the MPI started was because of the 1995 environmental disaster at the Ok Tedi. Today, Roche still travels to visit the Wafi communities and provides articles for them to read and understand.

As a social scientist specialising on how the extractive industries impact people, two research articles have recently been written and published in *The Extractive Industries and Society* journals. They are: human flourishing and extractive-led development; “The mine will give me whatever I like”; and extractive dispossession; “I am not happy our land will go, we will have no better life.” Both articles were co-authored by Roche, Nawasio Walim, Howard Sindana and the Wafi and Watut communities. Both articles have been summarised and translated into Tok Pisin. He said both research articles would help readers, not only in PNG, but all over the world understand the indirect impacts of mining projects.

PNG govt to stand behind Papua LNG agreement

Radio New Zealand, 5 August 2019

Papua New Guinea's government has agreed to stay committed to the Papua LNG Gas Agreement with French company Total. The Minister for Petroleum, Kerenga Kua, said cabinet has discussed a review of the agreement signed in May under the former prime minister Peter O'Neill. Mr Kua said the new James Marape-led cabinet agreed in principle that the state should stand behind the agreement in the best interest of PNG. But he said the state had reserved its rights to discuss a shortlist of matters with the developers of the \$US13 billion Papua LNG gas project in Gulf Province. According to Mr Kua, these matters won't affect the general economics and fiscal terms of the Agreement, and that discussing them shouldn't take longer than two weeks.

Mr Kua and Mr Marape had pushed for a review of the Papua LNG deal, as part of their concern to ensure fair benefits from this large resource extraction project for PNG and its people. "We believe that what we have discussed and agreed to are favourable and will not affect the general economics and fiscal terms of the Papua LNG Gas Agreement," Mr Kua explained. "However, those matters are of relevance to the State and this will be placed on the table for consideration by the joint venture partners. "In view of the very limited agenda items identified for discussion the National Executive Council does not believe it will take more than two weeks to conclude."

Discussions continue today, he said.

Australia to be sued over mining project's 'unmerciful' destruction of Indigenous land

Galarrwuy Yunupingu taking legal action for loss of native title as well as destruction of dreaming sites Helen Davidson, *The Guardian*, 4 August 2019

The federal government is facing a lawsuit over damage done to Indigenous land by the decades-old mining project that sparked the Yirrkala Bark Petitions. Gumatj leader Galarrwuy Yunupingu revealed on Saturday that he and his people were taking legal action against the commonwealth, seeking compensation for the loss of native title over the minerals exploited by mine operator Nabalco and its successor, Rio Tinto, as well as the destruction of key dreaming sites. The suit is expected to use the historic precedent set by the Timber Creek judgment by the high court in March, which ruled on monetary compensation for loss of native title. “They’ve come to Gove peninsula without asking properly of the landowners of the place,” Yunupingu told the crowd at Garma festival, in north-east Arnhem Land. “They have all come, getting the OK from the PM and the government of the country, to come all the way and start digging and insulting the country.” He accused the two companies of having “ripped some land unmercifully”. “They have damaged our country without

seeking advice to us and they have damaged a lot of dreamings – dreamings that were important to Aboriginal people.”



Galarrwuy Yunupingu, who is launching legal action against the commonwealth, says Nabalco and its successor, Rio Tinto, failed to ask the local people where they could and couldn't go on the Gove peninsula. Photograph: Peter Eve/AAP

He said the companies failed to ask the local people where they could and couldn't go on the Gove peninsula in north-east Arnhem Land. Traditional owners have received royalties from the mine, a fraction of the total revenue drawn from the site. They have recently opened their own mine and training centre, Gulkula Mining, of which Yunupingu is chair. Prospecting for what would become the bauxite mine and refinery began in the 1950s, and Yolngu traditional owners were strongly opposed. Leases were granted and excised without consultation of the people of Yirrkala, and the now historic Yirrkala bark petitions were delivered to the federal government in 1963. Yunupingu, whose father was then Gumatj clan leader, helped draft the petitions. However, the mine went ahead, with the Gove agreement signed five years later between the commonwealth and Nabalco.

Traditional owners took the mine to court in 1971, the first ever native title litigation, but lost, with the judge citing the doctrine of terra nullius in his judgement. The loss sparked the establishment of the Woodward royal commission, and NT land rights act. The case flagged by Yunupingu on Saturday will rest on the precedent set by this year's Timber Creek decision from the high court, which awarded more than \$2.5m in compensation to native title holders over dozens of acts by the NT government between 1980 and 1996 which were later found to have "impaired or extinguished" native title rights and interests.

More than half the amount was to compensate for "cultural loss". The March judgment reduced the amount ordered by the federal court in 2016 but otherwise held up the new precedent of quantifying the monetary value of native title and associated compensation for the removal of land rights. Native title experts responded to the ruling with predictions it would pave the way for potentially billions of dollars in liability payments by Australian governments. The attorney general, Christian Porter, said on Sunday: "There is a well established process for native title claims and those processes would be followed for any such claim lodged regarding bauxite mining.

"I note that at this point what has been said is an intention to lodge a claim and that a claim has not yet been lodged."

How Exxon's Big Gas Plan Stirred Up Papua New Guinea

'An International Monetary Fund analysis found Papua New Guinea received "quite limited benefits" because it granted Exxon generous rights to recover costs before paying taxes or fees'

Dan Murtaugh, Bloomberg, August 2, 2019



Papua New Guinea, the impoverished Pacific nation of 8 million people, is in a bind over a \$13 billion project to double natural gas exports. Political opposition to the deal has already helped take down a prime minister, and some of the world's biggest energy companies are anxiously waiting to see what the new government is going to do with it. The drama is playing out as a flood of capacity is about to hit the global market, meaning time for the investment may be running out.

1. What's the project?

It's actually two cooperating projects involving a bunch of companies. Together, they will deliver capacity to export 8 million tons a year of liquefied natural gas, roughly 3% of global capacity. That doesn't sound like much, but it's a huge deal for a country with per capita income under \$3,000 a year.

2. Who's involved?

Exxon Mobil Corp. and Oil Search Ltd. are leading a group that plans to expand the existing PNG LNG plant with a third LNG production unit, which will be fed primarily by the P'nyang gas field in the country's highlands. Meanwhile, Total SA is heading another venture, called Papua LNG, which also has Exxon and Oil Search as partners and a plan for two LNG production units fed by the Elk-Antelope gas fields. The projects will save money by sharing some facilities.

3. What's the hold-up?

Both projects need agreements with the government, which include details that determine how the country will benefit. Total secured such a deal in April with then-Prime Minister Peter O'Neill, but opposition party members complained it wasn't good enough. Finance Minister James Marape quit and left O'Neill's coalition in protest. In May, O'Neill resigned under pressure from legislators and Marape was chosen to replace him. Marape's government is now reviewing the Total agreement and considering changes. Exxon's deal is on hold until that process is complete.

4. Why so sensitive?

When Exxon first opened PNG LNG in 2014, it did so with the promise of transforming Papua New Guinea's economy. (Total gross domestic product is about a 10th of Exxon's annual revenue.) The

government estimated it would bring it about 2 billion kina (\$613 million) in extra revenue annually through 2021. Instead, the project's partners paid less than a quarter of that (about 495 million kina) in taxes, royalties, dividends and other payments in 2016. Meanwhile difficulty in identifying landowners in the highlands has delayed payments promised to those affected by drilling and pipeline construction.

5. Why such small benefits?

An International Monetary Fund [analysis](#) found the country received “quite limited benefits” because it granted Exxon generous rights to recover costs before paying taxes or fees. For example, Exxon is able to subtract its operating costs, debt amortization and capital costs from its gas revenue before taxes and royalties are calculated.

6. What's the backdrop?

Extractive industries are key to Papua New Guinea's economy, comprising nearly 30% of the country's gross domestic product and 85% of its exports. Disputes over how to split the revenue have long been a source of social unrest. In the 1980s, a civil war erupted in the island of Bougainville over what was then one of the world's largest copper mines. As many as 20,000 people died in the fighting and the mine has been shut since 1989. The island's residents are scheduled to vote in a referendum in October that could lead to independence.

7. What's at stake?

For the energy giants, the impasse couldn't come at a worse time. Assuming deals are struck, they'll still need a year for preliminary engineering work before being ready to sign off on the \$13 billion building cost. Meanwhile, they have more than \$300 billion worth of LNG projects from Russia to the U.S. to Mozambique that will be vying for a limited number of potential customers. A lengthy delay could put the PNG expansion at the back of the line. While Marape says he doesn't want his country to miss out on the investment and jobs (at one stage expected to be more than 20,000), he's also committed to securing a larger return for his country from its natural resources.

Call to address issues in Lihir agreement

August 2, 2019, The National Business

LIHIR Island landowners are calling on the Government to address the deficiency issues in the current Lihir Agreements Review (LRA) process. Lihir Mining Areas Landowners Association (LMALA) executive chairman James Laketan said Mining Minister Johnson Tuke had directed the Mineral Resources Authority (MRA) in April to correct the deficiencies but they had failed to do. Minister Tuke had written to MRA early last month directing them to carry out the following actions:

- Correct the deficiencies of the Compensation and Relocation Agreement (CRA) process;
- to advise Newcrest/LGL and the independent chairman and facilitator of the CRA process Sir Pal Songo of the deficiencies to be corrected;
- to instruct Newcrest/ Lihir Gold Limited (LGL) and Sir Paul to including Integrated Benefit Packages 2007 as the agreement to be reviewed; and,
- To direct the full inclusion of LMALA in the negotiations and such legal representation as it may choose.

Lack of law control on mercury, risky

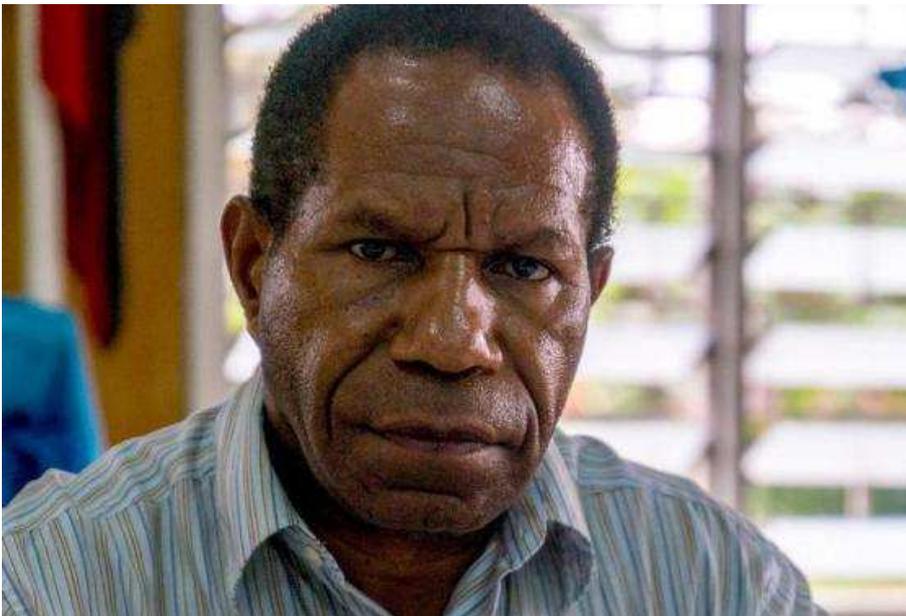
By OLIVE SUKUN, August 2, 2019, The National National

THERE is no regulation in place to control the use of mercury in the country, a workshop organised by the Conservation, Environment and Protection Authority (Cepa) has revealed. “Unsafe use and management of mercury is common in artisanal and small-scale gold mining (ASGM) companies,” Cepa’s renewable resource division director John Michael said at the National Inventory on Mercury Releases in PNG workshop in Port Moresby yesterday. “It is a huge risk not only to the environment but the health of miners and communities around the ASGM sites.” The National Inventory on Mercury Releases is a component of the Minamata Initial Assessment project on which the team under the inventory had been working on for three years now to collect data, he said.

Michael said with the increase in consumption of chemicals and generation of waste due to growing industries in PNG, there was a greater need for action on issues relating to chemicals and waste. Cepa officer Patricia Torea said: “We have no regulation in place so we cannot control the amount of mercury that is used. Also, we cannot monitor the importation and movement of mercury into the country.” According to Torea, PNG did not have the data to confirm the level of mercury being used or released. Mercury is a naturally occurring element and in mercury-containing compounds, it is highly toxic and can have a variety of significant adverse effects on human health, wildlife and the environment, she said.

Seminar focuses on social, environmental impacts of extractive industries

The National, August 1, 2019



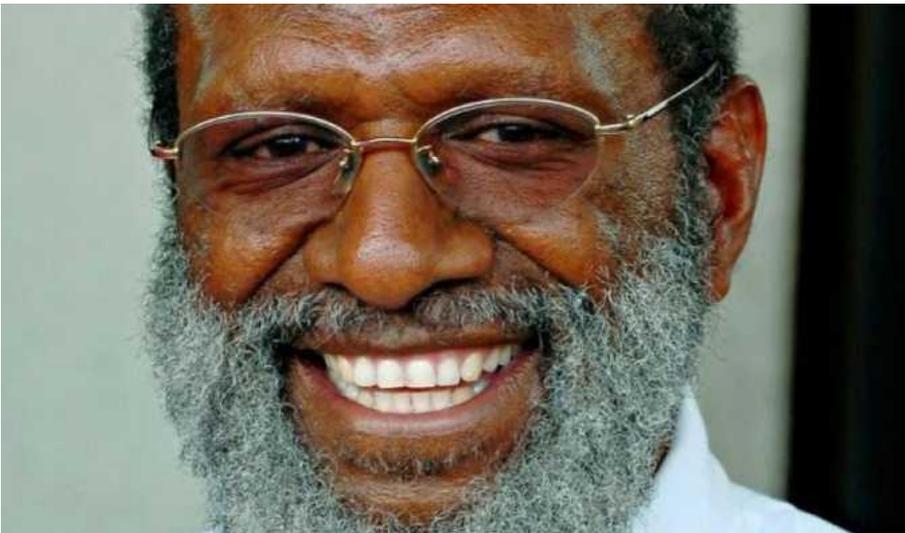
THE creation of God is being disturbed by man in the name of money, material and development, Evangelical Lutheran church of Papua New Guinea Head Bishop Dr Jack Urame says. Urame gave his address on the church’s position on environmental and social justice during a youth seminar themed “Creation not for sale! Humans not for sale!”. The seminar was held at St Andrew’s Church at Ampo, Lae, on Tuesday, for youth coordinators from the fourteen circuits of the Jabem district of ELCPNG. The seminar focused on the social and environmental impact of the extractive industries in Morobe. “Money, material things and development are good, but they are not the goal of life. Consumerism is not the means to satisfaction of life,” Urame said. “Economic progress is good, but

not the answer to human quest for freedom, justice, peace and harmony in the world.” Urame quoted an Indian proverb:

“When the last tree on earth is gone, when the last fish in the ocean is gone, when the last drop of fresh water is gone, you cannot eat money” to emphasise the need for people to consider others. “We are living in the same planet, we must be responsible for each other,” he said. “We agree that the current conventional economic model is not the best because it is more about wealth creation than wellbeing. “It is unhelpful and destructive and we need to find an alternative model.” The seminar is an activity leading up to the ELCPNG National Youth Conference in Lababia village in Salamaua, which will be hosted by the Malalo circuit of Jabem district. The seminar aims is to provide relevant information to empower youths, who will be leading discussions during the youth conference. Other presenters were Charles Roche from the Mineral Policy Institute and Murdoch University in Perth, Australia, and head of department for applied science at the PNG University of Technology Dr Reilly Nigo. The seminar will end tomorrow.

Landowner threat to shut down PNG gas project averted

A landowner threat to shut down a major gas project in Papua New Guinea has been averted for the time being. Johnny Blades, RNZ Pacific Journalist, Radio New Zealand, 1 August 2019



Kerenga Kua, Papua new Guinea's Minister for Petroleum. Photo: Loop PNG

Baimuru landowners in Gulf province yesterday [announced](#) they would shut down the \$US13-billion Papua LNG gas project in their district. They were unhappy with the developer, French company Total, over non-renewal of landowner company contracts at the project site and other issues. The Minister of Petroleum and Energy Kerenga Kua said that talks last night have addressed the immediate problem. "These are merely teething issues, and I think it's been substantially resolved already by a meeting last night by Total, the department and stakeholders on the landowner side," he said. Baimuru is the location of the fledgling project's gas wellheads, which landowners had threatened to block access to as part of their protest. The landowners were demanding the department intervene as soon as possible, seeking a recognition of their rights to engage in and benefit from spin-off benefits and contracts from the project.

The acting managing director of Total E&P PNG Limited, Christophe Chazouillères wrote to the Department of Petroleum regarding the matter last week. He said the decision was made not to renew a labour hire contract with Elk Antelope Joint Venture Limited for two main reasons. Firstly, Mr Chazouillères said there were several non-compliance issues identified with the landowner company's labour supply which were being investigated by the Department of Labour and Industrial

Relations. Secondly, he said that a number of clans in the umbrella landowner resources company had withdrawn their support for it. Yesterday, PRL15 landowners accused the developer of a "divide and rule tactic", and issued a statement through their company's directors Oscar Topiro, Keninai Sonae and Kero Ovei.

"The Elk Antelope Joint Venture Limited is a representative landowner company that has proven already that they can operate as a contractor and a sub-contractor to supply manpower/labour and other requirements of the project," they said. "There is no justification to award the same contract to another landowner company. It is only creating disunity and tension among the landowners and potential to create another Bougainville crisis." Mr Kua has urged landowners not to rush to threaten to shut down projects without exhausting dialogue avenues. "As leaders of that community, they needed to be wary of the words they use and the actions they take, because the project is going to be there for the long term and everybody will benefit out of it, and the first line of people to benefit from that will be the local people themselves," Mr Kua said.

"So resorting to threats in terms of shutting down and talking about a Bougainville-type issue and all this is very unhealthy. "Total have made some decisions, those are business decisions that have to be made during the preparatory stages because the actual determination of who the landowners are is a process that would have to take place in accordance with the Oil and Gas Act." Mr Kua said the process of landowner determination is ongoing, but that when he signed off on it, benefits would be able to flow as provided for under the Oil and Gas Act. The minister, who is less than two months into the role, had been a vocal critic of the project deal signed by the former Peter O'Neill-led government and Total in May. He and PNG's new prime minister [James Marape](#) pushed for a review of that deal and its terms, in the interests of ensuring fair benefits from this large resource extraction project for PNG and its people.

But Mr Kua, who said the issue behind the landowner threat was isolated and not connected to the government's review of the deal, appears more comfortable about the project now. "I used to push that barrel on behalf of the landowners before. And I still do in the residual areas that remain to be attended to. "But what I've noticed is that the state and the developers in particular substantially complied with their obligations to pass the benefits on to the landowners." Mr Kua said that tomorrow he expected to take a paper to cabinet to approve the terms for the [review](#) between the parties to the deal. The long term plan, he explained, was to reform the Oil and Gas Act and other laws to provide for an increased stake by the state in future resource projects.

Nautilus liquidation looming

Nautilus Minerals Inc will be liquidated if a plan of compromise and arrangement is approved and backed by a court order. Cedric Patjole, Loop PNG, July 31, 2019

The company revealed this when announcing that they, along with its subsidiaries, have obtained an order of the Supreme Court of British Columbia in Canada to convene a meeting of creditors to vote on a plan of arrangement. This includes an acquisition agreement and the filing of a plan of compromise and arrangement. Nautilus Minerals announced yesterday that the granted court order was given under the Companies' Creditors Arrangement Act authorizing:

- (i) Nautilus to enter into an acquisition agreement with Deep Sea Mining Finance Ltd (DSMF) for the acquisition of certain subsidiaries and certain intercompany indebtedness; and
- (ii) Certain subsidiaries or "Nautilus Restructuring Entities" of the Company will file a plan of compromise and arrangement among the subsidiaries and their unsecured creditors, and to convene a meeting with those creditors for the purpose of voting on the approval of the plan of compromise and arrangement.

A plan of compromise or arrangement sets out a company's intentions to deal with its debts and restructure its business and operations. The plan will be presented to Nautilus creditors on August 9, 2019, who will then vote on whether they accept the proposal or reject it. Nautilus states that in the event that the plan of compromise and arrangement is approved by a majority of the Affected Creditors, its subsidiaries will bring an application to the Court for an order approving and sanctioning the plan of compromise and arrangement and various transactions related to the Plan and the Acquisition Agreement on August 13, 2019. If the Sanction Order is granted as sought, and the conditions precedent to the Acquisition Agreement and the plan of compromise and arrangement are met, the Company will have effectively no assets, and, will be liquidated upon implementation of the plan of compromise and arrangement.

Eda Kopa (Solwara) Limited has led a claim of K163 million (US\$51 million) against Nautilus Mineral Limited for failing to meet its funding obligations of the Solwara 1 Project. Early this month, Chairman of Kumul Mineral Holdings Limited (KMHL), Peter Graham, said the Project has stalled with a substantial proportion of the development work still to be undertaken. The claim has been filed under a Canadian court supervised creditors process initiated by the parent company of its joint-venturer in the Solwara 1 Project, Nautilus Minerals Niugini Limited (Nautilus PNG). The Solwara 1 Deep-Sea Mining Project is a venture to mine polymetallic sulphide deposits located on the seabed in an area approximately 50km north of Rabaul and 30km west of New Ireland Province.

Exploration expenditure in PNG declines: Mellam

July 31, 2019, The National Business

GLOBAL mineral exploration expenditure has risen sharply since 2016 while exploration expenditure in Papua New Guinea shrank to its lowest point in almost a decade as a result of investor concerns regarding the country's fiscal and regulatory position. PNG Chamber of Mines and Petroleum executive director Albert Mellam, pictured, said in the chamber's June newsletter the declining trend in exploration activity was of significant concern especially when global activity had been rising strongly. "Papua New Guinea boasts a very favourable geological environment for new mineral discoveries and the country needs to maintain an attractive fiscal and regulatory environment to ensure it remains a competitive global destination for mineral exploration activity," Mellam said. "Exploration is the lifeblood of the industry and it contributes significantly to employment opportunities in rural areas generally far away from the towns and cities."

An international group of mining consultants, CSA Global, estimated that mineral exploration activity worldwide picked up by 20 per cent last year to around US\$10 billion (K33.19bil), the largest figure in several years. The United States financial services company, Standard & Poor's Global Markets, said global spending on exploration for non-ferrous metals rose from US\$7.3 billion (K24.22bil) in 2016 to US\$8.4 billion (K27.8bil) in 2017 and that, by the end of 2017, exploration activity was at the highest level since 2013. Meanwhile, exploration activity in the country last year fell to K296 million just slightly higher than the K283 million expenditure level eight years previously in 2010, according to official data from the Mineral Resources Authority. Data from Mineral Resources Authority showed that exploration spending in PNG peaked at K596 million in 2013 and had fallen to below K400 million annually since then. Recent exploration expenditure figures showed that spending last year fell to a low of K296 million compared with K339 million in 2017 and K373 million in 2016.

Pundari Cautions KPHL Against Confusing Public, Private Monies

Post Courier, July 31, 2019

The Public Accounts Committee chairman Sir John Pundari has cautioned Kumul Petroleum Holdings Limited management against confusing public funds with private revenue. He said this yesterday following a letter from KPHL director Wapu Sonk outright rejecting to meet with the permanent parliamentary committee and present their audit reports. In a media statement yesterday, Sir John said that KPHL needed to identify the clear distinction between the two different types of funding and subject themselves under the same scrutiny as other statutory bodies. He said that as an organisation which was instituted by the Independent State of PNG (by operation of the Kumul Petroleum Authorization Act 2015), KPHL was subject to scrutiny by the Public Accounts Committee. Sir John that the overarching consideration in the matter was the Constitution. And that in the event of any contradictions with other laws, that applicable provisions within the Constitution naturally overruled these contradictions.

“KPHL merely collects on resources (property) owned by the people of Papua New Guinea and this is where the mandate of the Public Accounts Committee kicks in. The Public Accounts Committee’s key function is to examine and report to the parliament on the public monies and property of Papua New Guinea,” said Sir John. “This is a constitutional mandate under Section 216 of the Constitution, the mother law hence any other laws whose provisions are contrary to the Constitution is invalid to the extent of that contradiction.” This statement was made following a recent statement by KPHL chairman Andrew Baing that KPHL was a government business governed by its own laws, and was not subject to the Public Finance Management Act. The ongoing stalemate between the Public Accounts Committee and KPHL reached a head last Wednesday when the PAC gave KPHL two weeks to produce details of liquefied natural gas (LNG) shipments and payments since the first delivery in 2014.

Governments’ share from natural resources sector declined: Institute

July 30, 2019, The National Business

THE Institute of National Affairs stated in a seminar recently that the Papua New Guinea governments’ share from its natural resource sector has declined in the recent years and seems low compared to other resource rich countries. Facilitating the seminar was visiting lecturer in economics at the school of business and public policy associate professor Martin Davis and department of economics at the Lebanese American University, assistant professor Dr Marcel Schroder. Davis said data from the Extractive Industries Transparency Initiative’s (EITI) annual reports from 2006 to 2017 was used to analysis the governments’ take from the resource sector by using a simple theoretical model to compare PNG and other resource rich developing countries.

Schroder said from the data collected there had been a decline in the State’s take over the last 10 years and that last year it had been very low for international standards. He said the two factors that may have caused the decline was the price of the commodity and the other was when there was a lot of new projects in the country, the governments’ revenue seemed to decline. Schroder said the maturity of a resource project for example the liquefied natural gas (LNG) project which came in 2014 boosted the resource gross domestic product significantly but since it is a new project, the government could not expect to receive a lot of revenue from it yet. He said PNG was the only country in their database of 50 countries where the government received large payments of salary and wage tax and that corporate income tax and royalties seem unusually low.

“The maturity of a resource project for example the LNG project is fairly new and this projects tend not to generate much profit at the beginning so the government does not receive much revenue from

this new projects, they come later as the project matures,” he said. “PNG is a developing country which means funds for crucial spending such as infrastructure, health and education are needed today rather than tomorrow.” “Therefore, avoid deals with multi-national companies that lead to extreme back-load of fiscal take and that the government should also avoid giving many incentives.”

Japan largest purchaser of PNG natural gas

July 30, 2019, The National Business

SINCE 2017, Japan remains the largest purchaser of natural gas from Papua New Guinea, importing 4.2 million tonnes, followed by China (2.1 million tonnes), according to a World Bank report. Taiwan, China, is the most dependent on gas from PNG, with 10.4 per cent (1.9 million tonnes) of its LNG imports coming from the country; in China the number is 6.1 per cent, and 5.1 per cent for Japan. World Bank PNG released its report at Port Moresby last week, Papua New Guinea Economic Update: Recovery Amid Uncertainty. With liquefied natural gas (LNG) production accounting for about 13 per cent of GDP and nearly 40 per cent of merchandise exports, LNG is now a firmly-established feature of PNG’s economy. “Papua New Guinea is still a minor producer by global standards. Its 8.2 million tonnes of LNG exports is dwarfed by the 81 million tonnes exported annually by Qatar, the world’s largest LNG exporter,” the report stated.

“In the Asia-Pacific region, PNG ranks fourth behind Australia, Malaysia, and Indonesia. However, if the new Papua LNG project and the PNG LNG expansion (P’nyang) deliver the promised eight million tons of extra capacity, PNG will potentially move closer to Indonesia.” The report said rising demand for PNG’s main commodity export, LNG, gave cause for optimism. Moves to improve air quality in Chinese cities, coupled with China’s continued economic expansion, were driving steady increases in Chinese demand for natural gas.

With domestic Chinese supply unable to keep pace with demand, LNG imports are rising rapidly and exceeded 50 million tonnes per year in 2018 (more than five times Papua New Guinea’s total annual LNG production). Japan, the world’s largest importer of LNG, took steps in 2011 to reduce the use of nuclear power and saw an increase in LNG imports which had proved sustainable in recent years but was likely to decline as its nuclear plants come back on-line. Demand for LNG in Taiwan – PNG’s third largest LNG trade partner – rose by an average of five per cent per year from 2012-18, supporting the outlook of growing regional demand over the medium term.

Troubled Nautilus plans restructure

Troubled Canadian company, Nautilus Minerals, is calling a meeting of creditors over a planned transfer of assets and debt to a company called Deep Sea Finance Ltd.

Radio New Zealand, 30 July 2019

Nautilus, which has plans to mine the ocean floor in Papua New Guinea's Bismarck Sea, is in bankruptcy protection in Canada. It has won court approval from the Supreme Court of British Columbia for the changes. The creditors have been invited to a meeting on 13 August where they will be asked to approve the plan.

‘Urban mining’ can save the deep seabed from exploitation

Improved recycling and a circular economy negates the need for costly and damaging mining of the deep seabed. Natalie Lowrey, Dr Helen Rosenbaum, China Dialogue, July 29, 2019

The world’s first deep-sea mining project to be given an operating licence – Nautilus Minerals’ “Solwara 1” project off Papua New Guinea – appears to have ground to a halt in the face of concerns about its environmental impact and community opposition, culminating in legal action and public appeals to the new national government. With a resulting lack of investor interest and the loss of its production support vessel last year, it’s difficult to see what the company might now achieve. In its wake, Nautilus has left the Papua New Guinea government facing a debt equivalent to one-third of the country’s annual health budget for its nine million people. The fate of Nautilus should send a warning to investors, and nations considering joint ventures with companies.

Early investors jumped ship to form DeepGreen Resources, which is working hard to build its image as a cleaner source of minerals than companies like Nautilus, which aspire to mine hydrothermal vents, or land-based mining companies. Their website describes a sanitised vacuuming up of mineral-rich nodules sitting on the seafloor and claims they will provide “clean metals” for a “sustainable planet”. However, comparisons between the impacts of seabed and terrestrial mining have been shown to be fraught and readily misconstrued by vested interests. Next year, a little-known UN agency, the International Seabed Authority (ISA), is expected to open up the high seas to mining. The body, which is based in Kingston, Jamaica, is due to finalise its mining code: a set of regulations for exploiting the sea floor in international waters. The ISA has already completed regulations and recommendations for exploration. These have enabled it to grant 29 exploration licences in international waters.

While there is intense interest in the future financial returns that may be available through seabed mining, no commercial seabed mine has yet been established. Thus far the industry remains a speculative and experimental activity driven in large part by commercial and geostrategic competition, as states consider ways to secure access to rare earth minerals that may become increasingly valuable. In reality, little is known about the impacts of nodule mining. What *is* known points to serious and irreversible impacts on marine ecosystems. Industry narratives also totally ignore the rights of maritime communities to maintain their social, economic, cultural and spiritual connections to their oceans. They omit the fact that the minerals they seek to exploit – cobalt, nickel, copper, manganese and rare earths – are finite even on our deep seabeds. Interest in alternative sources of minerals is growing among civil society, scientists and companies, with work being undertaken towards “urban mining” and the shift to a circular economy.

The [circular economy](#) describes an economic system grounded in “cradle to cradle” product design, reconditioning, waste prevention and closed-loop production processes. In response to the momentum, several companies have already put circular economy principles into practice. Apple announced in 2017 it would “stop mining the Earth altogether” and the European commission has introduced a circular economic framework. Interestingly, the European parliament has called for a moratorium on deep-sea mining until the need for it has been proven, as have prominent scientists, academics and civil society organisations. There is already investment in urban mining, which is the process of “reclaiming compounds and elements from products, buildings and waste”. A staggering 320 tons of gold and more than 7,500 tons of silver estimated to be worth \$US21 billion is used annually to make personal computers, mobile phones, tablets and other electronic products worldwide.

There is an abundance of gold, silver, rare earths and copper in the waste generated by the disposal of these products. It is estimated that electronic waste contains precious metal “deposits” 40 to 50 times richer than the ores currently mined. Urban mining could be more lucrative as well as dealing

with an otherwise intractable waste problem, while at the same time capable of meeting future global mineral demand. The choice for all of us, including investors, should be clear – and in fact is a “no brainer”. On the one hand there are the financial, social and environmental risks of deep-sea mining. On the other, there is the financial, social and environmental win-win of a metal resources future which focuses on urban mining and the transition to a circular economy, in which virgin mining plays only a minor role.

Details for Revised Mining Act Ready for Parliament

Melissa Yafoi and Matthew Vari, Post Courier, 29 July 2019

Details of the revised Mining Act will be presented in Parliament next month where Minister for Mining Johnson Tuke will also present an account of the mining sector in the country, Secretary for the Department of Mineral Policy and Geohazard Management, Harry Kore, said last Thursday. Mr Kore said they are reviewing the Mining Act and have been directed to submit the Act in the next Parliament sitting. “The revised Mining Act will go to Parliament in September this year. “So as for the Mining Act, last year we introduced the Mineral Resources Authority Act and we are currently working in collaboration with MRA to revise the Mining Safety Act. Our Act is as old as 1977 so we try to update it with the latest technology and advancements that is happening so we try to bring our act up to par with what we have internationally,” he said.

Mining Minister Johnson Tuke said the Mining Act is mostly colonial and a review is long overdue. “I am promoting that in the coming (parliament) session. We’ve conducted our due diligences, we’ve visited all our agencies and it’s been on the shelf for the last six to seven years. I think this is prime time we have to do this. “In the coming session also I might be able to update PNG on the status quo of all our mines but our engagement with Wafi-Golpu has come to a halt and it’s now before the courts so we will not comment on that,” he said. Meantime PNG Chamber of Mines and Petroleum president Gereia Aopi told the 35th Australia PNG business forum in June that the mining industry would remain a strong supporter for development in the country, highlighting the 26 per cent contribution to GDP and 80 per cent of national export revenue.

“The sector also provides more than 20,000 jobs to Papua New Guineans, whilst 30,000 more are employed in landowner businesses, and other PNG businesses that support the industry,” Mr Aopi said. He said in order for the industry to continue supporting and growing the national economy, there needs to be stabled and predictable government policies and a favourable investment climate that underpins PNG’s investment attractiveness, clearly in reference to the proposed review to the mining act. Recent statements also from government also highlighted tax income with Prime Minister James Marape urging major players in the mining and petroleum sectors to pay their “fair share of tax”.

A point which the chamber pointed out that its members pay corporate taxes, royalties, dividends, and also employee taxes on their wages, totalling to over K1.5 billion representing over 16 per cent of the total K9.1 billion tax revenue collected by the government in 2017 alone. “While we support the government’s vision to increase the country’s revenue, we must remember that the resource industry has always been a strong contributor to PNG’s development and that the industry has always complied with taxation laws by paying its fair share of taxes,” the chamber announced in a statement earlier this month.

Total urges PNG to respect Papua LNG deal

Radio New Zealand, 29 July 2019



Papua New Guinea Prime Minister, Peter O'Neill, meets Total's Vice-President Mr. Arnaud Breavillac. Photo: Supplied

The French energy company Total has urged Papua New Guinea's government to respect a gas agreement signed this year. PNG's petroleum minister said the deal for the Papua LNG project could be modified if a government review found its terms unfavourable. Reuters reports the deal was signed in April by the former prime minister, Peter O'Neill, who was ousted over discontent about the distribution of resource revenues. New Prime Minister James Marape said his country was open to foreign investment but indicated he would scrutinise deals signed by his predecessor. Mr Marape said PNG would honour existing agreements if they were consistent with PNG law. In a speech in Australia last week, the prime minister said investment was welcome in all sectors of the PNG economy, particularly agriculture. "I don't want PNG to be known as an oil, gold and gas country," Mr Marape said. "I want it to be known as the food basket of Asia."

Review of Papua LNG underway, says Kua

July 26, 2019, The National Business

PETROLEUM Minister Kerenga Kua says the review of the Papua LNG agreement signed in April is underway. "The signatories have been consulted and informed and we have asked for the government to be given time to review the agreement and its impact and that is already being undertaken," Kua told The National yesterday. "By next week, I expect that Cabinet will approve any areas of concern that the State wants to put up for reconsideration between the signatories to the contract to commence the process of discussion between themselves. It will be short and sharp and we will be able to have a final position very quickly, maybe in the next three weeks or so." Kua made the comments at a public seminar in Port Moresby yesterday hosted by the Institute of National Affairs (INA) themed: "Does the PNG government get its fair share from the resource sector?" Asked on what the concerns of the government were in the agreement signed in April, he said: "I am not at liberty to raise that issue at the moment but it will be a short list."

INA director Paul Barker told The National yesterday that: "It seems that the former government was very keen on pushing that through the deal and in a bit of a hurry and there were a lot of money spent on consultants coming in to give advice. "Some people have said to me that if they just followed the law, then they could not have gone too far wrong, but instead they wanted to do special

deals and special arrangements and it was the government pushing some of those special arrangements and if you do shortcuts and you rush things, invariably that creates problems for yourself in the longer term and as an investor. “It is much better as an investor to make sure that everything down to the letter is done properly and I think in that case it was the previous government’s rush that caused the problem.” The US\$13 billion (K43 billion) Papua LNG project shares split: French energy company Total – 31.1 per cent, ExxonMobil – 28.3 per cent, Kumul Petroleum Holdings Ltd (state) – 20.5 per cent, Oil Search – 17.7 per cent, landowners – 2.0 per cent, and minor parties – 0.4 per cent.

Total’s PNG Gas Plan Faces Fresh Test as Deal Changes Proposed

Stephen Stapczynski, Bloomberg, July 26, 2019



Logo at French oil and gas company Total gas station in Marseille, February 11, 2015. REUTERS/Jean-Paul Pelissier

Papua New Guinea’s petroleum minister said he’s completed his review of a recent natural gas agreement with Total SA and will recommend changes, creating a potential hurdle for the delayed \$13 billion effort to double the nation’s exports of the fuel. The potential changes cover both regulatory and commercial terms of the so-called Papua LNG agreement and must be approved by the National Executive Council before submitting them to venture partners, which include Exxon Mobil Corp. and Oil Search Ltd., Kerenga Kua said in an interview Thursday. Kua said he’ll send his findings as soon as Monday to the council, a top policy making body, and expects a revised agreement with the companies completed within six weeks. In response, Total’s Chief Executive Officer Patrick Pouyanne pushed back against any potential overhaul.

“All issues are capable of discussion and compromise,” Kua said. “Even though we may have our wish list and they may have their wish list, finding the middle ground where all of us can benefit is an important principle.” Oil Search shares added 0.6% to A\$7.09 as of 10:43 a.m. in Sydney and are headed for a 6.3% rise this week. The Australia-based producer declined to comment. Exxon didn’t respond to requests for comment. “We are confident that it’s in the best interest of PNG to respect the agreement that has been signed in order to move forward with the project,” Pouyanne said on a conference call Thursday. “We expect the new government to respect” the deal signed by its predecessor, and Total has “many” LNG projects in its portfolio.

Political Flash-Point

Separately, Newcrest Mining Ltd., Australia’s top gold producer, and Harmony Gold Mining Co. said they are facing a hurdle with the development of the \$5.4 billion Wafi-Golpu gold-copper project in PNG amid heightened political uncertainty. The delay in permitting is associated in part with

legal proceedings between national and provincial authorities and the PNG government continues to signal support for the project, Newcrest said in a statement Thursday. Liquefied natural gas exports have developed into a political flash-point for the country as its existing venture, the Exxon-led PNG LNG project, has been criticized as not benefiting the domestic economy as much as expected. The nation's new prime minister, James Marape, swept to power in May amid a wave of criticism of the Papua LNG deal signed by his predecessor. He tasked Kua with reviewing the agreement after appointing him petroleum minister in June.

"For too long we have allowed external forces to dictate the direction we take," Marape said Thursday at the Lowy Institute in Sydney. The government must work with its partners "to ensure a fair and equitable distribution of our resources." In the interview, Kua described the suggested changes as a "short list," but declined to provide specifics. He said he's been in communication with the partner companies. "We haven't rejected the signed agreement," he said. The review has delayed plans to double gas exports from Papua New Guinea, which involves a \$13 billion expansion across separate but interlinked projects. Talks on the second gas agreement, for the Exxon-led P'nyang venture, won't begin until the Papua LNG deal is revised, Kua said.

Oil Search said last week that it expects front-end engineering and design work on new LNG production units to be pushed back pending those agreements. That may move a final investment decision until as late as 2021, which puts the expansion projects at risk of greater competition for building resources and customers, according to analysts at Sanford C. Bernstein. Marape said his government assembled a group of advisers to assess the country's resource laws to find the right balance between encouraging foreign investment and boosting local involvement in the sector.

LOs Call For Unity On Mine License Renewal

Post Courier, July 26, 2019



Leaders and landowners of the Porgera Gold mine in Enga want Prime Minister James Marape to visit the mining district to get views of mine communities before the mine's lease agreement expires next month. They are also calling on the various landowner factions operating outside Porgera to return and consult with the people on the ground so a collective and proper position paper, repre-

senting the interests of the people can be presented to the national government. Landowners of the Porgera special mine lease (SML), lease for mining purpose (LMP) and mining easement communities aired their concerns in Porgera last week.

They included chairman of the Ipili Porgera Investment (IPI) group of companies, Jolson Kutato, President of the Porgera women in business (WiB), Elizabeth Iarume, president of the Porgera Chamber of Commerce and Industry (PCCI) Nickson Pakea, former president of the Porgera LIG and former deputy governor of Enga, John Pawe, SML leaders William Gaupe, George Yope and Mathew Yapala, Paiam ward member Perale Kana, SML councilor Sukul Tupia, Porgera District Women's Association leader Wanoli Waiyape and SML landowner Arnold Kulina.

The landowners have called on the Prime Minister not to entertain any landowner faction groups operating from Port Moresby but to go to Porgera and directly consult with mine landowners. "We are here and our position will be addressed here in Porgera and the government will receive our position paper in Porgera. "Ongoing in fighting by landowner faction groups is causing confusion amongst the genuine landowners so the Porgera Landowners Association (PLOA) and Porgera Justice Foundation need to sit down, iron out differences and properly discuss issues relating to the mine review with the Porgera people," Mr Pawe said.

Mr Kutato who led the 1999 mine negotiations then as chairman of the landowner association said there are a lot of side issues the landowners need to fix before the mine lease expires. He said landowners must take the review process very seriously if they are concerned about the future of their children because this will be the only time to renegotiate long-term benefits but nothing will be achieved if there is still division. "The Prime Minister must listen to the concerns of the people and come to Porgera because the landowners and leaders are here. We will formulate our position paper as united landowners to go into agreement with the government and developer and this has to be in Porgera," Mr Kutato said.

Board moves boost Kalia Bougainville copper/gold play

Matt Birney, The West Australian, 25 July 2019

Bougainville Island focussed porphyry copper-gold exploration company, Kalia Limited, has restructured its management ahead of a significant ramp-up in regional. The company has this week appointed two new directors with a wealth of resources sector experience, following the increased activity of private investment firm Tygola Pty Ltd, who continue to strongly support Kalia via a series of loan facilities, that amount to \$6m. Michael Johnston has joined the company as the Director Corporate Development and Strategy, bringing his extensive experience working in PNG and the wider Asia-Pacific region to the Board, particularly as General Manager of Placer Dome's exploration team in Australia and Asia in the early 2000s. More recently, Mr Johnston was the President and CEO of TSX-listed Nautilus Minerals, where he managed the development of the world's first sea-floor mining company, whose main project was the Solwara 1 Field in the Bismarck Sea, in PNG waters, just northwest of Bougainville. Kalia has also hired accountant Jonathan Reynolds as a non-executive director.

Mr Reynolds has more than 25 years' experience across a range of sectors, including a current role as Finance Director with ASX-listed Allegiance Coal, a company focussed on investing in advanced or producing metallurgical coal assets. Kalia recently sought out one of the world's leading experts on porphyry, epithermal and "Carlin-style" copper-gold mineralisation, Dr Steve Garwin, to run the ruler over its comprehensive technical data set on Bougainville. Dr Garwin has been involved in numerous exploration and mining projects, including the Batu Hijau porphyry mine in Indonesia that holds an ore reserve of 9 million ounces of gold and 4 million tonnes of copper. His recent dis-

covery of the world-class Alpala porphyry deposit in Ecuador is even better, holding about 11 million tonnes of copper and just over 23 million ounces of gold.

Dr Garwin's review highlighted the geochemically "fertile" nature of the Mt Tore region's rocks, holding significant potential for multiple copper-gold porphyry centres and epithermal mineralisation, which confirmed Kalia's belief that it is sitting on some prospective ground on Bougainville. The investigation unearthed five significant regions of interest on the company's tenements, including a new unexplored target 60 square kilometres in size, characterised by anomalous copper-gold assays in geochemical stream sediment samples dating back 30 years. The exploratory overview of the company's two tenements located at the northern tip of Bougainville also delineated three potential porphyry copper-gold centres and one substantial epithermal gold region bridging the Teosiri - Teoveane areas, for follow-up exploratory field work. The regional exploration to ground-check the interpreted geological features will be helicopter-supported, given the challenging terrain and the remote locations of individual targets.

Kalia said it would focus its field sampling programs around the key locations, to identify and rank targets for maiden drilling programs in the project holdings, expected to kick off later this year. The company completed a detailed airborne geophysical survey over its Mt Tore leases in 2018, which threw up 64 individual porphyry and epithermal exploration targets for evaluation. The style of porphyry copper-gold deposits the company is seeking on Bougainville are highly sought-after globally because they boast some of the largest ore reserves of these desirable commodities. And it couldn't reside in a better postcode globally, with Kalia exploring in the "Pacific Ring of Fire" region, which holds many world-class copper-gold porphyry systems and its Mt Tore JV tenements located only 130km northwest of one of them, the gigantic mothballed Panguna copper-gold mine.

Public Accounts Committee to investigate LNG proceeds

Rebecca Kuku, The National, 25 July 2019

THE Public Accounts Committee wants to know where the proceeds from the multi-billion kina PNG Liquefied Natural Gas (LNG) project are. It has therefore given the Kumul Petroleum Holdings Limited (KPHL) two weeks to provide the committee with information on the aggregate income generated from more than 500 shipments of LNG to overseas buyers since the first one in 2014. Committee chairman Sir John Pundari, said they wanted KPHL to explain:

- How much has been made so far from the export of the liquefied natural gas;
- How much of that money had been given to the State and landowners;
- how much has been given to the provincial government of the affected areas for development and infrastructure; and,
- How much was used on KPHL's cost of operation.

Sir John said people had the right to know how much was made from the shipments of LNG and where the money was right now. "KPHL is not a private business. It is not your money or my money," he said. "It is the people's money. So why are we being secretive? KPHL belongs to the people and the Public Accounts Committee has the mandate to enquire." But KPHL board chairman Andrew Baing said it was a government business governed by its own legislations and was not subjected to the Public Finance Management Act as the other state-owned enterprises. Baing said yesterday that he had said all he needed to say on the matter.

"I will comment later in the week after I consult my office and lawyers," he said. The committee wants KPHL to provide all the information by August 7, failing which officials will be summoned before the committee. The first shipment of LNG from ExxonMobil PNG Ltd's US\$19 billion PNG

LNG project left the country on May 25, 2014, carrying a cargo bound for Japan. It was reported at that time that the cargo had been sold on the spot market to Tokyo Electric Power Company Inc. Since then over 500 shipments of liquefied natural gas had been made. The committee published a notice this month on its intention to hold an inquiry into the operations of KPHL.

SLN future hinges on lower New Caledonia power price

The survival of New Caledonia's SLN nickel company is being made conditional on the company securing lower electricity prices for its smelter in Noumea.

Radio New Zealand on 25 July 2019



SLN smelter in Noumea New Caledonia Photo: RNZ Walter Zweifel

The loss-making company's plight was discussed in Paris at a board meeting of its parent company Eramet which tabled the group's financial results. New Caledonian leaders have said it isn't an option to close SLN, which is the biggest private sector employer, because it would entail the collapse of New Caledonia's already troubled social security system. The head of Eramet Christel Bories said the New Caledonians have reason to be worried but the situation can be remedied. She said two of the three conditions for maintaining the plant have been fulfilled with a work restructure and the approval to export four million tonnes of nickel ore. Ms Bories said negotiations are under way and she hopes that within weeks all three conditions will be met.

Seabed agency says it's guided by strictest rules

Radio New Zealand, 24.7.2019

The head of the International Seabed Authority has largely ignored criticism of himself, and the agency, by environmental NGOs. The Deep Sea Mining Campaign and Greenpeace have claimed a speculative rush to mine the seabed, with companies in an unholy alliance with the agency responsible for regulating it. The NGOs want a moratorium on seabed mining, and exploration, for 20 years, until more is learned about its impacts. In a letter, the secretary-general of the ISA, Michael Lodge, did not respond to the NGOs' claims that he is too close to the mining companies or the call for the moratorium. But he said the industry is subject to one of the most complex and ambitious systems of global governance that humanity has yet devised and is still working to determine how this might be implemented. Mr Lodge said no activity will be allowed if an environmental impact assessment indicates an undue impact. But the Deep Sea Mining Campaign's Helen Rosenbaum

said the only assessment that had been done is an impact statement from mining company, Nautilus, that was flawed and not fit for purpose.

Letter to the editor

Investigate Kurumbukari Landowners Association

John Mangua Yoga, Post Courier, 22 July 2019

The handling of public funds by the current executives of the Kurumbukari Landowners Association needs to be thoroughly investigated. An urgent investigation must be conducted by the national fraud squad and anti corruption directorate because royalty monies disbursed to this association have been apparently misused and squandered as if there was no tomorrow. Can the newly appointed executives organise yourselves and assist police and relevant government agencies ie; MRA, Madang provincial government and mining ministry to get to the bottom of this issue and expose this systematic corruption? The poor landowners are suffering miserably while their so-called executives are silently milking their coffers. The living conditions of the landowners of this so-called world class mine are deplorable.

Landowners are living in shacks at Banu bridge - gateway to the Ramu nickel mine. Basic social services such as health, education and business spin-off for landowners seems to be minimal. The current executives have lost sight of their responsibility to effectively address the local landowners issues and problems. They cannot continue on like this without proper foresight, vision and strategic plans to improve the wellbeing of it's people. There is high speculation of gross abuse of public funds and mismanagement against the current executives. Whether this is true or false needs to be appropriately verified and substantiated by concrete evidence. Our poor landowners cannot suffer and be innocently victimised by their leaders' follies. Please my plea to the new executives-to-be is: go gather as much evidence as you can to verify and substantiate these allegations of gross misappropriation of public funds by the current executives and approach the Police Minister Bryan Kramer to lay your complaint because he is your MP and his government is now very vocal on weeding out entrenched corruption.

New Caledonia leaders worried about SLN

New Caledonian political leaders have raised the alarm over the loss-making SLN nickel company which is the biggest private sector employer. They say it is at risk of closing which they say is not an option. Radio New Zealand on 20 July 2019

Ahead of next week's board meeting of SLN's French parent company, they have decided to set up a committee to co-ordinate efforts to save the plant and the thousands of jobs depending on it. The politicians at the centre of the initiative are the president Thierry Santa, the president of the southern province Sonia Backes and the mayor of Noumea Sonia Lagarde who want the French state to help. Mr Santa said the closure of the plant would entail the collapse of New Caledonia's social security system which in itself was already in financial difficulties. SLN has been losing about \$US10 million a month despite some restructuring. However, further savings will hinge on being able to replace the power plant with a gas-powered unit which is hoped can be achieved by 2023.

Fiji legal veteran off to the International Seabed Authority

Radio New Zealand on 19 July 2019

The outgoing Nauru justice secretary, Graham Leung, has joined the International Seabed Authority. The ISA is responsible, under the Law of the Sea Convention, for managing the seabed and ocean floor beyond national jurisdiction. The Authority is spearheading efforts to finalise regulations for mining, which are expected to be adopted in late 2020. The Authority has granted Nauru Ocean Resources Inc, a subsidiary of a Canadian company Deep Green Metals, an exploration licence to enable it to explore the ocean floor in the Clarion Clipperton Zone. The zone is a vast part of the northern Pacific. The ISA has been strongly criticised this week by environmental groups who have called for a 20-year moratorium on seabed mining. The environmentalists claim the ISA is too closely linked with mining companies. The ISA has stressed that its aim is to ensure the 'sustainable management of a global public good for present and future generations.' Mr Leung, before taking up a role in Nauru, held a number of positions in Fiji including as president of the Fiji Law Society.

Wafi-Golpu Delays Exploration

Nancy Kalimda, Post Courier, July 18, 2019

Wafi-Golpu Joint Venture is delaying its advanced exploration activities over uncertainty in attaining a mining permit. As the exploration activities are being delayed, the number of employees is also being reduced in a redundancy exercise. This comes amid the current legal challenge over the signing of the memorandum of understanding (MoU) between WGJV and the State. As per the project permitting timeline WGJV expected to get a Special Mining Lease (SML) in June as planned and agreed to by WGJV and the State. "Due to the failure to achieve the targeted milestones for permitting the project, and uncertainty related to the project permitting timeline, WGJV has delayed its planned advanced exploration activities until after the grant of the SML, when these activities were originally scheduled. "Currently, there are 57 WGJV employees that have been identified for reduction in July, August and September 2019," WGJV said. WGJV said normal activities at the site, including general operation of the site, community programs, environmental monitoring and engineering activity are continuing.

WGJV was responding to questions regarding the progress of the project and the court injunction over the signing of the MoU. "As the matter is before the courts, we note the national government has lodged an appeal against the stay order. While waiting for the case to be heard, the WGJV is complying with the stay order and will not undertake activities or work (including meetings with government agencies and other stakeholders) which will alter the status quo in relation to the MoU," WGJV said. WGJV emphasised that the MoU is between the WGJV and the State. The company said under PNG law, all matters relating to Morobe Province and the landowners are dealt with via separate negotiation and consultation process, including the Development Forum and memorandum of agreement process. It said the MoU does not replace that process or any of the usual agreements that will need to be negotiated before any SML is granted. These include:

- The Mining Development Contract (which outlines the fiscal and regulatory arrangements for the project);
- The MoA (which is an outcome of the Development Forum and deals with the distribution of benefits from the project);
- State Equity Acquisition Agreement (which is the purchase agreement for the equity to be acquired under the State's option); and
- Fiscal Stability Agreement (which is an agreement providing long term fiscal stability for the project).

Oil Search: K3.54mil in taxes paid

July 18, 2019, The National Business

FROM 2013 to 2018, Oil Search Ltd (OSL) has paid US\$988.36 million (K3.54 billion) in actual taxes and prepayment of taxes (via state approved tax credit schemes) to the country, according to a company statement released this week. This included US\$295.12 million (K1.002bil) in petroleum taxes, ie income tax and additional profits tax; US\$266.30 million (K904.2mil) in tax credit scheme expenditure; US\$189.52 million (K643.53mil) in salary and wages taxes; US\$103.66 million (K351.99mil) in royalties and development levies; US\$133.76 million (K454.19mil) in other government taxes, ie withholding taxes, excise, stamp duty and GST (goods and services tax). OSL made the statement in response to Prime Minister James Marape's call for the company to pay its fair share of taxes due to the government and people during an occasion last week to mark the 90th anniversary of the company's operations in PNG. Marape congratulated Oil Search on its 90-year milestone and spoke of his vision for country and his prime ministership and reaffirmed his commitment to improving the national economy and the lives of all the people and at the same time allowing businesses to flourish in PNG. OSL said it fully supported Marape's call for all companies operating in PNG to pay their fair share of tax.

- Oil Search also supported Marape's statement regarding the need for improved efficiency in collecting taxes;
- Oil Search had long supported revenue transparency. For example, Oil Search's 2018 Transparency Report (available online) brought together information on all payments made to Government and socio-economic contributions and described the company's approach to tax transparency;
- Oil Search's principle-based tax management approach aligned with the company's core values of acting with integrity, acting responsibly and respecting communities, partners and governments.
It also supported the company's efforts to provide information to governments and their agencies so they could review tax policy and enhance their tax systems' equity, effectiveness, efficiency and administration;
- Oil Search maintained a transparent and constructive dialogue with government and tax authorities regarding its tax approach and disclosures;
- Oil Search paid taxes in full compliance with the letter and intent of the laws that governed its operations.
The company complied with all statutory obligations and disclosure requirements on a full and timely basis; and,
- Oil Search was focused on building the capacity of government instrumentalities to enable them to progressively take on full responsibilities, in a sustainable manner.

For example, through the support of the provincial health authorities in Hela, Southern Highlands and Gulf. In 2018, OSL contributed US\$451 million (K1.5 billion) towards socio-economic development in the country, including US\$248 million (K818 million) to PNG-owned suppliers and contractors; US\$115 million (K380mil) to the government; US\$21 million (K69mil) in wages and benefits to PNG-based employees; US\$66 million (K218mil) in community investment; US\$1 million (K3mil) in dividends to its PNG shareholders. From 2013–2018, OSL spent US\$91 million (K309 million) delivering community development programmes, including those focused on power generation, education, health and business development; donated US\$59 million (K200mil) to the Oil Search Foundation to support the government in delivering and strengthening services in the areas of health, women's protection and empowerment, education and hygiene; spent US\$5 million (K16mil) in partnerships with third-party community-based organisations to assist in the delivery of community initiatives; spent US\$380 million (K1.2bil) for the supply of goods and services delivered by local landowner companies; spent US\$266 million (K903mil) on Infrastructure Tax Credit

Scheme projects on behalf of the government, including Apec Haus, National Football Stadium, Manasupe Haus, phase 1 of the Erave to Samberigi road, stage 1 of Kupiano Hospital, including an administration building and outpatients' ward, upgrades to Bimai High School, including a double classroom, two dormitories and two teachers' houses.

Eda Kopa files claim for K168.7mil after project stalled

July 17, 2019, The National Business

EDA Kopa (Solwara) Ltd has filed a claim for approximately US\$51 million (K168.7 million) under a Canadian court supervised creditors process initiated by the parent company of its joint-venture in the Solwara 1 project, Nautilus Minerals Niugini Ltd (Nautilus PNG). Eda Kopa is a wholly owned subsidiary of Kumul Minerals Holdings Ltd. Chairman Peter Graham said the claim related to the unearned component of the contribution originally advanced by Eda Kopa to the Solwara 1 project. The Solwara 1 deep sea mining project was a venture to mine polymetallic sulphide deposits located on the seabed in an area approximately 50km north of Rabaul, East New Britain and 30km west of New Ireland. Graham said: "In 2014 Eda Kopa contributed US\$120 million (K375 million) representing its full share of all project construction and development costs, both past and future, for its 15 per cent stake.

"Eda Kopa funded its contribution to the project by way of a K375 million loan from Bank South Pacific (BSP) that was guaranteed by the State. "Nautilus PNG, the project manager and joint-venturer responsible for funding the remaining 85 per cent of the project, has not been able to meet its funding obligations and, as a result, the project has stalled with a substantial proportion of the development work still to be undertaken. "Eda Kopa has made claim for the portion of its contribution relating to the stalled development work. "While the prospects of creditors achieving any meaningful recovery appears low, this claim has also been filed in an effort to preserve Eda Kopa's rights and position."

In February, the Canadian-listed parent company of Nautilus PNG, Nautilus Minerals Inc, sought protection from its creditors under the court supervised Companies' Creditors Arrangement Act (CCAA) process and initiated a sales and investment solicitation process (SISP) to restructure its business and financial affairs. The SISP was terminated last month (June) and Nautilus and its principals are now directing their efforts towards reaching an agreement with creditors under the CCAA with a view towards potential restructure of Nautilus' various projects and assets. Eda Kopa's claim was made in accordance with this process. "While Eda Kopa has been patient in its dealings with Nautilus as that company has undertaken various efforts to secure funding, in light of Nautilus' difficult circumstances, Eda Kopa now feels compelled to make the claim and take such action as it can to best protect the State's interests," Graham said.

Seabed Authority slammed over links to mining companies

The International Seabed Authority, the UN agency charged with protecting the seafloor, has been accused of getting in bed with sea bed mining companies.

Radio New Zealand on 17 July 2019

In a [new report](#), called Why the Rush?, the NGO Deep Sea Mining Campaign is calling for a 20 year moratorium on ocean floor mining, saying not enough is known about its effects. The Campaign's co-ordinator, Helen Rosenbaum, said companies lining up to mine the seabed are being aided and abetted by the organisations that should be policing the activity. She points to the ISA's head Michael Lodge, appearing in advertising for one miner, Deep Green, and promoting deep sea mining. "So it is very hard to think that his organisation is going to be able to develop regulations which

match their mandate, which is to manage the seabed resources in the interests of all humanity and protect the environment from damage from sea bed mining." The International Seabed Authority has not so far responded to the criticisms from the campaign but it did file a response earlier this month after Greenpeace put out a similar condemnation.

The ISA said the Greenpeace report misrepresented the Authority's role. The Authority said the legal regime to regulate prospecting, exploration and future exploitation of deep-sea minerals was being developed in a transparent public forum of consensus-building by the international community and in compliance with international law. "It is anchored in the driving principle that the proceeds of deep-seabed mining will be shared on a basis of equity, in a transparent manner, and for the benefit of mankind as a whole. "There is no other comparable regime that places protection of the environment and benefit to humanity at the front and centre of its mandate."

Call for moratorium on ocean floor mining

The Deep Sea Mining Campaign, with other environmental NGOs, is asking why the world seems hellbent on mining the ocean floor. The groups have [put out a paper](#), asking 'Why the Rush?'

Radio New Zealand on 17 July 2019



Photo: facebook

The waters around several Pacific nations have been at the forefront of the push to mine rare minerals that mining companies claim can be extracted with minimal damage to the ocean floor. But the NGOs say so little is known about the impacts that it would be irresponsible to go ahead. The Campaign's co-ordinator, Helen Rosenbaum, said there should be a 20 year moratorium on mining, exploration and efforts by the United Nations International Seabed Authority to draw up regulations. "So we just think the whole thing needs to stop, the world needs to take a breather and to look at what is going on, because the world has not had a chance to consider this industry and it is being driven by a small handful of people with a vested interest," Ms Rosebaum said. Mining the ocean floor has been under consideration in the Pacific for some years, particularly in Papua New Guinea where Canadian company Nautilus had laid out big plans. Ms Rosenbaum said the only assessment that had been done is an impact statement from Nautilus that was flawed and not fit for purpose.

"It doesn't actually identify all the risks that need to be managed," she said. "So I think, as in the case with a lot of environmental impact statements, this one is a very much, 'blind the general population with science' affair and fairly low on substance." Apart from the Deep Sea Mining Campaign,

MiningWatch Canada, The Ocean Foundation, the Deep Sea Conservation Coalition and AidWatch were involved in the report 'Why the Rush? Seabed Mining in the Pacific Ocean'. Earlier this month Greenpeace put out [a similar report](#). The ISA said the Greenpeace report misrepresented the Authority's role. The Authority said the legal regime to regulate prospecting, exploration and future exploitation of deep-sea minerals was being developed in a transparent public forum of consensus-building by the international community and in compliance with international law. "It is anchored in the driving principle that the proceeds of deep-seabed mining will be shared on a basis of equity, in a transparent manner, and for the benefit of mankind as a whole. "There is no other comparable regime that places protection of the environment and benefit to humanity at the front and centre of its mandate."



**WHY THE RUSH FOR SEABED MINING:
INTRIGUE, COLLUSION AND INTERESTING BEDFELLOWS**
Deep Sea Mining Campaign, MEDIA RELEASE, 17 July 2019

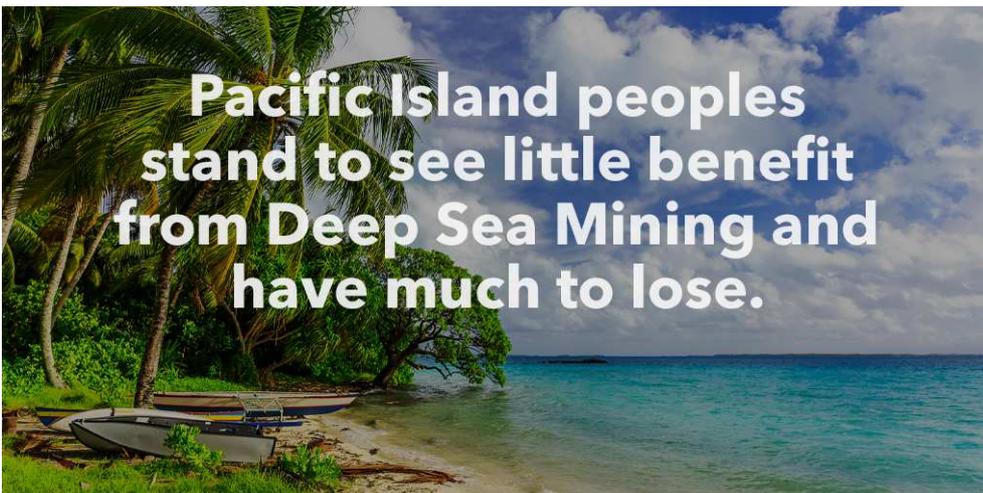
Start-up companies are driving a speculative rush for seabed minerals in an unholy alliance with the very UN body charged with regulating them, the International Seabed Authority (ISA). A [hard hitting report](#) released today exposes blatant corporate capture of the ISA and the manipulation of Pacific regional decision-making processes by deep sea mining companies and their backers. It calls for a moratorium on the development of deep sea mining (DSM) regulations and the issuing of exploration and exploitation licences in international and national waters. Apparently shunning the ISA's mandate to benefit all (hu)mankind, its Secretary General, Michael Lodge eagerly promotes the narrow commercial interests of wannabee deep sea miner, [DeepGreen Metals](#). The UN body's Secretary General obligingly advertises the company in [marketing videos](#) and advocates on their behalf to Pacific Island leaders.^[1]

Aided and abetted by international donors, particularly the European Union, regional DSM regulatory processes have been fast tracked. This is before Pacific Island citizens, whose lives and livelihoods are intrinsically tied to the ocean, have had a chance to meaningfully discuss this unprecedented high-risk industry. Entitled, '[Why the Rush?](#)', the report describes how investors in struggling DSM start-up Nautilus Minerals^[2] jumped ship early and used their speculative gains to establish DeepGreen. Nautilus now appears doomed^[3] and has left in its wake the PNG Government facing a debt equivalent to one-third of the country's annual health budget for 9 million people^[4] and citizens angry that funds wasted on buying a stake in the company's Solwara 1 mine, could have been spent on much needed infrastructure and services.^[5]

Dr. Helen Rosenbaum [Deep Sea Mining Campaign](#) Coordinator said, “The fate of Nautilus should send a salient warning to investors and to nations considering joint ventures with DeepGreen and other deep sea mining aspirants. It remains to be seen whether these companies will mine only the markets as Nautilus has done.” “Either way, Pacific Island peoples stand to see little benefit and have much to lose. While the Pacific regional DSM regulatory framework conveys an impression of social licence, Pacific islanders are vocal in their opposition.”^[6] Dr. Catherine Coumans of [MiningWatch Canada](#), stated, “The declining health of the world’s oceans is well documented, with warnings of alarming implications for human health, prosperity and long-term survival.^[7] Given the urgency of the species extinction crisis we now face the last thing humanity needs is to hand the deep seabed over to a destructive industry that has proven itself to be so irresponsible on land.

“Rather, we need a moratorium on deep sea mining and on the development of seabed mining regulations. Society at large has not agreed to the emergence of this high-risk speculative industry that is driven by a narrow profit-focussed agenda of a handful of people.” Andy Whitmore the Deep Sea Mining Campaign, UK-based Finance Advocate questioned, “Why the rush to mine the sea floor, when transitioning to a [Circular Economy](#) and [Urban Mining](#), represents the most financially and environmentally viable way forward? Research indicates it will be more lucrative, will deal with an intractable waste problem^[8] as well as being capable of meeting future global mineral demand.^[9] “As noted in the May 2019 UN IPBES report, the continued pursuit of an industrial extraction-based economy runs counter to planetary survival. We must see industry and ISA spin for what it is and call a halt to the DSM madness.”

Report: http://www.deepseaminingoutofourdepth.org/wp-content/uploads/Why-the-Rush_FINAL_webview.pdf



At Oil Search party, PNG prime minister seeks bigger slice of cake
 Sonali Paul, Tom Westbrook, Devika Syamnath, Reuters, 16 July 2019

“So going into the future we will not be asking much of you in terms of community service obligation, but we will be asking you to pay your fair share of tax”

Papua New Guinea’s new prime minister used Oil Search Ltd’s 90th birthday to press the country’s biggest company and its oil major partners to pay more tax to the impoverished Pacific island nation. Prime Minister James Marape’s comments come as Oil Search and partners Exxon Mobil Corp and Total SA face delays on a \$13 billion plan to double liquefied natural gas (LNG) exports from the country, with the new government seeking to win more from resource projects. Oil Search has long prided itself on work it does in PNG communities, including funding health care and literacy programs, but Marape said that was not the company’s job. “So going into the future we will not be

asking much of you in terms of community service obligation, but we will be asking you to pay your fair share of tax,”

Marape said in a speech at Oil Search’s 90th birthday celebration in Port Moresby last Friday. Excerpts were released on Tuesday. “We will be asking of you and others in the industry for a greater participation in ... downstream processing. We’ll be asking of you for a clearer, better definition of what local content is,” he said. Oil Search had no immediate comment on the speech. The company on Tuesday pared its full-year capital spending guidance by \$45 million to between \$500 million and \$610 million due to a delayed start to front-end engineering and design work for the expansion of the Exxon-operated PNG LNG plant. The expansion is due to be fed by gas from Total’s Papua LNG project, the P’nyang gas field and existing fields.

Oil Search said early work has been delayed because talks with the government on developing P’nyang have been put on hold while the new government reviews the Papua LNG agreement, signed in April. Oil Search shares fell 2.6% in a flat broader market after it reported the delay and second-quarter revenue that missed estimates by a wide margin. Revenue for the quarter ended June 30 rose to \$378.9 million from \$262.8 million a year earlier, when a deadly earthquake forced a shutdown of PNG LNG. Citi had expected quarterly revenue of \$421 million. Compared with the first quarter, production was hit by 13 days of slower output in late May to early June amid planned maintenance at PNG LNG. Sales were flat but revenue fell due to weaker LNG pricing, tied to lower oil prices, Oil Search said.

Rival questions authority of Bougainville’s Osikaiyang landowners

Radio New Zealand, 16 July 2019



"The original divisions from the beginning of the conflict in Panguna [#Bougainville](#) have not gone away. Foreign controlled companies continue to involve themselves and interfere which exacerbates the situation. Money continues to corrupt individuals and complicate any resolution" Stret Pasin

The Special Mining Lease Osikaiyang Landowners Association represents itself as the key body at the site of the Panguna mine, which various interests are looking to develop. Osikaiyang wants to operate Panguna with an Australian company, RTG. But the Panguna Development Company, which has links to rival prospective operator, BCL, said Osikaiyang is making misleading public statements when it has no right to do so, under the region's mining act. It said such statements can only be given by customary heads, who are authorised to represent the Panguna blocks, and Osikaiyang has never had this consent. Last week Osikaiyang issued an ultimatum, suggesting the referendum on independence from Papua New Guinea could be derailed if it doesn't get its way over

Panguna. The Development Company called this threat unfortunate. Meanwhile, government moves to change the Mining Act to allow a third foreign company to take charge of the mine have been put on hold until after the referendum.

Scottish Enterprise urged to rule out ‘damaging’ deep sea mining

Environmental campaigners have called on the Scottish Government’s economic development agency not to spend taxpayers’ money subsidising a controversial new form of underwater mining.
Joe Lo, The Ferret, July 15, 2019



A report commissioned by Scottish Enterprise echoed concerns that deep sea mining could lead to “the potential extinction of unique species” – but the agency has refused to rule out investing in the industry. Deep sea mining envisages machines sucking up the seabed so that minerals like cobalt and manganese can be extracted for use in products such as mobile phones, wind turbines and batteries. Although no mining has begun yet, mining sites have been proposed in the Pacific Ocean, the Indian Ocean and near Peru and Japan. The UK government, in collaboration with US arms company Lockheed Martin, has a license to mine an area larger than England off the west coast of Mexico. An April 2017 report into deep sea mining commissioned by Scottish Enterprise was made public in July after a freedom of information request by Greenpeace’s Unerthed website. The report was written by the research arm of Subsea UK which describes itself “the champion” of the UK under-sea industry. “The environmental impacts of deep sea mining are not fully understood,” cautioned the report.

“The activities involved in subsea mining could have detrimental impacts on localised populations as well as an impact on world oceans through the potential extinction of unique species that form the first rung of the food chain.” Scottish Enterprise said that it regularly undertook research into markets to understand their potential for Scotland’s businesses. “This report was commissioned to highlight the market potential in a range of sectors such as aquaculture and marine renewables, that Scotland’s subsea capability could be appropriate for in future market activity,” David Rennie, the agency’s head of oil and gas, told Unerthed. “As yet we have not made any decisions, or progressed any activity, on how we might develop seabed mining. Other sectors such as marine renewables and aquaculture are likely to offer more immediate opportunities and any significant developments in seabed mining are likely to be some years off.”

But Friends of the Earth Scotland called for funding to be blocked now. “Scottish Enterprise should immediately rule out any support for deep sea mining,” said the environmental group’s head of campaigns, Mary Church. “It is absurd to even be considering putting public money into such a damaging activity at a time when the life in our oceans is already under so much threat from climate change, over fishing, plastic pollution and oil extraction.” Greenpeace UK urged politicians to be held to account for planning to spend taxpayers’ money on deep sea mining. “Scottish Enterprise is well aware of the potential environmental risks and there needs to be much more of a public conversation about whether citizens, including avid Blue Planet fans, are prepared to permit the potential extinction of species and risking making climate change worse,” said the group’s oceans campaigner, Louisa Casson.

She authored a Greenpeace report in 2019 warning that deep sea mining could make climate change worse by releasing carbon stored in sediments or by disrupting process which help scavenge carbon and deliver it to those sediments. Marine life naturally absorbs carbon, carrying some of it to the seafloor when they die. That we should be destroying these things is so deeply tragic. Wildlife broadcaster, David Attenborough, has pointed out that the deep sea is where life began. “That we should be destroying these things is so deeply tragic,” he told the BBC. “I mean, that humanity should just plough on with no regard for the consequences, because they don’t know what they are.” The UK parliament’s cross-party environmental audit committee has warned that deep sea mining would have “catastrophic impacts on the seafloor site and its inhabitants”.

In a report, MPs called on the UK government not to use its deep sea mining licenses and to pressure other countries and the International Seabed Authority (ISA) not to issue any more licenses. The committee also criticised regulation of the industry.”We are concerned that the ISA, the licensing body for seabed exploration, also stands to benefit from revenues, which is a clear conflict of interest,” they said. A Scottish Enterprise spokesperson told *The Ferret*: “Developments in seabed mining are closely controlled and regulated by the International Seabed Authority and the industry is very much in its infancy. Should any project be brought forward in the future it would be subject to rigorous economic and environmental due diligence.” The Scottish Government said it supports “clean, healthy, safe, productive and biologically diverse seas, balancing sustainable development with environmental protection”. A government spokesperson added: “

Any deep sea mining would be subject to regulatory controls and thorough assessment, including conducting an environmental appraisal.” Three companies mentioned in the Scottish Enterprise report as potential recipients of support are Royal IHC, 2H Offshore and Soil Machine Dynamics. They all design machinery which could be used in deep sea mining and are all ultimately foreign-owned. Royal IHC is majority-owned by the wealthy Dutch de Bruin family. 2H Offshore is ultimately owned by two US billionaires close to Donald Trump, Henry Kravis and George Roberts. Soil Machine Dynamics is ultimately majority-owned by the Chinese government. When asked if it subsidises foreign owned companies, Scottish Enterprise said it works with “both indigenous and international companies”. On investing in companies owned by the Chinese state, a spokesperson stressed that the agency carried out “rigorous due diligence”. Government wildlife and environment agencies all declined to comment, including Scottish Natural Heritage, the Scottish Environment Protection Agency and the Joint Nature Conservation Committee’s chief scientist, Christine Maggs.

‘Report withheld’

By LUKE KAMA, July 15, 2019, *The National*

A REPORT on the non-CMCA (Community Mine Continuation Agreement) Trust Account cannot be given to the Mining Ministry and its department as it is the subject of an investigation, chief secretary Isaac Lupari says. Lupari said this to clarify concerns from stakeholders including the West-

ern government, the Mining Ministry and department and contractors Bena Constructions Ltd, Lome Paina Construction Ltd, WS Niugim Limited, Eda Civil Works Limited and Niugini Builders Limited. He said an internal investigation and project audits were being completed and was now with the Prime Ministers' Office. "It (the report) was completed and given to the Prime Minister's office," he said. "It is an independent audit and we have to respect established process. "The funds under non-CMCA Trust Account were managed by the Mining Ministry and the department so they are also subject of the investigation," he said. "It has to be deliberated on by an independent body and not the parties concerned in the investigation unless the Prime Minister tables it in Parliament or refer it to the responsible authorities."

Massacres: land rights over resource rich land may have played a role

Lush and humid, Papua New Guinea's highlands look idyllic. But a brutal massacre of women and children has highlighted a deadly turf war on our doorstep.

Benedict Brook, News. Com, July 15, 2019



Mt Kare in the Papua New Guinea Highlands. A large gold mine is planned for the area. Source: Supplied

The images that shot around the world last week were shocking enough. The hacked bodies of women and children, victims of a bitter inter-clan conflict. Their remains wrapped in cloths, tied to branches and lying beside a sun-soaked country road. There is a brutal logic to some of the deaths. The scene was gruesome but what also horrified many Australians was that it happened so close to our shores. The 16 people murdered hailed from the Hela province of Papua New Guinea. At its closest point, the PNG coast is just four kilometres from Australian islands in the Torres Strait. Australia used to govern the nation until as recently as 1975 and, with the US, Canberra is setting up a military base in the country. PNG's Prime Minister James Marape has condemned the slaughter and told the culprits bluntly: "I am coming for you." The massacre occurred in the country's humid highlands, a region drunk on a heady cocktail of bitter clan rivalries, mining riches, lawlessness and even sorcery. In one grim incident, young boys were beheaded.

Even in an area where killings are not uncommon, PNG watchers have struggled to comprehend the sheer brutality of these murders. "I wish I could say violence was a surprise in this part of PNG," Jonathan Pryke, Director of the Pacific Islands Program at think tank the Lowy Institute told news.com.au. "But targeting women and children is what makes this stand out. It's sadistic." One answer to the sustained violence in this part of PNG may be found several valleys away in the shadow of a mountain. Deep beneath the grassy exterior of Mt Kare, rich seams of gold run. Just down the road, the Pogera gold mine is one of the world's largest. Hela provincial administrator William Bando told news agency AFP last week that the killings might have a connection to local rivalries at Mt Kare.



Locals stand by the bodies of victims recovered in recent tribal violence in Papua New Guinea. Picture: Pills Kolo via AP. Source: AP



Location of the Hela region in Papua New Guinea. Picture: Google Maps. Source: Supplied

WHY ARE MINES SUCH FLASHPOINTS?

Mines are generally run by major firms but a proportion of the royalties are distributed locally, to the government and landowners. In a poor country, the effect of that cash can be huge. Indeed, Hela province itself was carved out of another government region so the local Huli people could more directly benefit from the proceeds of a huge liquefied natural gas project in the town of Hides, backed by the US company ExxonMobil. PNG experts news.com.au has spoken to have said it's too early to tell if the new Mt Kare mine and the massacre are connected. Violent disputes can be for many reasons. The mine's owner Indochine has said that linking the site to the tragic incident is nothing more than "speculation". A plausible alternative explanation is the slaughter was a tit-for-tat action for other recent killings. But land rights, including over mines, have turned violent in the past. During the 1990s, more than 20,000 people died in PNG's Bougainville province, largely over who would benefit from an enormous mine.

Resources are big business in PNG with the industry making up 21 per cent of the nation's economy. Luke Fletcher, Executive Director of Jubilee Australia, an organisation that advocates for communities in the Pacific region, told news.com.au the entry of big mining firms into remote regions had fundamentally changed the way of life. "It impacted the whole fabric of society. There was a lot more cash coming in. Disputes became associated with land and who was the landowner of a particular tenement identified for a mining project. "The Huli ethnic group has a complex so-

cial connection to the land so it's been very difficult for the Government to identify who is a landowner."

That's led to not only skirmishes over property but also the withholding of some royalties as the mining firms don't know who to give the money to. These disputes have rumbled alongside more longstanding feuds as well as desperation brought on by poverty. At the same time, promises of modern infrastructure haven't, in some cases, eventuated. And while shiny new hospitals and schools have been built, in a number of cases, funds to pay staff and materials have dried up. "There is more cash around but in some ways that has been just as much of a problem. Because there's so much cash, there are now so many weapons," said Mr Fletcher. "This isn't the first violence we've seen, it's just the most egregious."

GOLD RUSH

Michael Main, an anthropologist and PhD candidate at Australian National University, knows Hela well. On visits to the lush mountain valleys he recalls having to persuade locals he was merely a student and not a geologist looking to pinpoint the next rich fissure of gold. "When a piece of land acquires a much greater value (due to mining) that does exacerbate things; even if it's only perceived in that way. With the hype around mining some think a mountain is literally full of gold." There had been a "gold rush" in the early 2000s at Mt Kare, he said, where nuggets were found in the soil and dug up by locals. But that was all now gone with the remainder of the riches beneath the surface.



The Porgera gold mine in Papua New Guinea is one of the world's largest. Source: News Limited

STONE AGE TO ARMS RACE

The population of PNG's Highlands were completely unknown until the 1930s when Australian patrols stumbled across a people who, essentially, were no more progressed than the "Stone Age", said Mr Main. The modern age has arrived with speed: mobile phones now sit alongside age old beliefs in sorcery. It's a place where rivalries run as deep as superstitions, all unencumbered by the usual trappings of the nation state, like police, who are rarely seen. But in times past there was a framework around violence. "Most people would not have been involved in fighting and it would have been bows and arrows facing off," "There is no longer the strong tradition of dispute resolutions through dialogue. Guns have changed the power dynamics," he said. "It's become an arms race. One clan will be well armed, the another clan they have a historical enmity with will get armed too. "You can even hire guns from a friend."



A Huli man in traditional ceremonial dress at a mobile phone shop in PNG's capital of Port Moresby. Source: Supplied

BRUTAL LOGIC TO KILLINGS

Weapons mostly came in from the neighbouring Indonesian province of West Papua. But some come through Australia's Torres Strait. While the few police will sell individual bullets to supplement their meagre wages. The Government's own armoury has been pilfered from. "The amount of guns vastly outnumbers those held by the entire PNG defence force," Mr Main said. The recent violence has been eye opening, however. Women, who in Huli society are never armed, have become victims as have children. And traditional tools — like the bush knife — have also been used to butcher victims. "When I was there, there was the case of young children being beheaded as part of the conflict," he said. He added there was a brutal logic to killing kids: "It's making sure the next generation doesn't grow up to take revenge." Mr Main likened the violence to that which has occurred in many parts of the world, from the Balkans to Ireland, where groups jostle for land and prominence.

The Lowy Institute's Mr Pryke agreed: "There's nothing distinct about PNG people; it's just where they sit on the development spectrum". There was no "silver bullet" he said to end the violence, but the PNG Government needed to make its presence felt. Some mining firms, he said, had been more successful than others at building local infrastructure and remunerating locals. But they needed to step up. "The mining industry will tell you they are doing as much as they can and they don't want to fill the gaps left by the Government. But they need to think more deeply about improved development outcomes, because if this violence continues that could be destabilising for business interests in the country." Mr Main said the mines have brought jobs and cash. But much of that was when they were under construction, with many wage packets drying up when mining began. "When they were in the construction phase there wasn't much fighting because there was money coming in, development was happening and people were focused on the future. "Now that vacuum has been filled with all these jealousies and grievances from the past returning."

MP's wife charged with laundering K2.6 million

July 12, 2019, The National

THE wife of Kiriwina-Goodenough MP Douglas Tomuriesa has been charged with misappropriating and laundering K2.6 million intended for the upgrading of deteriorating health infrastructures in remote areas of Western. "Investigations are continuing and more arrests are expected to be made soon in this case," National Fraud and Anti-Corruption director Mathew Damaru said. Damaru said they conducted investigations upon complaint by former chief secretary, the late Sir Manasupe Zurenuoc, when he was the acting Finance secretary, in a letter to police dated July 24, 2013. The misappropriation and laundering occurred in Oct 2011. Rachael Tomuriesa, 52, of Kolonoboi

village, New Ireland, works as a personal assistant in the Office of the Prime Minister and is a company director and shareholder in a family business involved in building and construction. It is that alleged that in Oct 2011, the Finance Department allocated K6 million to South Fly under the supplementary budget for the construction of health workers' houses in the district. The K6 million was remitted to South Fly Treasury account. Four officers of technical evaluation committee denied involvement.

Bougainville group issues ultimatum over Mining Act

Radio New Zealand, 12 July 2019

A Bougainville landowning group has given the autonomous government an ultimatum over a festering dispute involving the Panguna mine. The Osikaiyang landowners, who have allied with former militants, said unless the government drops plans to change the Mining Act they will not support the push for weapons containment and disposal. The removal of illegal guns is a key requirement ahead of Bougainville's referendum on independence from Papua New Guinea.



An abandoned building at Panguna mine site in Bougainville Photo: supplied

Osikaiyang, which is based at the site of the Panguna mine, wants to re-open it with its preferred partner, RTG, but the government wants to work with a different company, and to achieve this, is planning controversial changes to the Mining Act. Osikaiyang, with the Alpha company of the Bougainville Revolutionary Army, said unless the government makes clear that it won't make these changes to the Act, they will not back the weapons disposal. The group is calling for an answer before the referendum writs are issued in a month's time.

Understanding “transfer pricing”: how corporations dodge taxes through financial colonialism BoingBoing, 11 July 2019

Often these laundry manoeuvres through poor countries involve assets whose valuation-swings are massive: a company can mine 2 million tons of cobalt in Papua New Guinea and export it at \$5/ton to Mauritius, then export it again to Canada at \$10/ton -- not only does this help them disguise their profits in Canada, it also helps them dodge taxes in desperately poor Papua New Guinea, where the real value of the cobalt (\$10m) is booked as \$5m, despite PNG's already-low tax rate of 5%, meaning that PNG loses out on \$250k, which they can't afford to lose.

Every day, the world's poorest countries lose \$3b in tax revenues as multinationals sluice their profits through their national boundaries in order to avoid taxes in rich countries, and then sluice the money out again, purged of tax obligations thanks to their exploitation of tax loopholes in poor nations. The secret to all this tax-dodging is a complex grift called "base erosion and profit shifting" (BEPS). Like many of the most important and dangerous things in the world, it's boring, complicated, and *very important*, and the reason it persists is that the boringness and complexity baffles and bores people so they stop paying attention to it, leaving it to chug along, despite its importance. At its core, BEPS involves using bookkeeping fictions to transfer your profits to low-tax jurisdictions and your costs to high-tax jurisdictions. BEPS abuses "transfer pricing," which is the pricing of goods and service between multinational companies, by using prices of convenience for transactions within a single company's international divisions.

Here's how that works, in a real-world example detailed in an IRS lawsuit against Amazon, which is one of the world leaders in BEPS tax-avoidance. Amazon transferred all its "intellectual property" assets to a company called Amazon Lux, in Luxembourg, where taxes are very low. Then, every time Amazon's other divisions make a profit, they send that profit to Amazon Lux, which sends them an invoice for their use of Amazon's trademarks, software, etc. That way, Amazon's other divisions break even (or even *lose money*, if that makes them eligible for a tax-credit on the loss), and Amazon Lux makes all the company's profits in a tax-free jurisdiction (Luxembourg). Variations on this scheme use other jurisdictions (the Netherlands, Switzerland) and other intangibles to quote on in the bogus invoices ("management services" as an alternative to "intellectual property").

But things get really sweaty once the countries involved are poor ones whose political, regulatory and judicial systems can be suborned at low expense: in the "Mauritius Manoeuvre," an individual or company can arrange to book all its profits on Mauritius at no tax, then bring the money *back* to a rich country as "dividends from foreign investment," again, at low- or no tax. Often these laundry manoeuvres through poor countries involve assets whose valuation-swings are *massive*: a company can mine 2 million tons of cobalt in Papua New Guinea and export it at \$5/ton to Mauritius, then export it again to Canada at \$10/ton -- not only does this help them disguise their profits in Canada, it also helps them dodge taxes in desperately poor Papua New Guinea, where the real value of the cobalt (\$10m) is booked as \$5m, despite PNG's already-low tax rate of 5%, meaning that PNG loses out on \$250k, which they can't afford to lose.

Much of this sort of shenanigan is documented in the [Paradise Papers](#) and the [Panama Papers](#) -- indeed, the whistleblower who leaked the Panama Papers said they were motivated by the "metastasing" of offshore shell companies used for tax evasion (the Panama Papers detail the finances of 214,000 offshore shell companies). The impact of trade and transfer mispricing on developing countries is not just monetary. There are a series of moral effects as well. In the hypothetical PNG scenario, for instance, one glaring concern that arises from this manipulative business practice is the implication that the people of PNG are somehow unaware of the value of their own resources. A red flag must be raised to the psychological impact of pricing discrepancies that suggest cobalt, somehow, has a lesser value within the borders of PNG than within, say, Canada or Belgium.

Trade and transfer (mis)pricing are symptoms of an ongoing colonial hangover. Given that transfer (mis)pricing is at the centre of operations of MNEs, then the only way to remove this jewel in the crown of every MNE is to dismantle the multinational enterprise as it exists today. A first necessary step would be to introduce strict and enforceable regulations that help guide us away from such damaging relations of production. [Transfer \(mis\)pricing, the jewel in every multinational enterprise's crown](#) [Tanya Rawal-Jindia/OpenDemocracy]

No Export Permit Yet For Solomon Islands Miner

Solomon Star, 11 July 2019

TWO leading landowners of Axiom Mining Limited's mining lease site on San Jorge in Isabel Province, Sam Pitu and Janet Voda, have questioned why the government keeps refusing to grant an export permit to the Australian mining company to ship out its nickel ore products to its United States-based buyer Traxys. In a joint statement, Pitu and Voda said the repeated refusal by the Minerals Board has become more and more intolerable to landowners as it denies them their rights to enjoy benefits from the exportation of nickel ore extracted from their land," Pitu said on Wednesday. "The continued delays and denial of an export permit for Axiom by the Minerals Board also denies us of our rights to benefit from revenues that would have come from the exportation of nickel ore from our land," he added. "The action by the Board is indeed mind-boggling because Axiom has fully complied with the relevant mining laws and regulations of the country in its operation on San Jorge and with good mining practices and yet its export permit application continues to be rejected whilst giving some unscrupulous Chinese companies the go-ahead to mine in the country and export their products.

"Just look at the case of the controversial Bintan mining company which continues to mine bauxite from Rennell despite its perceived non-compliance with the country's mining laws and regulations. "In February this year, the company caused an environmental disaster because of its reckless decision to allow its cargo carrier to load bauxite in cyclonic weather. "And last week, just six months on from the oil spill, the company ran into another disaster when its bauxite carrier barge capsized during a loading operation releasing 5,000 tonnes of ore into the waters of Kangava Bay." Pitu added: "Bintan's continued operation in Rennell despite the two environmental disasters it caused through reckless decisions brings into question why the government continues to entertain such companies in the country and denies genuine investors of the legislative support they need to carry on with their operations."

Adding on to Pitu's sentiments, Voda said the government needs to exercise fairness in its dealing with foreign investors and to deal with them within the bounds of Solomon Islands laws. She said the bribery claims made against Bintan in the media should be matters of serious concern to Solomon Islanders because it somehow implies that the company could be bribing government officials to go ahead with its operation despite its non-compliance with the country's mining and environmental laws and good mining practices. Bintan yesterday issued a statement denying the bribery claim.

Voda said the government's delay in granting an export permit to Axiom when it has granted the company with a mining lease is totally nonsensical because a mining company cannot extract minerals without having to export them. She said the landowners need money to improve their welfare, Isabel Provincial Government needs money to provide services to the people of the province and Solomon Islands needs money to improve its economic base and yet the national government has deliberately ignored the millions of dollars stockpiled on San Jorge in the form of nickel ore awaiting a government permit to be exported. Comments are being sought from the mining board.

Federation Backs Ban On Fly-In Fly-Out

Post Courier, July 9, 2019

The Resource Owners Federation of Papua New Guinea has commended Minister for Immigration and Border Security Petrus Thomas on the proposed ban of the controversial fly-in fly-out (FIFO) system of employment by the extractive and other industries. Federation president Jonathan Paraia said the practice has seen the loss of billions of kina in disposable income and other benefits over

many decades to foreign countries. He claimed that it was first introduced by the Ok Tedi, Porgera and Lihir mines which has not only seen the loss of disposable incomes of the employees but has also denied the project areas of social, economic and infrastructure development which could have improved the life styles of the citizens of those areas and the country. “The resource owners of this country have persistently complained about the FIFO system to successive governments for decades through media publicities and others but no action was ever taken by any government to ban the system, for reasons only they can explain. It is their deliberate negligence that has seen the loss of billions of kina to the country,” said Paraia.

He said the federation has not yet identified any country in the region that allows foreign employees to work in their countries on a FIFO basis. Instead, the foreign workers are required to live in the countries of employment with their families for the duration of their employment contracts. “This requirement ensures that the country and its communities in which the foreign employees work benefit from the disposal incomes of those workers. “For example, some Papua New Guineans work and live in Australia, New Zealand, Canada, Africa and other countries, but they do not fly in and fly out from Papua New Guinea on a regular basis,” he said. The federation expects that the proposed policy, if adopted, will see a significant development of quality infrastructure in housing, health, education and commercial facilities, to service non y-in y-out communities of employees who will now live and spend their disposable incomes within the country boosting its economy.

Call for change in resource sector laws

July 8, 2019, The National Business

ONE of the founding fathers of the nation believes in changing the colonial laws governing the resource sector. New Ireland Governor and former prime minister Sir Julius Chan, who has been fighting for fair and equal benefit sharing and ownership of resources in the country, said now was the time to take back the country. He said for the good of the nation, it was time to take back the resources and give it back to the people by legislating resource benefit laws. Sir Julius said Papua New Guinea exported more than K30 billion worth of resources (in oil, gas, copper, gold, nickel and the agriculture and fisheries) each year but only a small percentage of that remained in the country. He said of the K30 billion, only about K5 billion was retained in the country through taxes, royalties and equities while the rest was taken out unlike other countries who had a greater return from their resources. “Many countries get almost half the value of their resources from what they export so we must change,” he said. “We must change our laws and we must take back the country back as the prime minister said.”

He said among them was the laws governing the resource sector that needed to be changed to take back what rightfully belonged to the people and the country. Sir Julius, debating on the economic status of the country, said the landowner rights and resources were given away when development licences are issued. He said landowners and government paid for the equity from their share and that needed to change for greater benefits to flow back to the people. “The landowners and provincial governments are given two per cent equity and development levies yet the companies get that back through tax rebates so in fact the companies or developers pay nothing, the people are paying for their own royalties, the company is paying nothing.” Sir Julius said the country was in an economic crisis. “Over the last five years, we have not been true to ourselves,” he said. “We have been over estimating our budgets revenues and underestimated our expenditures so each years we have ended up with a far higher budget deficit. “We need to admit we have a problem.”

Solomon Islands: bay hit by oil spill suffers second mining contamination crisis

Lisa Martin, The Guardian, 5 July 2019



A major bauxite spill has turned water red at Rennell Island in the Solomon Islands. Photograph: Supplied

An estimated 5,000 tonnes of bauxite has spilled into Kangava Bay, where a tanker ran aground in February. A second major spill has hit the pristine Solomon Islands bay where a bulk carrier ran aground on a coral reef and leaked oil earlier this year. On Monday, an estimated 5,000 tonnes of bauxite, the ore used in aluminium smelting, slipped into the water at Kangava Bay, Rennell Island, while it was being loaded on to a barge. “The water is red. It’s like a scene from the Exodus,” a source on the island told the Guardian. It is the second major environmental disaster for the area this year. MV Solomon Trader [ran aground on a reef in February, spilling about 80 tonnes of heavy fuel oil](#). The vessel was there to load bauxite from the island’s mining operations, which lies on the doorstep of a world heritage site in the island’s east. The Guardian understands the Solomon Islands government is expected to sign off on the four-month oil spill clean up on 17 July, following the completion of the environmental assessment.

While local villagers have been told not to eat fish, it is understood many still are, in the absence of other food sources on the remote island. Test results are yet to come back to determine whether fish stocks have been contaminated with hydrocarbons. “The impact of the oil is not nearly as bad as you would expect. The oil isn’t likely to cause any long-term damage,” a separate person on the ground told the Guardian. “The bauxite is the overwhelming issue by a long shot and that is causing substantial long term changes to the marine ecosystem.” Ongoing mismanagement of bauxite loading has resulted in the whole bottom of the bay, down to several hundred metres, being covered in the mineral, the source said. “It’s just totally out of control,” he said. University of Technology Sydney water and ecology expert Martina Doblin warned the bauxite powder was likely to smother and bury what is on the ocean floor and will be spread around in tidal currents.

“It could limit the amount of light, so the water is cloudy and that means less light penetration for coral and sea grasses ... it would have a harmful effect,” Doblin said. OceansWatch Solomon Islands spokesman Lawrence Nodua said the contamination would cause problems for fish breeding. “Normally fish come to where the coral are, so if the coral dies, they won’t be there, and [will lose the reef protection],” he said. He claimed there were reports that children swimming in the bay were experiencing skin irritation from the poor water quality. A Bintan Mining Solomon Islands company spokesman told the Guardian on Thursday that loading operations were suspended following the incident on Monday. The company would not comment further. Sources on the ground said the company had moved loading operations to other parts of the island.

During the height of the oil spill disaster, Bintan Mining Solomon Islands faced criticism for continuing with its bauxite loading operations. While currents pushed slick away from the world heritage site, the Guardian has been told small amounts have washed up in the area. “Nothing significant, literally the size of a 50c piece here or there,” another source said. Since 2013 the site has been on a Unesco danger list because of logging and overfishing. The bulk carrier’s insurer, KP&I, said negotiations over clean-up operation costs would kick off soon but warned compensation claims would take time. Although matters of liability are yet to be determined, the insurer and ship owner have previously “expressed deep remorse” and characterised the situation as “totally unacceptable”. Comment has been sought from the Solomon Islands Maritime Authority, National Disaster Management Office and mining ministry.

Exploitation of the Earth’s last frontier will leave the world in deep water

There is increasing pressure to delve into the deep sea and extract precious minerals and metals that governments and businesses say are crucial to driving a low-carbon future. Has the mining industry sunk to new lows? By Zafirah Zein, Eco-Business, 5 July 2019



As the world’s largest archipelagic nation, with more than 17,400 islands, 5.9 million square kilometres of territorial water and exclusive economic zone, and an 81,000-kilometer-long coastline, Indonesia has gained recognition as a strong promoter of the blue economy concept. [Image: Shutterstock](#)

The world’s largest ecosystem is at risk of toxic pollution, habitat disruption and species extinction as more countries and companies eye the ocean floor for metals and minerals, according to a new report by environmental advocacy group Greenpeace. Only 0.0001 per cent of the deep seafloor has been explored or sampled by scientists, Greenpeace stated in the report, [In Deep Water: The Emerging Threat of Deep Sea Mining](#). Yet, little stands in the way of irreversible harm to it, as an emerging industry prepares to extract precious resources it claims is essential for a transition to a low-carbon economy.

Commercial deep sea mining has not yet begun, but “exploration licences for deep sea mining have already been granted before a framework of comprehensive protection and a network of sanctuaries has been put in place in international waters,” Greenpeace stated. “Deep sea mining risks severe and potentially irreversible environmental harm, both at the mine sites and beyond. The deep ocean’s biodiversity and ecosystem functioning is barely understood and robust risk mitigation is not possible,” it said.

Never yet turned down a licence application

According to the report, the International Seabed Authority (ISA), a United Nations body regulating mineral-related activities in international waters, has issued 29 exploration licences that cover close to one million square kilometres of seabed. The licences were granted to several countries including the United Kingdom, China, France, Belgium, Germany, India and Russia, which sponsor private companies. “The ISA has never yet turned down a licence application, even to explore places of high ecological significance like the Lost City near the Mid-Atlantic Ridge, which has been identified as an ecologically important area under the UN Convention on Biological Diversity and which meets criteria for UNESCO World Heritage status,” said Greenpeace.

The ISA approval green-lights the British government’s plan to mine the Pacific for polymetallic nodules, which are valued for their high concentration of earth metals. The project, [the biggest in the world for deep sea mining](#), is part of a joint venture with UK Seabed Resources, which is a subsidiary of American military firm Lockheed Martin. One Belgian company, DEME, and its deep sea division Global Sea Mineral Resources (GSR) released a briefing note to climate organisations that read: “As we work towards a decarbonised economy, demand for rare minerals is increasing exponentially and inexorably. GSR recognises that satisfying that demand through terrestrial mining is untenable and will irreparably damage our planet. The deep-sea presents a viable alternative to this.” India, which won four of the 29 licences issued by the ISA, is investing heavily in underwater technology which, according to N.H. Khadge, a scientist at India’s National Institute of Oceanography (NIO), follows environmentally-friendly guidelines set by the UN body and would be far less harmful to the planet than mining on land. On ventures into the deep sea, [he told Thomson Reuters Foundation](#): “It is not exploitation, it is friendly collection of the commercial deposits.”

A green economy run on marine exploitation?

Environmentalists have called out the deep sea mining industry and its sponsors for following in the footsteps of the fossil fuel industry, which is now widely known to have [continued its operations despite awareness of the potential disastrous impacts on the environment](#). Industry players called environmental concerns the [“biggest blocker to progress”](#) on operations in the deep sea, as minutes of an industry meeting released to Greenpeace under the UK’s Freedom of Information Act revealed. “The deep sea mining industry appears to have resolved to gain political acceptability for its significant environmental costs by framing the industry as essential for the development of a low-carbon, high-tech future,” the report said. The claim that deep sea mining is necessary for the transition to a green economy has not been supported by players in the clean energy, electric vehicle or battery industries.

Furthermore, according to [The One Earth Climate Model](#) launched by the Leonardo DiCaprio Foundation earlier this year, global transition pathways to 100 per cent renewable energy do not require industrial expansion into new frontiers for metal or mineral extraction. Operations in the lowest depths of the ocean would undermine efforts to mitigate climate change by releasing carbon stores in deep sea sediments and endanger an ecosystem deemed crucial for human survival, environmentalists argue. In an [opinion piece](#) for The Guardian, British naturalist Chris Packham wrote: “By disturbing the natural processes that store carbon in deep-sea sediments, deep-sea mining could even make climate change worse. When a million species are already at risk of extinction and climate change is fundamentally altering our planet—why would we sink to new depths, and make it all worse?”

Industry moves into uncharted territory

“The ocean performs many really important services for us that we can’t confer a value to. Without those services, the earth systems simply wouldn’t work and wouldn’t be able to support life in the way that it does,” said Alex Rogers, science director at the Norway-based REV Ocean Foundation, at a recent dialogue in Singapore on environmental protection. He added that only 0.0001 per cent

of the deep seafloor has been investigated by humans although the deep ocean encompasses 95 per cent of the habitable space on Earth. “Most of what’s going on there in terms of biology, we haven’t observed and probably don’t really understand.” Research has shown that moving forward with commercial deep sea mining, despite its known risks, is not feasible from both financial and ecological perspectives.

Scientists have also warned that gaps in scientific understanding of the deep sea impede impact assessments from being carried out effectively. In the report, oceanographer Sylvia Earle described deep sea mining as a “land grab.” “What are we sacrificing by looking at the deep sea with dollar signs on the few tangible materials that we know are there? We haven’t begun to truly explore the ocean before we have started aiming to exploit it,” she said. Greenpeace and other environmental groups have called on governments to deflect from their economic imperatives and consider the environmental and human rights impacts associated with deep sea mining. They are demanding an agreement on a strong binding Global Ocean Treaty at the UN next year, to make vast areas of international waters off limits to reckless industrial exploitation.

Tuke yet to receive mining audit report

July 4, 2019, The National

MINING Minister Johnson Tuke says a report on an internal audit into one of the trust accounts that keeps the funds from the proceeds of the Ok Tedi mine for the people of Western is yet to be furnished to his office. Tuke said these in response to questions from Western Governor Taboi Awi Yoto in Parliament yesterday. Tuke said the previous government under the leadership of Peter O’Neill had put a moratorium on one of the trust accounts to undertake an audit after allegations of corruption and misuse of funds. “There are two trust accounts – the Community Mine Continuation Agreement (CMCA) Trust Account and non-CMCA,” he said. “Under CMCA 12 projects have been identified and they were being done. It comes under Ok Tedi Development Foundation (OTDF).

“The other one is non-CMCA and projects were endorsed before I became the minister.” Tuke said there were 148 projects endorsed and funded under non-CMCA Trust. “These projects were done already but we don’t know, whether these projects were actually delivered on the ground or not. “For this reason, the previous government authorised a project audit to be done so that the people would know whether these funds were actually used to deliver projects and programmes to benefit the people of Western or not,” he said. “The audit report was done already but I have yet to receive it.” Tuke said once he received the report he would act on its recommendations with the relevant authorities. He also clarified that the balance of that funds under the non-CMCA Trust would be given to the Mineral Resource Development Company (MRDC) as per a Cabinet decision.

Campaign group intervenes over UK exploration licences for Lockheed Martin

Henry Sanderson, Financial Times, 3 July 2019

Deep-sea mining risks “severe and potentially irreversible” environmental harm and the UK should prioritise protecting the ocean rather than extracting minerals from it, Greenpeace, the campaigning group, said. The government has awarded deep-sea exploration licences to a subsidiary of Lockheed Martin, which could lead to deep-sea mining despite Westminster being aware of the environmental risks, said Greenpeace. David Cameron promised as prime minister in 2013 that deep-sea mining would generate £40bn for the UK economy over the next 30 years. But Greenpeace said it is unclear what this figure includes. It pointed out that in 2017 the government’s deep-sea mining working group was shown a report by the National Subsea Research Initiative, a research body,

warning of the environmental impact on the seabed. “The activities involved in subsea mining could have detrimental impacts on localised populations as well as an impact on world oceans through the potential extinction of unique species which form the first rung of the food chain,” said the report, which was commissioned by Scottish Enterprise and seen by Greenpeace through a Freedom of Information request.

The UN-backed International Seabed Authority, which regulates all mineral activities in international waters, has given countries, including the UK, 29 licences to explore the oceans, covering an area of 1.3m sq km, or five times the surface area of Britain. But mining cannot begin until regulations, currently being negotiated, are agreed. The ISA expects to have finished them by July 2020. The UK government in 2013 granted Seabed Resources, a Lockheed Martin subsidiary, the rights to explore 133,000 sq km of the ocean it had received from the ISA. Seabed Resources said it was waiting for the regulations to be approved before assessing the viability of mining at the sites. Daniel Jones, a principal researcher at the National Oceanography Center, said scientists still do not know enough about life in the deep sea compared to life on land.

“We are finding out a lot more but we can’t answer how organisms will respond to disturbance from deep-sea mining without doing experimentation on the sea floor,” he said. “We are missing quite important information.” A spokesman for the UK government said: “The UK continues to press for the highest international environmental standards, including on deep-sea mineral extraction. We have sponsored two exploration licences, which allows scientific marine research to fully understand the effects of deep-sea mining. We will not issue a single exploitation licence without a full assessment of the environmental impact.”

Deep-sea mining has had a chequered history. The first company to try to mine the deep sea, Nautilus Minerals, was delisted from the Toronto Stock Exchange in March after financial difficulties. The company had planned to mine around Papua New Guinea. But last month Deep Green, a deep-sea mining start-up, said it had raised the bulk of the \$150m it needed to press ahead with plans to collect mineral-rich nodules from the floor of the Pacific for metals such nickel and cobalt used in electric-car batteries. The company is backed by miner Glencore as well as shipping giant Maersk. DeepGreen said “it is built with a deep appreciation and respect for ocean health and the earth’s environment”.

Environmental Toll of Solomon Islands’ Oil Spill Still Being Calculated

Catherine Wilson, Mongabay, Solomon Times 3 July 2019

An international effort to halt a massive oil spill from a wrecked ship in a far-flung province of the Solomon Islands has finally succeeded. But the scale of damage to the marine and coastal environment near Rennell Island, where the incident occurred within a few kilometers of a UNESCO World Heritage Site, is still being calculated. On Feb. 5, the Hong Kong-based MV Solomon Trader ran aground in bad weather, spilling heavy fuel across coastal waters, beaches and a sensitive coral reef system. Local experts decried the spill as potentially the country’s worst human-made environmental disaster.

“The full extent of the impact of the oil spill on the ocean and environment is yet to be determined. The investigation is ongoing and may take some time,” Joe Horokou, director of environment and conservation at the Solomon Islands environment ministry, told Mongabay. However, the Australian Department of Foreign Affairs and Trade, which sent a team of marine and environmental experts to support the Solomon Islands’ disaster response, offered a bit more detail. “More than 80 tonnes [88 tons] of heavy fuel oil has dispersed across the island’s sea and shoreline, contaminating the ecologically delicate area,” the agency stated in a March 25 press release.



An Australian Embassy official surveys oil spill damage to the shoreline of Rennell Island.

A remote and sensitive area

The Solomon Islands is part of the marine biodiversity-rich Coral Triangle and has one of the world's most important coral reef systems, home to 485 coral species and 1,019 fish species. The MV Solomon Trader was loading bauxite in Kangava Bay from a mine located on western Rennell Island for export to China when violent weather generated by Cyclone Oma drove it onto a nearby reef. The vessel's grounding caused extensive damage to its hull and fuel tanks, which were carrying some 700 metric tons (772 tons) of oil. Rennell Island, one of the country's outlying islands in its southern Rennell and Bellona Province, is geographically remote with little infrastructure and few services. The shipowner, Hong Kong-based King Trader Ltd., failed to respond quickly to the spill, and fuel continued to leak from the wreck for more than a month. King Trader claims that weather conditions remained too dangerous for salvage operations to start. On Feb. 16, the Solomon Islands requested help from the Australian government. By early March, the oil slick extended more than 6 kilometers (3.7 miles) along the island's shoreline, according to news reports.

A two-week pollution control operation by a Solomon Islands and Australian team began March 7. Eleven days later, the Solomon Islands National Disaster Management Office (NDMO) reported that salvage experts had stabilized the beleaguered ship and stopped the fuel leak. As of last week, booms were limiting the spread of oil into the deeper ocean, and a cleanup of the beaches and coastline was underway in partnership with local communities. But the toll of the incident on the marine environment and human health is only just beginning to be tallied. Scientists report that oil spills can kill fish and invertebrates directly, while toxic compounds can curtail coral growth and reproduction and diminish coral and fish biodiversity. There is no doubting the environmental sensitivity of the site of the shipping disaster. The southern third of Rennell Island, not far from Kangava Bay, comprising 370 square kilometers (143 square miles) of forest and a marine area extending 5.5 kilometers (3.4 miles) out to sea, was declared a UNESCO World Heritage Site in 1998.

Then, six years ago, the site, which provides habitat for 10 endemic plant species, 43 species of breeding land and water birds, and 730 species of insects, was red-flagged on the World Heritage in Danger List. UNESCO identified a number of threats to its status from logging activities on the western half of the island and invasive species introduced by logging and container ships, as well as climate change and the overexploitation of marine resources. "The World Heritage Site is not affected by the spillage as the oil was mainly found in particular locations within the bay," Horokou told Mongabay. Nevertheless, the Solomon Islands government has asked the United Nations to provide more independent environmental testing.

Local food and water

In the meantime, the spill has affected local communities' food and water security. "From now, people will rely on rainwater for drinking and daily household use as their source of water is being contaminated," Lawrence Nodua, a Solomon Islander volunteer with the U.K.-registered marine conservation NGO OceansWatch, told Mongabay. "Some families in Lavangu [village] in Kangava Bay are now running out of water." With almost no rainfall during the past month, people living in coastal villages near the spill are facing water shortages that could lead to a potential increase in cases of diarrhea, according to the NDMO. Authorities have also warned them to stop eating locally caught fish and shellfish, critical components of their food supply.

Solomon Islands authorities say that the shipowner and its insurer are responsible for addressing the environmental damage, although the environment ministry has stated that further actions to hold specific entities accountable, and potentially seek compensation, will not occur until government investigations into the incident and the scale of damage are completed. Nevertheless, early this month, King Trader, while claiming that matters of liability are yet to be determined, apologized in a public statement, saying that "the insurer and owner of the grounded MV Solomon Trader have offered a sincere apology to the people of the Solomon Islands following the bauxite carrier's grounding."

"My government is prepared to go as far as putting the companies on a blacklist internationally if they do not take on their responsibilities," Solomon Islands former Prime Minister Rick Houenipwela declared at a press conference March 7. "The ecological footprint of the whole bay is already devastated with much of it unlikely to recover," he added. "The impact on the marine life and the coral is already massive with much of it irreversible."

A weak state

The Solomon Islands is still recovering and rebuilding following a devastating five-year civil conflict that started in the late 1990s. The country's limited capacity and resources hamper its ability to respond fully to disasters, and it doesn't have sufficient legal protection and legislative powers to follow through in holding international entities accountable for loss and damage. The country is a vast archipelago of more than 900 islands spread over 854,000 square kilometers (330,000 square miles) with high exposure to earthquakes, cyclones and tsunamis. Government functions, such as coordinating a national response to disasters or overseeing the shipping industry and high-risk extractive activities like logging and mining, are hampered by limited transportation, unreliable communications and the absence of roads and infrastructure in many parts of the country.

Inadequate laws also leave the country vulnerable. However, the country took a step in passing the Solomon Islands Maritime Authority Bill in August last year. The new legislation paves the way for setting up a regulatory organization mandated to develop nationwide shipping services and ensure compliance with international maritime laws. Currently, the Solomon Islands is not a signatory of key agreements, such as the International Convention for the Prevention of Pollution from Ships. The Indonesian mining company contracted to extract bauxite on Rennell Island that chartered the Solomon Trader, Bintan Mining Solomon Islands Ltd., has made no public statements in the wake of the spill. But mining ventures have a troubled history in Rennell and Bellona Province. [Allegations of impropriety](#) and irregularities in the awarding of a mining license to another Indonesian company active on the island, PT Mega Bintang Borneo Ltd., led to its license being revoked in 2014.

Extractive industries, and logging in particular, have been the focus of accusations of high-level corruption and environmental destruction in the Solomon Islands in recent decades. Political patronage of foreign companies, extensive kickbacks and the loss of revenue to hefty tax exemptions are well documented. But unlike its experience in logging, the country has few operating mines and

limited experience in managing them. In 2012, the Solomon Islands became a candidate for implementing the rigorous Extractive Industries Transparency Initiative Standard, but withdrew in June last year. The initiative reports that the country needs to significantly boost its legal and regulatory framework and ability to control mining production, exports and revenues to restart the process. Meanwhile, local communities on Rennell Island remain in limbo. Unable to fish with their beaches polluted, they're waiting to find out how serious the devastation is and what hope remains for environmental recovery.

Deep-sea mining to turn oceans into 'new industrial frontier'

Greenpeace report reveals 29 floor-exploration licences have been granted worldwide

Matthew Taylor, Environment correspondent, The Guardian, 3 July 2019



A robotic arm breaks off a chunk of mineral-rich rock for sampling deep underwater off the coast of Papua New Guinea. Photograph: Nautilus Minerals

The world's oceans are facing a "new industrial frontier" from a fledgling deep-sea mining industry as companies line up to extract metals and minerals from some of the most important ecosystems on the planet, a report has found. The study by [Greenpeace](#) revealed that although no mining had started on the ocean floor, 29 exploration licences had been issued covering an area five times bigger than the UK. Environmentalists said the proposed mining would threaten not only crucial ecosystems but the global fight against climate breakdown. Louisa Casson, an ocean campaigner at Greenpeace, said: "The health of our oceans is closely linked to our own survival.

Unless we act now to protect them, deep-sea mining could have devastating consequences for marine life and humankind." The licences, issued by a United Nations body, the International Seabed Authority, have been granted to a handful of countries that sponsor private companies. They cover vast areas of the Pacific, Atlantic and Indian [Oceans](#), totalling 1.3m sq km (500,000 sq miles). If the mining goes ahead, large machines will be lowered on to the seabed to excavate cobalt and other rare metals. Campaigners said that, as well as [destroying little understood regions of the ocean floor](#), the operations would deepen the climate emergency by disrupting carbon stores in seafloor sediments, reducing the ocean's ability to store it.

The industry has said deep-sea mining is essential to extract the materials needed for a [transition to a green economy](#) by supplying raw materials for key technologies including batteries, computers and phones. Its advocates say deep-sea mining is less harmful to the environment and workers than most existing mineral and mining operations. However, the report said: "The deep-sea mining industry presents its development as essential for a low-carbon future, yet this claim is not substantiated by actors in the renewable energy, electric vehicle or battery sectors. Such arguments ignore calls for a move from the endless exploitation of resources to a transformational and circular econ-

omy.” The environmentalist Chris Packham, writing in the Guardian, said deep-sea mining posed a serious threat to global oceans.

“We’ve already seen the huge destruction ravaged upon our planet by corporations mining on land. Are we really prepared to give the go-ahead to the mining industry expanding into a new frontier, where it will be even harder for us to scrutinise the damage caused?” The report called on governments to agree on a strong global ocean treaty in the next 12 months, citing scientists, governments, environmentalists and representatives of the fishing industry, who warned of the threat posed by deep-sea mining to marine life. The report said the UK government held licences to exploit more of the international seabed than any government apart from China. It accused ministers of positioning the government as a leader on marine protection while simultaneously investing in deep-sea mining.

Casson said: “We need the UK government to show strong global leadership and champion ocean protection. They have backed the call for global action to safeguard our oceans but they are also a leading advocate for deep-sea mining. Such hypocrisy is unacceptable.” A government spokesperson said: “The UK continues to press for the highest international environmental standards, including on deep sea mineral extraction. We have sponsored two exploration licences, which allows scientific marine research to fully understand the effects of deep sea mining and we will not issue a single exploitation licence without a full assessment of the environmental impact.”



As the crisis escalates...

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Govt To Have Dialogue With Mining Industry On Laws

Post Courier, July 2, 2019



Changes or amendments to the current resource laws will not be a shock to the industry, says Prime Minister James Marape. Mr Marape while responding to the Rabaul MP Dr Allan Marat said the government will be engaging with the industry and will advise them on its thoughts and views and will listen to what the industry has to say before making any changes. He said the Constitution was drafted by the founding fathers of this nation, however, the environment of doing business today has migrated so much away from what it was in the 70s, 80s 90s and early 2000s that is why it is necessary for the change. “We will be engaging, having a by petition approach in the area of resource laws and finding a balance in not chasing away our investors but getting to ensure that we pick from the resource harvest through the systematic and proper shift in our resource laws,” he said.

“I put to this House in my view that amendments that we make will not be radical and such that will shock the industry. “We will introduce to the industry what we have in mind and exactly what we have in mind must come forth from the discussions. “Our discussions must be signaled in a systematic manner to the industry so they know exactly what we are talking about here and in this house I am comforted in having greater experience around me.” He said the government is not in the business of chasing away miners in the country. “They are here to partner us but as they partner us, the laws that we have will be the ones that we’ll honour and deal with them. “But going forward I am in the business of discussing with all likeminded leaders of both sides of the houses, as well as our civil servants and advisors to ensure that we tailor make a new series of law and a constitution and these laws will not differ much or the laws will not differ from the intention of our Constitution,” he said.

Letter to the editor

MRA is the real enemy within – it has no duty

Post Courier, 2 July 2019

THE Marape government wants to take back PNG. It is a very noble goal. The issue is, where is PNG for it to be taken back? Since May 30, when James Marape was voted in as prime minister of PNG we are yet to see what message PM Marape uttered that shows where PNG is. Our leaders were too emotional to see the truth about a statutory body called Mineral Resources Authority (MRA). In 2006 it was illegally set up. In 2007 it assumed all assets of former Department of Mining without any handover brief. MRA's first project was Solwara No 1 at Pacmanus basin within New Ireland. It had a peculiar condition for a mining lease. It's first task was to develop technology and not mining. In one lease the MRA corrupted the purpose of mining lease and got the State of PNG to commit funds as a stakeholder. Lies and deceit of MRA caused the Somare government in 2011. It was warned to remove MRA but it chose to keep it and got removed itself. It was the same for the O'Neill government. When it tried to tame PNG Sustainable Development Program Ltd it was warned to remove MRA as soon as it could.

It's advisers did not listen. They caused O'Neill's removal as PM though through resignation. In 2009 the government was warned that PNG was on the MRA vehicle down the Zambian mining way. If James Marape wants to take back PNG he must remove MRA to provide clear path to see way to taking back PNG. If he does not then he must be prepared to be embarrassed by MRA in any major forum. MRA has no duty to the nation or her prime minister. It is answerable to the managing director who is above the MRA board. Also MRA has veto power over any new policy. Prime Minister Marape has been warned in this letter to the editor. He will have no excuse if he does not act and MRA causes damage to, his leadership, the government, and the mining industry. The prime minister is free to contact this writer on jameswanjik@gmail.com if he thinks he could be further enlightened. We pray God may light and salt MRA darkness and bitterness for truth to set PNG free. In God we trust. James Wanjik

Liquidator Keen To Complete Sale Of 'World Class' Tolukuma Gold Mine

Gorethy Kenneth, Post Courier, July 2, 2019

The Tolukuma Gold Mine in Central Province is now on sale. And tenders have gone out locally and internationally this month, while the K1.2 billion outstanding claim is now under review. Liquidator Andrew Pini of Pini Accountants and Advisors told Post-Courier late yesterday that tenders have gone out this week, specifically in Australia, Singapore and China apart from it already advertised locally in PNG. Mr Pini said that the mine currently has two existing tenements which are active assets – the mining licence (ML) and the exploration licence and four tenement applications which would be issued to the new owner after the sale of the mine. He is looking at completing the sale process in August with expectation of the successful bidder or investor to start operating the mine about October or November.

“All employees' entitlements, I will pay them off, which is more than K1 million and then the creditors' claims. I am in the process of contacting them now, soon they will get their letters, the creditors of the company, those that rendered goods and services to the company prior to liquidation, as they have lodged their claims,” he said. “Their claims go as far as K20 million but actually it is K1 billion-plus, including the landowner claims, some chemical spills and the helicopter bill. They will all be reviewed. “We will get the new investor to start operating the mine around September or October, even by November.” Asked if investors were interested in the mine, Mr Pini

said: “I have received a lot of interest and as soon as this goes out, I will contact them to formally lodge their applications.

“As a liquidator I will make sure I secure a bidder who will provide evidence of funds availability and technical capability requirements to operate into the future.” Tolukuma Gold Mine is located within a highly mineralised region with mostly gold and silver deposits. The entire Tolukuma mine tenement (ML04) is situated on an area of land of 771.7 hectares. The mine caters for a helipad, residential quarters, the catering facilities, the administration buildings, processing plant, workshops and warehouse for equipment and supplies. The sale also includes various assets (buildings, warehouse, containers, chemicals, transit accommodation, fuel tanks, equipment including forklifts, generators, mining consumables and more, located at Veimauro, a transit location outside Port Moresby.