

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

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Abbreviations in common use:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

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/>

Accident affects gold production

August 31, 2021, The National Business

GOLD production at St Barbara's Simberi operations in New Ireland was affected by a fatal accident plus a damage to the deep-sea tailing pipeline, according to the company. The mining operation was shut down on May 21 because of the death of truck driver and then the cessation of the placement of tailings through Simberi's deep-sea tailings placement (DSTP) pipeline after an inspection identified a damaged pipeline. According to the company's 2021 financial report, a recovery plan is underway at Simberi, incorporating corrective actions from the mining fatality and replacement of the DSTP pipeline. "On May 21, a truck driver at Simberi was fatally injured when the truck travelled over a safety berm and fell about 40m," the company said. "All of St Barbara was deeply saddened by the tragic incident, with assistance provided to the employee's family and ongoing counselling support for the Simberi team. An independent investigation was completed and the report was submitted to the Mineral Resources Authority, which also conducted an inquiry. "The site team is currently implementing recommended corrective and preventative actions from the investigations. "The processing facility is expected to restart towards the end of 2021 on the

commissioning of the new DSTP pipeline.” Total sales revenue from Simberi in the financial year was AU\$204.75 million (about K515 million), compared to the 2020 figure of AU\$238.85 million (about K601 million)). It was generated from gold sales of 82,013,000 ounces (2020 was 102,189 ounces) at an average achieved gold price of A\$2,482 (K6,254.07) per ounce (2020 was AU\$2,323 (K5,853) per ounce). Meanwhile, the group’s underlying net profit for 2021 financial year was lower than the prior year due to reduced production from Leonora and Simberi operations, lower gold sales from Atlantic Gold and higher depreciation and amortisation associated with Atlantic Gold.

Govt team visits mine site to inspect projects’ progress

August 31, 2021, The National Business

A GOVERNMENT delegation visited St Barbara to see projects it is undertaking on the island to protect the marine and terrestrial environment and its efforts to mitigate the impacts of mining. The St Barbara’s Simberi operations is planning to move to sulphide mining. Conservation and Environment Protection Authority (Cepa) officers accompanied Environment, Conservation and Climate Change Minister Wera Mori for the visit. They were briefed on the waste disposal method being used in the project and future waste disposal plans for sulphide mining. Simberi resumed mining last month following a mine incident stoppage in May. Mori encouraged St Barbara to ensure Simberi – as a member of the PNG’s mining industry which the country was dependent on – remains a significant contributor to the national economy. “It is the industry (mining) that’s responsible for keeping the country going,” he said.

“This is not because you generate revenue for your company, shareholders and employees, but also the country derives revenue from this project and it is in our (Government’s) interest to see that you get back into production.” The team were also shown the cocoa farm and nursery. “You’re way ahead with your end of mine life programmes here at Simberi,” Mori said. “The mine will come and go, but the landowners must be able to support themselves beyond mine life, and this project is a good way to sustain their livelihoods.” Mori also visited the Government-run and St Barbara-supported Maragon sub-health centre and the Simberi Primary School. He pledged a commitment of K20,000 to the school for books for its new library which was built and handed over by St Barbara in July. Simberi operations acting general manager Kevin Woodward thanked the minister for visiting the project.

Ok Tedi to pay K150mil dividend

August 31, 2021, The National Business

THE OK Tedi Mining Ltd (OTML) is expected to pay a dividend of K150 million to Kumul Minerals (Ok Tedi) Ltd, and the three landowner entities in Western, says chairman Sir Moi Avei. He said the company had benefitted from improved second quarter production and strong metal prices, despite a fire at the mine’s processing facility late last year that impacted its January 2021 production. There was also a two-week suspension of operations in March due to the Coronavirus (Covid-19) pandemic. “This has enabled the board to declare a dividend to the Kumul Minerals (Ok Tedi) Ltd, which now owns 67 per cent of Ok Tedi following the recent transfer of shares from the State, and the three landowner entities representing communities and collectively owning 33 per cent of company,” Sir Moi said.

He said the OTML continued to maintain a strong balance sheet with no debt, and liquidity remaining within established guidelines. Sir Moi thanked the management and the workers for their efforts to deliver the result during a difficult time. He said the OTML board had approved an updated 2021

strategic business plan which extends mine life for a further three years from 2029 to 2032. This follows the three-year extension announced last year. “This extension of mine life reflects the combination of a strengthening long-term copper price outlook coupled with detailed strategic planning work undertaken to find mine waste solutions,” Sir Moi said. “This revised mine life will see the company generate (about) K20 billion in free cash flow over the next 10 years.” The Board has also approved an investment of nearly K750 million over the next two years to extend the service life of the aging processing facility.

Twinza not signing deal: Exec

By SHIRLEY MAULUDU, August 30, 2021, The National Business

TWINZA Oil Ltd is not signing the non-disclosure agreement in the format provided by the Government, says country manager Roppe Uyassi. He was responding to Prime Minister James Marape’s recent statement that he was disappointed and had “run short of patience” on how the finalisation of the Pasca A gas agreement was being handled by the company. Twinza is the operator of the gas project 95km offshore of Gulf. “I am running short of patience,” Marape said last week. “Sometimes they (Twinza) have a funny habit of going to the media first before sitting down with the State Negotiating Team (SNT). “I can go to the petroleum advisory board next week if they (Twinza) keep us running around like this.

“I want Twinza to get it correct: if they’re serious about this project, the SNT is ready at any time. “One of the Twinza guys should jump on a plane, get into Port Moresby, and talk to us face-to-face if they feel that their local executives don’t have the mandate to make final calls.” Petroleum Minister Kerenga Kua said during a recent Parliament sitting that the SNT and Twinza would be signing a non-disclosure agreement which was confidential until the gas agreement was signed. But Uyassi said they were waiting for SNT to engage on the drafting of the gas agreement. “We have informed the minister and the SNT that we are not able to sign the non-disclosure agreement in the form sent by the State Solicitor. “If both parties engage in good faith with mutual cooperation, the drafting should be a matter of days. “So a non-disclosure agreement is a distraction.”

Chamber commends Govt on its ‘positive’ approach to projects

August 30, 2021, The National Business

THE PNG Chamber of Mines and Petroleum has commended the Government for its positive approach on resource projects, which is needed to support the national economy. Chamber president Anthony Smare was commenting on the recent passing in Parliament of the Oil and Gas, Papua LNG Project Amendment Bill, 2021. He said it “illustrates the sincere commitment to get the Papua LNG Project off the ground”. “We need the Papua LNG project to go into construction to boost the economy, create jobs and opportunities for PNG businesses and boost government revenue to (pay for) essential services,” he said. Petroleum Minister Kerenga Kua said given the significant capital intensity of the Papua LNG Project, which would cost US\$10 billion (about K34.47 billion) to US\$12 billion (K41.36 billion), it must be financed using debt from lenders and equity from project sponsors, or joint venture partners.

“The Papua LNG project participants are progressing the technical work, so that the two Papua LNG project liquification trains may proceed in the project site at Caution Bay,” Kua said. “Once this is completed, and following the start of Feed, they will submit an application for a petroleum development license. “The prompt passage of the bill will demonstrate to sponsors, LNG buyers and financiers, the State’s commitment to the Papua LNG Project, contract sanctity, and the fiscal regulatory regime, contemplated by the Papua LNG Project gas agreement. The passing of this

amendment is the first positive sign the industry has seen that indicates to investors in the extractives sector, that the Government is mindful of returning investor confidence to the levels they were at, before the closure of the Porgera mine.”

Govt, Morobe govt told to stay away from landowners

August 30, 2021, The National

THE Supreme Court has stayed a restraining order against the Government and the Morobe government from dealing with any landowners of the Wafi-Golpu project area – pending an appeal by the State. Supreme Court judge Justice Derek Hartshorn on Friday granted the stay of the court order issued by Justice Paulius Dowa in the National Court in Lae on July 27. It was obtained by chairperson of the Babwaf Wafi Mining Area Landowner Association Inc Debbie Kais on the ground that the state had failed to recognise them as landowners of the Wafi-Golpu project area. The order stated that unless the plaintiffs were recognised as principal landowners of the Wafi-Golpu mining area, consistent with the findings and decision of the Morobe Provincial Land Court on May 14, 1983, the State and its agents were restrained from dealing with any “purported landowners” with regards to the signing of any agreement in relation to the Wafi-Golpu project.

Solicitor-general Tauvasa Tanuvasa submitted that Justice Dowa had erred in fact and law in declaring that the plaintiffs were the landowners of the land on which Wafi-Golpu was situated. “It is only proper that the stay be granted so that the apparent errors of law can be corrected,” Tanuvasa said. Tanuvasa argued that if the stay was not granted, it would prejudice the State given that the National Court could pursue the substantive case which then could render the appeal useless. Justice Dowa had granted the substantive reliefs sought in the originating summons in an interlocutory application by the plaintiffs. Justice Hartshorn agreed that substantive orders could not be made in an interlocutory hearing in regard to reliefs sought in the notice of motion.

Saonu backs small-scale mining in townships

August 30, 2021, The National

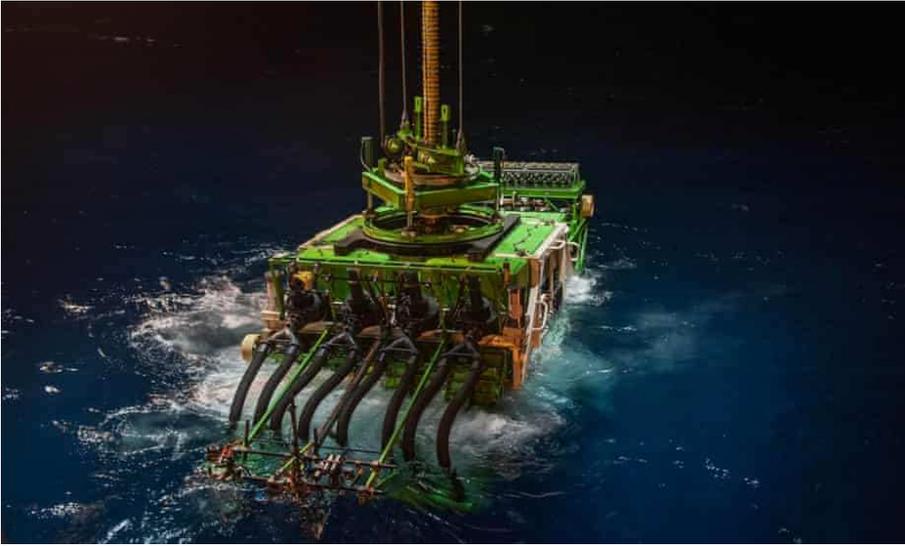
MOROBE Governor Ginson Saonu is promoting and encouraging small-scale mining in the historical townships of Wau and Bulolo. This coincides with his vision to encourage human development in the two townships and the province as a whole. While at St Peter’s Primary School in Bulolo recently, Saonu told the teachers, students and people who gathered that the two towns could not remain idle with their history. “We have to do something to show others that it was this two townships that made history back in the gold rush era,” he said. Saonu encouraged people in Wau and Bulolo to bring back the two townships through engaging in small scale mining and to help develop their respective towns. “Education for our children should be prioritised to develop future human resources needed to engage meaningfully in not only small scale mining but other economic sectors that will go a long way in developing these areas,” he said. Saonu said coffee and forestry products were two other commodities that the two townships had that could create revenue for the people.

Observer special report

Is deep-sea mining a cure for the climate crisis or a curse?

Trillions of metallic nodules on the sea floor could help stop global heating, but mining them may damage ocean ecology

by Robin McKie, The Guardian, Sun 29 Aug 2021, Last modified on Tue 31 Aug 2021



Deep-sea mining robot Patania II begins its descent to the Pacific ocean sea floor. Photograph: GSR/Reuters

In a display cabinet in the recently opened Our [Broken Planet exhibition](#) in London's Natural History Museum, curators have placed a small nugget of dark material covered with faint indentations. The blackened lump could easily be mistaken for coal. Its true nature is much more intriguing, however. The nugget is a polymetallic nodule and oceanographers have discovered trillions of them litter Earth's ocean floors. Each is rich in manganese, nickel, cobalt and copper, some of the most important ingredients for making the electric cars, wind turbines and solar panels that we need to replace the carbon-emitting lorries, power plants and factories now wrecking our climate.

These metallic morsels could therefore help humanity save itself from the [ravages of global warming](#), argue mining companies who say their extraction should be rated an international priority. By dredging up nodules from the deep we can slow the scorching of our planet's ravaged surface. "We desperately need substantial amounts of manganese, nickel, cobalt and copper to build electric cars and power plants," says Hans Smit, chief executive of Florida's [Oceans Minerals](#), which has announced plans to mine for nodules. "We cannot increase land supplies of these metals without having a significant environmental impact. The only alternative lies in the ocean."



A field of manganese nodules in the deep waters next to Hawaii. Photograph: OAA Office of Ocean Exploration and Research

Other researchers disagree – vehemently. They say mining deep-sea nodules [would be catastrophic](#) for our already stressed, plastic-ridden, overheated oceans. Delicate, long-living denizens of the

deep – polychaete worms, sea cucumbers, corals and squid – would be obliterated by dredging. At the same time, plumes of sediments, laced with toxic metals, would be sent spiralling upwards to poison marine food-chains. “It is hard to imagine how seabed mines could feasibly operate without devastating species and ecosystems,” says UK marine biologist Helen Scales – a view shared by [David Attenborough](#), who has called for a moratorium on all deep-sea mining plans. “Mining means destruction and in this case it means the destruction of an ecosystem about which we know pathetically little,” he says.

It is a highly polarised dispute. On one side, proponents of nodule extraction claim it could save the world, while opponents warn it could unleash fresh ecological mayhem. For better or worse, these mineral spheres are going to play a critical role in determining our future – either by extricating us from our current ecological woes or by triggering even more calamitous outcomes.

Polymetallic nodules were first discovered during the 1872-6 expedition of HMS Challenger, whose round-the-world voyage laid the foundations of modern oceanography. Hauled from seabeds more than 4,000 metres deep, they were initially thought to be formed from volcanic rocks and salts. Later it was shown they grow by absorbing metal compounds in seawater. “Typically, a nodule takes shape around an object – like a clam shell – that has fallen onto the seabed,” says marine biologist Adrian Glover of the Natural History Museum, London. “The one we have just put on display formed around the tooth of a megalodon, a species of giant shark that became extinct more than 3m years ago. That shows how long a nodule takes to grow on the seabed – about a centimetre every million years.”

Despite this aeons-long accretion rate, trillions of nodules now cover the ocean bed. Some regions are so densely packed with them they look like cobbled streets. The Clarion-Clipperton Zone (CCZ) – which stretches from Mexico to Hawaii and covers more than 4 million square kilometres of seabed – is particularly rich in nodules, with estimates suggesting there is six times more cobalt and three times more nickel there than in the world’s entire land-based reserves. These riches have sparked the interest of mining and dredging companies, which are now lining up to get approval to explore the Clarion-Clipperton. To date, more than 20 exploration contracts have been awarded by the International Seabed Authority (ISA), the UN body responsible for controlling mining on international waters.

Ultimately these companies hope to transform their exploration contracts into permits to extract the abyss’s mineral treasures and bring them to the surface. It will not be an easy task. On [the dark ocean floor](#), pressure is 500 times greater than at the surface – the equivalent of lying underneath a stack of several dozen jumbo jets. To get around these hurdles, huge surface ships will be needed – to lower pipelines attached to robot bulldozers, which would then trundle over the deep sea floor sucking up nodules, before pumping them back to the surface five kilometres overhead. It sounds ambitious. Yet mining companies are upbeat. “We have built robot craft that run over the seabed to search for diamonds off the coast of Namibia and to build deep-sea pipeline trenches,” said Laurens de Jonge, manager of marine mining at Royal IHC, the Dutch supplier of maritime technology for dredging, offshore energy and mining. Extraction on this scale makes marine biologists blanch – for its likely effect on deep-sea life could be profound and widespread.

“The abyss means working at greater depths and pressures which will certainly involve new challenges, including our main focus: to limit the environmental impact as much as possible. However, we do not expect major differences occurring between past operations and future nodule mining. I would anticipate that once a company has decided to commit to a seabed mining operation and has been given an extraction licence, it could probably get under way in around three years.” As part of its plans, Royal IHC has designed a 16-metre-wide robot and built a three-metre test vehicle – called Apollo II – which would be able to gather about 400 tonnes of nodules in an hour and pump

them aloft. Over two weeks' operation, more than 100,000 tonnes could be removed this way. And after operating for 25 to 30 years – the anticipated limit for an ISA extraction licence – about 10,000 square kilometres of the seabed could be strip-mined.

Extraction on this scale makes many marine biologists blanch – for its likely effect on deep-sea life could be profound and widespread, a point stressed by marine biologist Callum Roberts, of York University. “Nodules provide the only hard substrates in the thousands of square kilometres of the fine sedimentary ooze that covers the abyssal plain,” he says. “They are critical attachment points for a variety of creatures that cannot live directly in mud.” These residents include anemones, sponges, corals, nematode worms, and microscopic creatures called tardigrades – as well as octopuses, which have recently been found to lay eggs in sponges attached to nodules. “The biomass of the animals in the sediment is very low,” says ocean biologist Cindy van Dover, of Duke University. “However, the diversity is very high.”

In fact, vast numbers of species still remain to be discovered in the abyss, say scientists, and many would be obliterated by deep-sea mining before they have been identified. “As the mining machines thunder across the seabed, they would kick up fine, muddy clouds that would hang in the water, because no strong currents are there to disperse them,” says Scales in her recent book, [The Brilliant Abyss](#). “Delicate animals caught in these clouds and unable to swim away, like corals and sponges, would be smothered and choked.”



Red-lined sea cucumber at Moyo Island, Sumbawa, Indonesia. Photograph: ifish/Getty Images

Nor would there be any chance of a quick recovery from the onslaught. At these depths, where food and energy are limited, life proceeds at an extraordinarily slow rate. Populations could take centuries to recover. These dangers were summed up in a recent report by the international conservation charity Fauna and Flora International. “Deep seabed mining will result in large-scale habitat removal,” it states. “It will also produce sediment plumes which will disrupt ecological function and behavioural ecology of deep-ocean species, smothering fundamental ecological processes over vast areas.”

For their part, mining companies stress they do not plan to start nodule dredging until full environmental assessments of their proposals are completed. These are now being worked on by ecologists, marine biologists and oceanographers. In addition, companies such as Ocean Minerals point to the damage done by mines on land, which create sinkholes, trigger biodiversity loss, and cause widespread contamination of soil and surface water. “In our considered opinion, the impact of nodule mining will be magnitudes less than the equivalent impact of the mining on land for the volumes of metals we will need in future,” says Smit. Pressure to obtain these metals in sufficient volumes is

certainly going to become intense, analysts agree. One estimate, by the World Bank, suggests there will have to be a 500% growth in cobalt production by 2050 if [demands for electric vehicle batteries](#) and turbine manufacture are to be met. Nevertheless, deep-mining opponents say such forecasts still do not justify ploughing up the abyssal plain and point to two other approaches – metal recycling and alternative green technologies – that could reduce the need to mine for cobalt, manganese, nickel and copper.

In the first case, these elements could be extracted from old electric-car batteries and used to make new ones. This recycling would limit the need to mine for fresh supplies of metal ores. And the concept is a useful one, acknowledges Professor Richard Herrington, head of earth sciences at the Natural History Museum, London. “Recycling is going to be important but it will not be enough on its own. By 2035, we might have about 35 to 40% of these metals from recycling – if we can get our act together now. “Where we get the other 60 to 65% is a different issue and a museum like ours has a real role to play here – to get people to think about where we should extract the metals we need to save the world. These issues are going to shape our lives in the next few decades, after all.” The world cannot wait for much longer for new battery technologies to emerge. It needs to eliminate fossil-fuel burning urgently.

Not everyone agrees with the claim that cobalt, manganese, nickel and copper are necessarily vitally important, however. “There are a whole range of viable alternative battery technologies that could avoid using these metals,” says Matthew Gianni, of the Deep Sea Conservation Coalition, a Dutch-based alliance of international green groups. For example, lithium iron phosphate batteries are now looking very promising.” The current rush to extract nodules is therefore misplaced, say green groups who argue that engineers and entrepreneurs should be given a time to develop new battery and power plant technologies – like lithium iron phosphate batteries. Hence their calls for a deep-sea mining moratorium.

The problem is that the timetable for reaching [net zero emissions](#) of greenhouse gases is now so tight. The world cannot wait for much longer for new battery technologies to emerge. It needs to eliminate fossil-fuel burning urgently. Mining companies also deny they are rushing ahead with their plans. “We are still gathering in the science and I would say commercial operations are unlikely to start until the end of the decade,” says Chris Williams, managing director of UK Seabed Resources, which has its own plans to extract nodules from the Clipperton-Clarion Zone. “I am confident we will be able to show that extracting polymetallic nodules will have a lower impact on the environment than will be the case with the opening of new mines on land or the expansion of existing ones.”

However, the notion that nodule-mining negotiations are going to proceed smoothly with agreement about strict extraction rules eventually being reached by the International Seabed Authority was thrown into disarray several weeks ago. The [Pacific Island state of Nauru](#) – one of ISA’s 167 member states – activated an obscure sub-clause in the UN Convention on the Law of the Sea that allows countries to pull a two-year trigger if they feel negotiations are going too slow. The ISA now has two years to agree regulations governing deep-sea mining – if they don’t, mining contractors will be allowed to begin work regardless. Nauru is partnered with a mining company called DeepGreen and says it fears being overwhelmed by rising ocean levels and wants to speed up the exploitation of abyssal nodules as a way of promoting green technologies that might save it from inundation. Its activation of the ISA’s two-year clause has caused some consternation in the industry – and among deep-sea mining opponents who fear attempts are being made to stampede the world into deep-sea mining before its consequences can be properly assessed. For its part, ISA has played down the implications of Nauru’s move. Others are less sanguine. “This could really open the floodgates,” says Gianni.



Polymetallic nodules recovered for research. Photograph: UK Seabed Resources

Such prospects only strengthen the urgency of assessing the likely effects of deep-sea mining, say scientists. It is a point stressed by Andrew Sweetman, professor of deep-sea ecology at Heriot-Watt University, Edinburgh, who has been involved in carrying out deep-sea mining impact assessments for governments and mining companies. “We are living in a world where more and more people want to have the latest cellphones as well as electric vehicles and wind and solar power plants that will help in achieving net zero emissions. And these require metals like cobalt and manganese. “On its own, recycling these metals is unlikely to provide the ingredients we need for these devices, so mining is going to be important. On land it is associated with all sorts of problems and eventually there will be a push for deep-sea mining – and in the end it will happen. That means we need to get as much information about its impact so we are best placed to limit the damage.”

Precious metals

The world’s appetite for copper, manganese, cobalt, nickel and other elements needed for green technology is rocketing.



Lucid Motors’ Air luxury electric car. Photograph: AP

Copper

Global use jumped from 17.8m tonnes in 2009 to 24.5 million in 2019, driven by demands from manufacturers of renewable energy plants and electric vehicles. Copper’s high electrical conductivity, durability and malleability make it invaluable.

Manganese

Manganese compounds have been used by humans for millennia, with traces found in pigments used in cave paintings and Roman glassmaking. Today it is used in the form of electrolytic manganese dioxide, a key ingredient of lithium-ion and alkaline batteries.

Nickel

This vital ingredient of guitar strings is resistant to corrosion and oxidation, and easily forms alloys with other metals. More recently, it has become a main component for electric vehicle batteries.

Cobalt

This is the most controversial metal that is powering green technology. Used to make batteries, and solar and wind power plants, more than half the world's supply is found in the Democratic Republic of Congo, where small independent mines have used children as young as seven to dig cobalt ores.

Mineral sources

Three key sources are being explored in the deepest parts of Earth's oceans.



The ocean off Green Island, Australia. Photograph: nudiblu/Getty Images

Hydrothermal vents

These are underwater volcanoes that spew sulphur compounds that include sulphides of silver, gold, manganese, cobalt, and zinc.

Sea mounts

Many of these underwater peaks are known to be rich in cobalt chemicals and have sparked the interest of mining companies.

Polymetallic nodules

These litter the bottom of the deep ocean. Mining companies have shown most interest in this source because of the relative ease of extraction. Most plans have earmarked the Clarion-Clipperton Zone as the target for mining, although some have pinpointed other areas. Florida's Ocean Minerals wants to mine off the Cook Islands in the Pacific, for example. (Source: <https://www.theguardian.com/world/2021/aug/29/is-deep-sea-mining-a-cure-for-the-climate-crisis-or-a-curse>)

Twinza unhappy with State team

August 25, 2021, The National Business

TWINZA Oil Ltd is disappointed with the "lack of engagement" by the State Negotiating Team (SNT) with the company to conclude discussions on the Pasca A gas agreement. The company in a statement yesterday said Petroleum Minister Kerenga Kua had told Parliament of a seven-day period for the SNT and Twinza to finalise the drafting of the Pasca A gas agreement. "The deadline

expired on Aug 17 without the State Negotiation Team making themselves available to meet with Twinza. A further seven days have now passed without a meeting, despite continued efforts by Twinza,” the company statement said. “This lack of engagement, with a company which has invested more than K350 million in PNG to date and confirmed Pasca A commerciality through drilling the A4 well, is disappointing. “Twinza will continue to honour the deal struck on July 6, and announced by Prime Minister James Marape on July 13, 2021.”

Attempts to get comments from the SNT and Kua yesterday were unsuccessful. Twinza said the gas agreement would deliver all Government’s objectives on the project and provide the highest State take of any resource development in PNG – more than 60 per cent of project value. Chairman and chief executive Ian Munro said “despite the Twinza team being on standby 24/7, and the clear instructions from the minister (Kua) for both sides to meet within seven days, the SNT has not made themselves available even once for a final page-turn of the agreement”. “Twinza remains hopeful that both parties can honour the terms and agreement of July 6 and that we can move immediately into the Feed (front end engineering and design) phase of the project.” He said the company had successfully drilled an appraisal well on the Pasca field, being awarded a life-of-project environmental permit and now agreeing fiscal terms which deliver the highest State take of any resource project in PNG.

LNG markets recovering from impacts of Covid-19: Official

August 25, 2021, The National Business

OIL and liquefied natural gas (LNG) markets have continued to recover from the economic impacts of the coronavirus disease (Covid-19 pandemic, led by a robust demand rebound in Asia, Oil Search says. Acting chief executive officer Peter Fredricson said: “We have seen a significant increase in core earnings, reflecting higher realised oil prices and a sustained focus on reducing underlying costs, whilst a lower net debt position has contributed to a significant improvement in the company’s overall financial strength.” He yesterday announced the company’s net profit of US\$139 million (about K478.81 million) for the half year ending June 30 2021. “Solid operational performance allowed PNG LNG to continue producing above nameplate capacity, despite curtailed volumes during the completion of a major planned maintenance program. Operated oil production grew by 3 per cent from the first half of 2020 with the Moran field outperforming,” Fredricson said.

“Our continued discipline towards capital management has bolstered our balance sheet. Introducing a level of commodity price hedging into our strategy reduces the company’s downside exposure to oil price volatility and, in the half, we were able to participate in the oil price upside above our hedged floor price of US\$55 (K 189.45) per barrel. “In support of our ambition to achieve net zero carbon emissions by 2050, we have implemented a carbon abatement programme and commenced programmes that aim to deliver a 30 per cent reduction in GHG intensity across our operated facilities by 2030. “Our commitment to sustainability for all stakeholders has been reinforced with the release of an updated HSES Policy and Manual, the launch of our Human Rights and Sustainable Communities Policies and then registration of our first modern slavery statement.”

Tribe wants their clan vetting done

By DALE LUMA, August 25, 2021, The National Business

THE Tuguba tribe of Hides Petroleum Development License One (PDL1) in Hela wants the Government to complete their clan vetting so that they can receive their PNG LNG benefits. It follows a National Court ruling on Aug 5 by Justice Nicholas Miviri recognising eight clans from the tribe as the legitimate beneficiaries of the 12.5 per cent split from the overall 25 per cent in benefits.

Chairman Howard Lole said the people did not want to waste any more time. “We call upon the MRDC and the Department of Petroleum to facilitate the final phase of clan vetting and the opening of accounts for the Tuguba block,” Lole said. “Many of our chiefs and elderly people have died without benefiting from the proceeds of the PNG LNG project. “The proceeds which could have been used to improve the wellbeing of our people are unnecessarily parked in the trust accounts because of unnecessary in-fighting between clan and family members.” Lole urged all clans to work together. MRDC managing director Augustine Mano told *The National* yesterday that clan vetting was a function of the Department of Petroleum. The MRDC facilitates the accounts opening.

Kua: Project talks soon

By SHIRLEY MAULUDU, August 23, 2021, The National Business

DISCUSSION on potential development of P’nyang gas field in Western will commence soon between the State and ExxonMobil. This followed signing of a “letter of intent” by the two parties last Monday. Petroleum Minister Kerenga Kua told a media briefing last Friday that the project represented an important potential revenue for the State. “We started the process of negotiations on Nov, 15, 2019, and explored the possibilities of there being a gas agreement signed between the State and ExxonMobil on behalf of the developers,” he said. “We wound up our negotiations last January to give ourselves a break to reconsider our respective approaches. “We are grateful that Exxon is now prepared to invite us to recommence our discussions one more time. “This time, we are intent in making sure that we cross the line, we bring in all good faith and sincerity into the negotiations to reach some terms and conditions that are satisfactory to both sides so that the project can happen to all our mutual benefit.

“The State is always battling for finance to meet the demands of our people in all the developmental aspects of this country. “Every new project proposal that comes to our table represents an important potential for us to develop additional revenue to assist us. “This process (discussions) will start very shortly. “To show we are sincere this time than before, we have executed a letter of intent on Aug 16. “The actual negotiation process will start in about a week or two.” ExxonMobil PNG Ltd managing director Peter Larden said the intent to develop P’nyang field demonstrated growth opportunities for the company’s operations in the country. “This is an important step towards alignment between parties on the terms of a gas agreement to facilitate the project to develop P’nyang gas field just North West of our existing facilities at Hides,” Larden said. “Together with our joint venture partners, we look forward to working closely with the Government and the landowners to progress the P’nyang field development proposal and secure licenses needed to develop this resource.”

Local leaders urged to spend royalty payments on targeted programmes

August 23, 2021, The National Business

KAIRUKU–Hiri MP Peter Isoaimo has urged ward members from the Hiri local level government (LLG) to spend royalty payments from the PNG LNG project on targeted programmes. Nineteen wards in the LLG received K115,000 each paid into their ward accounts as part of the second batch of payments from provincial government for their ward development funds from PNG LNG proceeds. “Hiri LLG is one of the very fortunate LLGs because of the extra funding that is provided through LNG benefits,” Isoaimo said. “Spend within ward development programmes and ensure the bulk and majority of our people benefit out of it and get tangible results.” Central Governor Robert Agarobe said the LLGs needed to get onboard the provincial government’s economic plan. “We need to start being part of an economy to drive our villages, drive our province and drive our country,” he said. “Every village must be based on an economy, driven by an underlying economic activity.” According to Agarobe, Central currently had the one crop per district, one crop per farmer,

one product per person and home-stay concept in place. “It’s about revenue coming into the community, you doing something to actually spin over some money,” he said.

Lihir increases its PNG contribution

Post-Courier, August 23, 2021

Despite the difficult operating environment, Newcrest has approximately paid K1.05 billion to PNG suppliers in the last financial year. According to the company’s 2021 financial year report, Newcrest contributed K80 million in corporate tax and K203 million in additional taxes such as salary and wages tax, production levy and customs and excise taxes. For the year ending 30 June 2021, Lihir paid K99.6 million in royalties. Chief operating officer PNG Craig Jones said there were no material COVID-19 interruptions to operations during the reporting period for Lihir, which was only possible through the dedication and support of the Lihir workforce. He said this during his presentation of the annual results: “Our workforce has demonstrated great resilience, some of whom were away from home for many months. “Overcoming these challenges would not have been possible without the assistance of the Lihir community and Nimamar Local Level Government, with whom we have worked alongside throughout this period.”

While Newcrest was able to maintain operations, the measures taken to minimise the impact of the pandemic on Newcrest’s employees and host communities, and ensuring a safe operating environment, has resulted in additional costs for the last financial year of K185 million. This has impacted the All-in Sustaining Costs at Lihir, which was US\$1370 per ounce. During FY2021, total gold production at Lihir was 737,082 ounces, which was within guidance for the period. Lihir is well positioned for the future, with aspirations of more than 1 million ounces of gold per annum. In fact, there has been an increase in the overall contribution to Government revenue in the last financial year. This expenditure included investment in infrastructure, equipment, maintenance and consumables.

Clans told: K1bil waiting for you

By GYNNIE KERO, August 20, 2021, The National

PRIME Minister James Marape has reminded the landowners of the PNG LNG project that about K1 billion in royalties is awaiting distribution to them – once the clan vetting process is completed. But he wants them to assist in completing that process, instead of blocking it. “There are so many court cases filed (by you which are) stopping the process,” he said. “Complete the process, assist the Department of Petroleum and Energy. “We want to release these funds (to you) as soon as possible.” He pleaded with the landowners to “assist the process”. “We want to assist you to get the money and go back home instead of hanging around in Port Moresby doing nothing,” he said. He said the K1 billion in royalties was kept at the Bank of Papua New Guinea.

Marape was yesterday focusing on the landowners in the upstream area who had “to be identified” through the clan vetting process before the distribution of the money could begin. Marape blamed the delay in payment to landowners from petroleum development license (PDL) areas taking out court injunctions to stop the identification and clan vetting processes. “Most landowner money from PDL 1,7,8,5,6, (remain) in our trust accounts,” he said. “Close to a K1 billion is still sitting in the Central Bank trust account held by the Treasury and the MRDC (Mineral Resource Development Company). “This is your entitlement. I appeal to all landowners: Please assist in completing the landowner identification and clan vetting processes. “Don’t complicate the process by going to court.”

Marape also announced the establishment of the sovereign wealth fund (SWF), saying that for the first time, there is a clear policy on the payment of dividends from resource projects. “As far as our country is concerned, the law has created that facility (SWF) with 7 per cent of all revenue from resource projects put into a sovereign wealth fund,” he said. “We intend to use this facility this year. “This will instill a savings culture in our Government.” He yesterday received a K100 million dividend payment from the Kumul Petroleum Holdings Ltd (KPHL). The Government expects the company to pay another K200 million to meet the full dividend payment of K300 million as appropriated in the 2021 National Budget.

About K3.7b paid to state

By GYNNIE KERO, August 20, 2021, The National

THE Kumul Petroleum Holdings Limited (KPHL) has paid US\$1.1 billion (about K3.78 billion) in dividends and tax to the Government, from the US\$1.64 billion (about K5.64 billion) it collected since 2014. Prime Minister James Marape said the US\$1.64 billion was the proceeds from the 696 liquefied natural gas (LNG) shipments as at the end of last financial year. He said from the net proceeds on the LNG cargoes, KPHL paid to the Government the equivalent of 68 per cent of the total money received from the PNG LNG project. Marape received a dividend payment of K100 million from KPHL yesterday. KPHL managing director Wapu Sonk said it was the first payment of the K300 million to be paid this year. The K300 million is the “planned payment” expected by the government but it is subject to change depending on the oil and gas prices in the commodities market. “We are able to pay K100 million dividend to the State because the prices are good this year unlike last year,” Sonk said. Marape said the Government had a clear dividend policy for all state-owned enterprises:

- 60 per cent of all revenues to be paid to the Government to support the National Account;
- 10 per cent to be used by the SOE for community projects (and) partnering with churches in the areas of health, education and other projects;
- 7 per cent to be paid into the Sovereign Wealth Fund to save for the tough times;
- 13 per cent to be kept by the company for investments;
- 10 per cent is to be kept for administrative costs.

Bougainville: Experts to assess oil spill

BY ROMULUS MASIU, Post-Courier, August 19, 2021

INDUSTRIAL chemical experts will be called in to assess the oil spill threat at the former Bougainville Copper Limited (BCL) Loloho port. A team from the Bougainville Disaster and Emergency Office led by coordinator Sam Mark went to Arawa to assess the oil spill situation on the ground last week Friday and is working on a report to be given to concern authorities. Mr Mark told the Post-Courier that the oil spill is 100 meters in length, 70 meters wide with a depth of 2 meters in height. The oil spill is coming from the two big tanks that supply the former Power House at Loloho. The oil spill occurred when locals disturbed by chopping off the outlet pipes that connects the big tanks that store the crude oil that supplies the drier line of the power house. According to Mr Mark, BCL is nowhere to be blamed and as it is a crisis problem whereby locals went ahead to disturb the pipes by cutting off the pipes that connects from the tank to the power house.

He suggested that all these problems will be solved if the government gets the Panguna mine operational to clean up all these mess. The oil spill is a threat to the surrounding eco system including the sea which is 70 to 80 meters from where the oil spill is located. The Disaster Team identified also a container filled with some kind of chemical believed to be chlorine that is killing insects and

animals in the area. The assessment over the weekend has raised a lot of issues with the main threat of a likely oil spill into the waterways and the sea where a lot of people use in the area. Mr Mark is working on a thorough report that will be given to the ABG Community Government Secretary Puara Kamariki and other concerned authorities for further assessment to be carried out with the involvement of the Industrial Chemical Analysts.

Freeport Resource owns Yandera

August 18, 2021, The National Business

FREEPORT Resources Inc now owns the Yandera copper project in Madang through its acquisition of Carpo Resources Inc. It is a privately-held company which controls Era Resources Inc, which controls exploration license of Yandera project. “Carpo was acquired pursuant to a share purchase agreement, dated effective June 25, 2021, entered into with Carpo, and all of the shareholders of Carpo,” Freeport said in the statement. “The company is at arms-length from each of Carpo, and the vendors. In consideration for all of the outstanding share capital of Carpo, the company has issued 20,000,000 common shares to the vendors. “In connection with completion of the transaction, the company does not expect to assume any material liabilities, nor does it expect to devote the majority of its working capital or resources to the development of Carpo or the Yandera copper project. “As a result, the transaction does not constitute a fundamental acquisition for the company, within the policies of the Toronto stock exchange venture exchange.”

Rau: Hidden Valley contributes K633.7m to economy

Post-Courier, August 17, 2021

The Hidden Valley Mine plays a significant role in the development and national growth of the country’s economy contributing K633.7 million to regional and national economy. Environment, social and governance manager for Harmony Gold PNG exploration Monica Rau disclosed this at her power point presentation at the Chamber of Mines and Petroleum community affairs and media workshop held in Port Moresby. She also mentioned that over LOM to date, Hidden Valley has contributed K591.5 million in royalties and direct paid taxes to the government. It stated that Hidden Valley has created more than 2000 jobs of which 96 per cent is Papua New Guinea resourced. “From financial year FY 2009 to FY 2020, Hidden Valley has spent K5 million on procurement in PNG, including K1.3 million with local landowners, K 1.9 million in Morobe Province, and K 1.8 million on other procurement in PNG.”

The mine has supported a range of community activities, via the memorandum of agreement (MoA), the benefit sharing trust and discretionary spending on the areas of community infrastructure, education and health support, Law and order programs, gender development, integrated development and donations and assistance given to communities during the mine life span. She also outlined the challenges and solutions on the road towards the mine closure noting that the mine has approximately seven years unless further extension opportunities are identified but the landowners and communities don’t want to talk about mine closure. Hidden Valley is a gold and silver open pit mine located in the Morobe Province which commenced operations in 2007. It is owned and operated by Morobe Consolidated Goldfields Limited (MCG), a wholly owned subsidiary of Harmony Gold (South Africa).

Benefits must be shared: PM

By SHIRLEY MAULUDU, August 16, 2021, The National

PRIME Minister James Marape says benefits from resource projects should be shared equally among all provinces. He made the statement in Parliament on Friday when responding to Western Governor Toboi Awi Yoto who asked whether the Government could transfer 67 per cent equity in Ok Tedi mine, currently held by the Government, to Western. “Western hosted Ok Tedi mine,” Yoto said. “For the past 38 years, it has been supporting PNG’s economy. “However, there isn’t any large project or legacy that has been left behind by the project itself for the province. “Thankfully, the previous government under Peter O’Neill, decided to give the province some shares and in your time as the prime minister, you honoured that commitment and released 33 per cent of the mine’s equity of which the Fly River government has 12 per cent. Since 2019, we were getting some dividends but this money I feel is not enough to have my people of Western prepared for mine closure in 2025.

“I would like to ask the National Government that the 67 per cent that you now keep, be given back to the people of Western so that for the next four years, I will start to prepare the people when the mine closes,” Yoto said. Marape said all provinces in the country had needs as well. “We are in a country, and we must share resources equitably,” he said. “This is a key part of our Constitution which says resources must be shared equitably. “I believe the decision by the then-O’Neill government was a fair call, giving back 33 per cent to the province. When the 67 per cent goes to the national budget, we will still pick out some major projects in Western,” he said. “Governments of Australia and PNG are working towards ensuring that Daru Hospital is not just maintained but it becomes a permanent major hospital. “From the revenue from the 67 per cent, planning minister is working to ensure two per cent is for tax credit scheme and this money will now be used to seal roads from Kiunga to Tabubil.”

KPHL received US\$1.6bil from PNG LNG since 2014: Sonk

August 13, 2021, The National

KUMUL Petroleum Holdings Ltd (KPHL) managing director Wapu Sonk has told the Commission of Inquiry into the Union Bank of Switzerland (UBS) loan that KPHL had received US\$1.644 billion (about K6 billion) as dividends to date from Papua New Guinea liquefied natural gas (PNG LNG) since 2014. He said from this revenue, KPHL had paid US\$522 million in dividends to the State, US\$394 million in return of capital to the State, US\$181 million to the State in taxes and US\$23 million as corporate social responsibility. “From the US\$1.644 billion received, about US\$1.119 billion (about K4 billion) had been paid into the State, which equated to 68 per cent of the total revenue generated so far,” Sonk said.

LNG project ‘on track’

August 12, 2021, The National

PETROLEUM Minister Kerenga Kua says the country is on track to see the US\$12 billion (K41.28 billion) Papua LNG project proceed. Kua told Parliament yesterday that pre-feed (front end engineering design) work had already begun. The actual feed will start towards the end of the year and take up 2022. A Fid (final investment decision) and construction phase will follow in 2023. After a meeting this week with Total E&P Ltd’s vice-president, Kua said the Government was assured that the project “is a top priority for the company”. “They have already started work on the pre-feed process,” Kua said. “The actual feed process will start around October and November.

“And that will take another four months or so to complete. “It will take up 2022. “And by 2023, they will be in a position to go into a final investment decision. Once they cross that line and secure financing, construction will begin slowly in 2023.” Kua said to reach the development forum stage, social mapping and landowner identification among other processes must be completed. “A big part of that process has been completed and we are ready. “But there is a court injunction in place stopping us (from continuing) with the process for landowner identification and social mapping.” Kua said his department had filed an application in the National Court to remove the injunction.

Pandora licence separate from Pasca A, says Kua

August 12, 2021, The National

A PETROLEUM Retention License (PRL) for the Pandora gas fields in Gulf has to be processed separately, and not integrated into the Pasca A oil and gas project negotiations, says Petroleum Minister Kerenga Kua. Twinza Oil Ltd is currently in negotiations with the State negotiation team for a gas agreement on the proposed Pasca project in Gulf. It wants the Pandora and Pasca projects to be aligned. Kua told Parliament yesterday that since the licence for Pandora had expired and now with the Government, there had been applications from other developers. “The negotiations underway is (only) for a licenced area for Pasca,” Kua said. “Pandora is a different licence held previously with another holder which had expired and now with the Government.

“Many have applied but it must go through separate statutory processes through the department of petroleum. “This is a separate licence, separate tenement which goes through separate process completely.” He said Twinza wanted, “and they have some valid reasons”, to be given the license to both Pasca and Pandora together to “aggregate it and create bigger volumes, revenue and business for all of us”. “That does have merits. However, whether that should happen or not should be decided by an independent process,” he said. “We cannot bring Pandora in and deal with it together with Pasca. It must go through a separate process.” Kua said whatever the advice from the petroleum advisory board to him, there would still be an opportunity for Twinza to participate.

Extractive industry drives economy

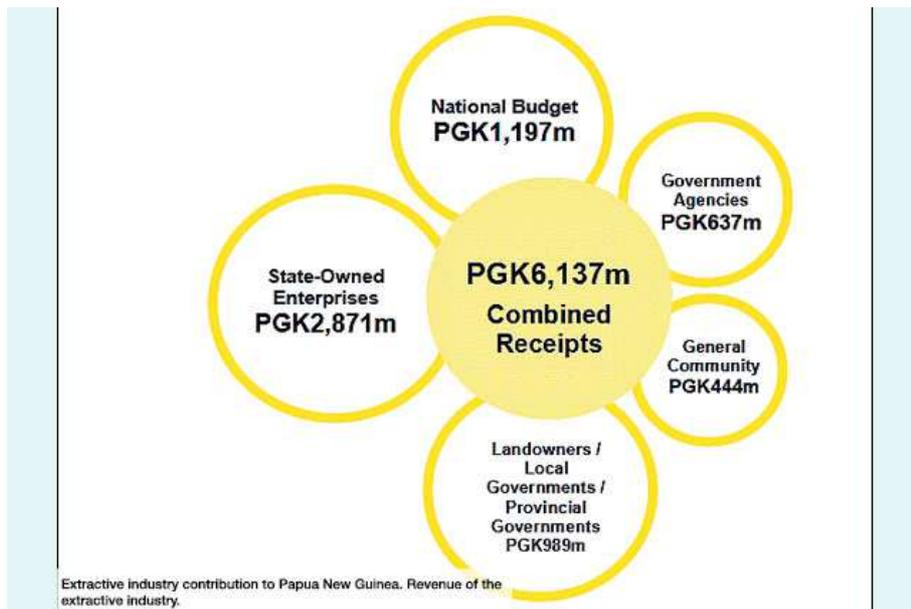
The latest PNG Extractive Industries Transparency Initiative report published by PNGEITI secretariat has been described as the “most comprehensive” compared to previous reports. The report, released on July 30, is for the 2019 financial year. The National Secretariat has been producing reports from 2013. Below is a summary of the 2019 report.

August 12, 2021, The National Business

THE Extractive Industries Transparency Initiative (EITI) is the global standard for promoting transparency and accountability in counties rich in oil, gas and mineral resources. The PNGEITI is a Government initiative established in 2013 to promote accountability and transparency of revenue received from the country’s mining, oil and gas sector and how it spends these funds. The PNG EITI Multi-Stakeholder Group (MSG) is an oversight body that governs and guides EITI implementation in Papua New Guinea. It comprises representatives from government, civil society organisations and the extractive industry companies.

One of the MSG’s main activities is the production of annual EITI reports as required by the EITI Global Standard. This tripartite stakeholder group has worked collaboratively, culminating in the publication of six PNG EITI annual reports covering fiscal years 2013 to 2018. This continued collaboration has led to the production of the financial year 2019 PNG EITI Report, the seventh consecutive report to be published since PNG became a member of this global body in 2013. The EITI reporting process continues to facilitate critical policy and legislative reforms and improvements in

current institutional capacities and business practices in key government departments and agencies for improved governance of the extractive sector.



PNGEITI secretariat

Head of PNGEITI National Secretariat Lucas Alkan said the report, covering the financial year 2019 builds on the progress of preceding reports and provide a clearer picture of contributions to the PNG economy by the mining and petroleum sectors. “The 7th PNGEITI Report is more comprehensive than the previous reports in that we have reflected data gaps and recommendations in those preceding reports to advance transparency and accountability in the mining and petroleum sectors,” Alkan said. “The technical and complex nature of the extractive industry warrant an overarching reporting platform for the purpose of better understanding the resource sector to help formulate the right policies and legislations to derive best value. “The reports process serves that purposes.” “Despite the onset of the coronavirus (Covid-19) pandemic in late 2019 and disruptions to activities in 2020, the MSG is satisfied that the 2019 EITI Report has significantly improved in addressing information and data gaps identified in previous reports, including the corrective measures recommended from PNG’s first validation assessment against the 2016 report.

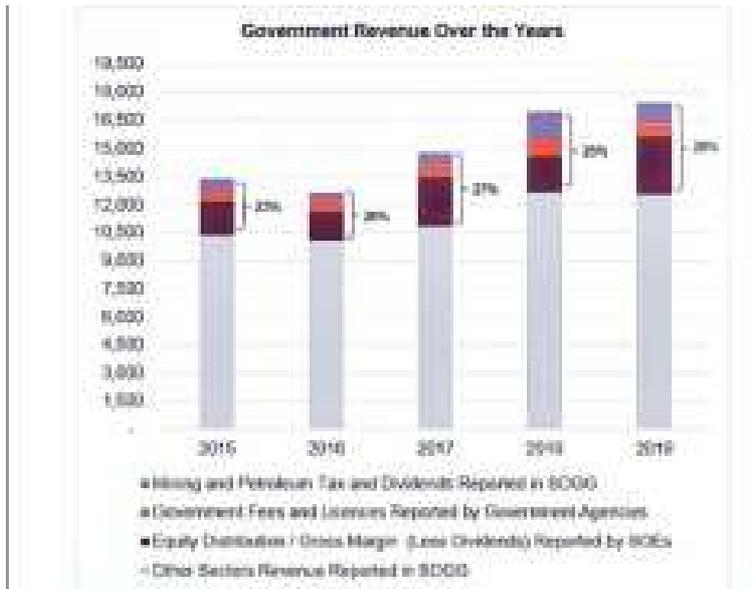
Other contributions

There are other contributions of the extractive industry in PNG for the year 2019.

PNG’s economy is characterised by two large economic sectors: agriculture, forestry and fishing – which engages most of the labour force (the majority informally) – and the extractives sector (oil and gas extraction; mining and quarrying), which accounts for the majority of export earnings. The PNG LNG project has been the primary driver of GDP growth in recent years. Higher production volumes in the extractive industries in 2019, including significant growth in silver and nickel, contributed significantly to nominal GDP growth in 2019. The extractive industries contribute 88 per cent of PNG’s exports. Total employment in the extractive industries improved in 2019.

According to the BPNG’s June employment statistics, total employment average grew by 2 per cent, driven largely by growth in the mining sector. In 2019, the extractive industry, contributed K109 million and K335 million of mandatory and voluntary social expenditures, respectively. These social expenditures are in a form of cash and in-kind which local communities have directly benefited. Of the Government revenues recorded in the National Budget (composing corporate income tax, dividends, import taxes), the extractive industry contribution amounted to K1.1 billion. Other revenues received by State-owned enterprises and government agencies such as salaries and

wages taxes, foreign contractor withholding taxes, DPE and MRA fees, environmental charges and equity distribution amounted to K3.7 billion.



- PGK33.53b** in oil and gas and mineral exports from PGK28.77b in 2018
(Actual value of oil and gas and mineral exports)⁴
(Oil and gas and mineral exports account for 88% of Total Exports)
- 28%** contribution to GDP (est)⁵
(Real and Nominal Gross Domestic Product)
- 26%** contribution to GDP growth from prior year⁶
(Real and Nominal Gross Domestic Product)
- 18%** Employment average growth⁸
(Material reporting entities reported employment of 14,919 PNG Nationals in 2019)⁸
- PGK444m** Social Expenditures
(Refer to Chapter 6: Social and Subnational payments)
- 28%** Contribution to Government Revenue⁷
(Other sectors contribution does not include other revenues collected from respective government agency, regulator or authority)

Contributions to PNG Economy

The extractive industries have both positive and negative social impacts in PNG. The positive impacts of the extractive industries are the provision of employment and revenue to local communities, as well as funding for infrastructure such as roads, hospitals, schools and power generation. The extractive industries can also be a source of tension between different societal groups and negatively impact the environment through land degradation, water quality and increased carbon greenhouse gas emissions if not properly managed. Papua New Guinea’s major export commodities are gold and LNG, together comprising, over 80 per cent of total oil and gas and mineral export value (70 per cent of total export value including non-mineral). Gold prices have trended upwards since December 2018, reaching a six-year high of US\$1,500 (about K5,259) per ounce in early September 2019. This increase was driven by increased demand for gold as a safe haven asset, due to the escalation of trade tensions between US and China, volatility in financial markets, escalating US-Iran tensions and easing monetary policy in the US and elsewhere. Gold purchases by central banks have also provided some support to the gold price. Over the year to October 2019, gold prices have averaged around US\$1,376 (about K4,714) per ounce, 8.4 per cent higher than 2018 levels. As markets continued to respond to ongoing trade tensions and geopolitical problems, gold demand

remained robust over the remainder of 2019 supporting an average of US\$1,380 (about K4,728) per ounce for the year.

How do the extractive industries contribute to State revenue?

In 2019, the largest sources of revenue from the extractive industries included equity distributions, corporate income tax, salaries and wages taxes, dividends and royalties. Most of this revenue goes into consolidated government revenue, with the rest primarily distributed to SOEs. PNG's budget is prepared by the Department of Treasury through a public consultative process. In recent years, there has been an effort to make the process more strategic and rules-based so that it is directed towards achieving sound fiscal policy. Some revenue from the extractive industries is earmarked for specific purposes, such as the Public Investment Programme, a vehicle through which the PNG Government implements development policies aimed at improving the livelihood and wellbeing of PNG citizens in all provinces.

The PNG Sovereign Wealth Fund was established in 2015 to ensure that some of the wealth generated by the extractive industries is saved for the benefit of future generations. However, at the time of writing, the Government has yet to appoint an inaugural board, and the 2019 National Budget projects zero balances for the funds through to 2023. Revenue flows to the government from the extractives industry can be volatile, as the financial performance of the individual operations are affected by a variety of factors that include fluctuating commodity prices, natural disasters, and impacts of severe weather events such as drought and flood. While not analysed in this report, state revenue is significantly enhanced by the multiplier effect that each operation generates from hiring by subcontractors, increased business start-ups and expansions, increased demand for housing and services, etc.

Mineral exports high, PNGEITI reports say

BY JANET KARI, Post-Courier, August 9, 2021

PNG Extractive Industries Transparency Initiative reports in the past years consistently show that mineral exports have been very high. In the last PNGEITI report in 2019, the exports were at K33.53 billion which included oil and gas and mineral exports. PNGEITI deputy head of secretariat Chris Tabel said in the last seven years PNGEITI has produced the reports; these reports demonstrated that mineral exports were consistently very high. Mr Tabel made this statement during the commencement of a four-day Mamose regional consultation for the PNGEITI Commission Bill in Lae last week. "In the recent report it is about K33 billion....government receipts from all the benefit from the mine has been K6.1 billion and it's quite a difference in contrast to what is going out in terms of exports and what is perceived in terms of revenue," he said.

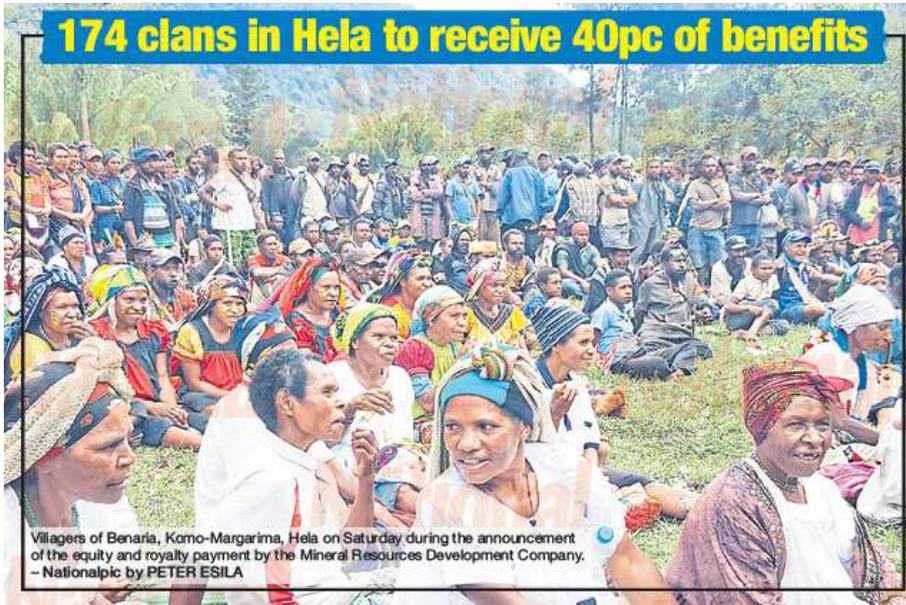
"The K6.1 billion is perceived by all parties which include the national, provincial and local level governments, landowners and social and discretionary payments by companies to host communities and also state owned enterprises who receive K2 billion from this K6 billion. "In terms of contributing back to the state as opposed to other non renewable sector it is quite low in terms of revenue but exports are very high and that is something that we are putting forward and needs intervention." He said PNGEITI was set up with a purpose of reporting and will not duplicate functions of those responsible but what is highlighted is one of the main key findings.

"There will be a lot of debate on how much contribution is given by the sector but our reports are not ours alone but collective reports from all players," he said. PNGEITI is a global organisation set to assist countries increase transparency and accountability across the oil, gas and minerals resources value chain. In PNG a National Executive Council decision in 2013 gave effect to the setting up of this entity. Mr Tabel said with the Commission Bill consultation, it will ensure that the

entity becomes a statutory body. The four-day Mamose Regional Consultation which included stakeholders from the four provinces in the region concluded on Thursday last week.

K3.76mil LNG payout

By PETER ESILA, August 9, 2021, The National



THE Gas Resources PNG LNG Pipeline Limited will pay out K3.76 million to Hela landowners in Segments Two and Three as equity and royalty. This was announced on Saturday in Hela by the Mineral Resources Development Company (MRDC). The K3.76 million is the 40 per cent cash component. According to the Oil and Gas Act, benefits received must be split thus: 40 per cent in cash, 30 per cent for the Community Trust Fund and 30 per cent held in trust for investment purposes. MRDC managing director Augustine Mano said at Benaria village in the Komo-Margarima district that the K3.76 million was made up of K1.5 million in equity from 2014 to 2016, and K2.2 million in royalty from 2014 to 2018. “These payments follow the completion of bank account openings for each benefitting clan, and the appointment of a director to the board paved the way for payment of the benefits, which is 40 per cent of total royalty and equity benefits available to them,” he said.

“Dividends for subsequent years will be paid once the audit of the accounts are completed up to the last financial year. Royalties will also be paid once they are received from State.” Segments 2 and 3 cover the Benaria and Homo-Paua regions of Hela. There are 174 clans that will benefit. These areas are part of the eight segment areas, which are PNG LNG project impacted area. Hela Governor Philip Undialu and Petroleum Minister Kerenga Kua urged the villages to stop tribal fighting and allow services to reach them. “This is not about the payment of money,” Kua said. “It is about how we look after ourselves. Services must reach the people. If not, improvement of living standards will not come. “Peace and law and order must be here all the time.”

Oil Search paid landowner companies around K2bil

August 9, 2021, The National Business

OIL Search PNG paid US\$700 million (K2.3billion) to landowner companies between 2010 and 2020, according to a company official. Senior sustainable development manager Lucinda Gulluman-Kisip said during a workshop that the oil company had supported landowners in building

foundations of business structures, systems, training and maintaining compliance monitoring. “We have been impacted not just in the business development space but other areas since February 2019 by the Covid-19 in the way we work with our landowner companies and also with the fall in oil prices,” Gulluman-Kisip said. “So between 2010 and 2020, we have about US\$700 million, about K2 billion in PNG kina that has been paid in contracts to landowner companies. “This represent about 35 per cent of the payment being made to PNG suppliers and contractors.

“There is a lot of work still to be done with the landowner companies and last year we revised our forward landowner companies business development approach. “In terms of the outcome and what we want to archive out of the work that we do in business development, it is about the benefit incomes streams that flows down to the communities and helping the landowner companies be financially viable outside of their relationship with Oil Search. “As part of that, we want to support them to diversify their business.” Oil Search’s current footprint covers one million hectares of land, production and pipeline licenses, retention and exploration licenses, six producing oilfields, one producing gas field and a major gas development opportunity. It covers three provinces: Hela, Southern Highlands and Gulf.

Man accused of stealing K4mil in royalty payments

August 6, 2021, The National

A MAN appeared before the Waigani Committal Court on Tuesday charged with defrauding nine incorporated land groups (ILGs) of more than K4 million in royalty payments from the Department of Petroleum and Energy. Magistrate Paul Nii arraigned Mere Kende, 54, of Pawabi village in Erave, Southern Highlands, on charges of false pretence and conspiracy to defraud before adjourning the matter to Sept 9. Kende is out on an extended of K2,000. He allegedly committed the offences between 1999 and 2003. The Imawe Bogasi stock clan has a population of about 3,000 people scattered across Erave and Kikori in Gulf. The sub-clans, through the nine ILGs, are beneficiaries to equity and royalty funds from Gobe petroleum project and segment 6 of Kutubu and PNG LNG pipeline projects. The nine ILGs (with other ILGs from Gobe project area) were incorporated by the Department of Lands between 1995 and 2004.

Several equity and royalty payments have been made since 2004 to the nine ILGs identified under two ministerial determinations. However, it was later discovered that in respect of royalty payments, landowners were underpaid by K15 million, hence, the disbursement of the balance now. The court, through orders issued by the Supreme Court in proceedings SCA 111 of 2006, recognised the nine ILGs as the legitimate and legal beneficiaries. The complainants are members of the clans and chairman of the respective ILGs. On March 18, a Bank South Pacific cheque valued at K4,546,958.69 made payable to Imawe Bogasi ILG, was delivered to Kende by the Department of Petroleum and Energy. The cheque was drawn from Gobe petroleum trust fund account maintained at Port Moresby’s Bank South Pacific and represented underpaid royalties due to the Imawe Bogasi ILGs.

Frieda Provinces: Ensure talks are transparent

August 6, 2021, The National Business

THE East Sepik and West Sepik governments want to see transparency in the negotiations and development of the proposed Freida River mine project, an official says. East Sepik mines liaison officer Edward Wiruk said they were careful not to repeat any legacy issues. He attended the PNG Extractive Industries Transparency Initiative (PNGEITI) commission bill consultation in Lae this week. He said it meant being transparent from the start. A joint provincial consultative committee

was set up in 2009 for this purpose. The committee meets twice a year and invites mine developers, Government agencies such as the Mineral Resource Authority and Conservation and Environment Protection Authority to attend.

“Frieda is a very sensitive issue because we have over 250,000 people who rely on this river for their livelihood,” he said. “It’s a first in the country where before any developmental forum, we talk with the company, look at their reports and structures, and discuss benefitting zones and wards.” Wiruk believes that transparency is being practiced but not properly structured. He said although PanAust had left for now, both provincial governments wanted to maintain transparency in future deals on the copper-gold deposit. The East Sepik team attended the consultation to learn more about the EITI, share their views on the policy draft and take back whatever they learnt.

Govt, developers failed to provide services Leaders

Post-Courier, August 5, 2021

Leaders of the PDL 7 area in the Komo-Margarima district of Hela Province say the government and developers of the PNG LNG project failed many years ago to provide tangible services and development to their area. “It is our land and we are watching millions of tons of gas shipments leaving our shores where the world is benefiting and here we are living without any form good developments benefiting us except a sealed road, a sub-health center and a primary school where thousands of people are being left out,” said Steven Ipule, chairman of the PDL-7 Special Purposes Authority. A member of the board, Marlex Mabira, said in other parts of the world where there is gold and copper, the beneficiaries see advanced developments and services unlike them even though gas generates more revenue. “As landowners, we are looking after the gas that has been benefiting the world and it was unfair for us, as we have suffered and have not been receiving tangible basic services, like good water supply, world-class hospitals, schools, aid-posts, and other developments,” he said.

Stay out of the mine, PM says

August 5, 2021, The National

PRIME Minister James Marape has told illegal miners in Porgera, Enga, to stay out of the Porgera mine. “The illegal miners continue to lose their lives,” he said. “They need to stay out of the Porgera mine area.” Marape said the police and military would continue to have a presence in the area as the Government planned to re-open the mine by Sept 16. He said the new Porgera mine would operate in an environment free of illegal activities which was the resolution for Paiam township and the mine. Marape admitted that there were instances of lawlessness in the area and this was the reason for the military and police being stationed in the province to protect assets and ensure peace and order. He commended local landowners for working with the Government on the lease for mining purposes (LMP), environmental affected areas and special mining lease (SML) and following the Mineral Resources Authority process to come under a formal structure. “We continue to re-confirm those who are beneficiaries in the SML area and we will be expanding to embrace the other LMP areas,” he said. Marape said the Government had put more police and military presence in the district to ensure safety.

Concern over litigations over resource projects

By KARO JESSE, August 5, 2021, The National

A JUDGE of the National Court has expressed concern over litigations becoming rampant and contagious in proceedings arising from major resource projects that are beneficial to the country and the people. Justice Nicholas Miviri raised the concern yesterday when he dismissed two notices of motions filed by landowners of the Kutubu petroleum project in Southern Highlands for being without merit. The landowners Joshua Turaha and Busunnae Posou, of Isaweri Bupuku Gohu sub clan of Isaweri, and Paula Sapake and Jason Tirime, of Toale Hongiri sub clan of Imawe Bogasi stock clan, who all filed two separate motions that sought to consolidate hearing after trial on two separate proceedings they filed. This was because they claimed that the facts, circumstances and the issues arising were the same in each case, thus the defendants were the same in the case.

In both actions for review, it was contended that the then Minister for Petroleum breached section 169 (2) of the Oil and Gas Act in determining under section 169 & 170 of that Act as to the beneficiaries of royalties and equity grants under section 167 and 168 of that Act. The landowners contend that the minister in his ministerial determination might have committed an error of law by not giving an opportunity to landowners of pipeline 4 segment 6 to agree to the proportion of benefits and not taking into account their benefit-sharing formula. Justice Miviri found that the minister's ministerial determination was in accordance with the Oil and Gas Act. "There are three times in annexure 'A' in each of the three pub citations, which is very clear compliance of section 169 and 170 by the minister," he said. "It means there is no procedural error or ultra vires as contended by each of the plaintiffs (landowners) in each case on the part of the minister.

"His determination is complying and have the force of law within. "This is conclusive evidence that tilts the balance against the contention of the plaintiff. "Their assertions are without merit and in all probability fails. "Litigations without course set for the litigants, misery in their lives, gain for the lawyers and firms must be stopped if real development in major projects of oil, gas and petroleum are to materially touch the lives of all our people of our blessed nation. "Money has demarcated boundaries between grandfather and father, grandmother and mother, brother and sister, clansmen and tribesmen. "Hurt has distilled its wed so much that neighbour is not seeing eye to eye with those who are over the next plain, valley, mountain, riverside or swamp. "The time has come to re-think our course on matters of this nature."

State, Twinza finalising Pasca A project deal

By SHIRLEY MAULUDU, August 5, 2021, The National Business

AN agreement for the Pasca A project in Gulf is expected to be signed in the next two weeks, an official says. Department of Petroleum and Energy secretary David Manau told a media workshop in Port Moresby yesterday that the State and project operator, Twinza Oil Ltd, would finalise the agreement next week. "For Pasca, we have completed all the negotiations and the gas agreement is in its draft form," he said. "As of last night (Tuesday), in a briefing with Prime Minister James Marape, the state negotiating team (SNT) was given up until next week to sit with Twinza and complete the gas agreement for a possible NEC (National Executive Council) announcement in the following week." Petroleum Minister Kerenga Kua last week told The National that lawyers for both Twinza Oil Ltd and the State were working on finalising the agreement.

It was announced early last month that lawyers would be done finalising the agreement with a gas agreement ready to be signed on July 29. The US\$800 million (about K2 billion) Pasca A gas project in Gulf is 95km south of the province in the Gulf sea, under 100-metres of water. Volume of reserves are 0.4 billion cubic feet. The project's lifespan is 12 years. Kua described the deal reached

between the SNT and company, as by far the best in terms of petroleum resource development. “We delivered an agreement within the petroleum space, which is a new precedent from the existing projects,” he said. “This project will give us a total benefits package of 55 per cent, calculated on what financial modellers and economists called a nominal cash flow basis.”

‘K250mil spent on exploration’

August 5, 2021, The National Business

ABOUT K250 million is being spent by the mineral sector on exploration activities annually, according to Mineral Resources Authority (MRA). Authority managing director Jerry Garry said exploration activities in the sector were part of the investments that contributed to the Papua New Guinea’s economy. “From the Bank of PNG in 2019, the statistics say that K17 billion in export revenue was from the mining sector alone,” he said. “The highest revenue by commodities, only comparable to the PNG LNG project that was first exported in 2014. “When you compare that to the agriculture sector, which was the second highest and sustainable sector, has been producing below K4 billion. “The capital investments for new projects was around K45 billion. “That includes the Frieda River (copper/gold) project, Wafi-Golpu (copper/gold), Central lime and cement and Woodlark project.

“Around the same time, we are looking at K10 billion sustaining capital expenditure for the industry. “That’s the amount of money in investment we are talking about. “On the exploration point of view, we have spent over K250 million annually on exploration. “And all of you would appreciate, and acknowledge that without exploration, there won’t be any mining. Exploration is the lifeline of the mining business.” Garry was speaking yesterday at the two-day media workshop hosted by PNG Chamber of Mines and Petroleum in Port Moresby. He also noted that none of the companies had shut down due to matters relating to landowner benefits. “None of the mines have been closed or forced to close due to disagreements with landowners,” he said. “I am also very pleased to announce that we have made some progress to ensure benefits flow to beneficiaries rather than being parked at places where they get abused and beneficiaries receive very little or none at all. “I would like to acknowledge the work done by Lihir (in relation to this).”

EU Envoy discusses mining reforms with Tuke

August 4, 2021, The National

THE European Union (EU) ambassador to Papua New Guinea Jernej Videtic recently held discussions with Mining Minister Johnson Tuke regarding the reforms of the country’s mining sector and its commitment to sustainable development and efforts towards economic diversification. Videtic, among other issues of discussions, informed Tuke of a possible cooperation with the EU in the mining sector for “smart” and sustainable mining technologies and expertise, thus supporting the EU’s “Green Deal” and creating sustainable jobs for Papua New Guineans. The EU has activated actions to transform its economy with a more sustainable and eco-friendly approach and is looking at replicating similar programmes around the world, which PNG can be a part of. Tuke, while providing an update on Papua New Guinea’s mining sector, welcomed EU’s efforts for a collaborative partnership to promote sustainability in the sector. He said one of the biggest hindrances in the mining sector was having good sound policies in place to mitigate the many challenges faced within the industry. Videtic reiterated EU’s plans to support Papua New Guinea through government-coordinated activities on climate action at national and international levels.



Mining Minister Johnson Tuke giving a bilum to the European Union Ambassador Jernej Videtic as a token of appreciation. – Picture supplied

Agency expanding reach to three sectors

August 4, 2021, The National Business

THE PNG Extractive Industries Transparency Initiative (PNGEITI) will expand to cater for three more sectors in the non-renewable area, says its national secretariat deputy head Chris Tabel. Tabel said the forestry, agriculture and fisheries sectors wanted to replicate the EITI model. He said the EITI policy currently under consultation had included a provision to capture these sectors. “This particular initiative was created solely for the purpose of creating transparency in the extractives of mineral, oil and gas sector,” he said. “But, we’ve also captured inside the EITI policy on extractives a certain provision that would allow for expansion into the other three sectors. “This would allow us to expand to forestry, agriculture and fisheries with the model itself.” Tabel said this was no different to some countries in the world which implemented the EITI going into the non-renewable sector. He said that it was dependent on the economy and what drove it. “So, in terms of having that guidance, we’ve captured inside to move into these other sectors,” he said. “In this particular consultations, we’ve got a lot of feedback in terms of that expansion and we noted them and we will now take that back and in terms of formulating the finalised bill.”

Inconsistent inflow highlighted

August 4, 2021, The National Business

PNG Extractive Industries Transparency Initiative (PNGEITI) reports have identified a stark contrast between export and revenue in the mineral sector, an official says. National Secretariat deputy head Chris Tabel said reports had consistently demonstrated that mineral exports were very high compared to the money coming in. For example, in the 2019 EITI report, the export in the sector was K33 billion. But what was received from the mines was only K6.1 billion. “This K6.1bil is received by the Government, provincial governments, local level governments and landowners,” he said. “State-owned entities received about K2 billion of that K6bil.” The EITI, however, is not an entity which at this stage can implicate entities or determine what should be received, he said. “We were established with the purpose of reporting and our reports have found out that exports are high and revenues low,” he said.

“Of course, there will be debate, especially in terms of how much contribution is given by this sector. “But our reports are a (collection of) reports by all players.” In 2017, a National Executive Council directive was to ensure that all agencies implement their parts in the findings. Meanwhile, Tabel said the PNGEITI needs more visibility at the provincial level. It wants to move right down to the project level. “And to do so, we need the law and memorandum of understanding to be in place,” he said. “These regional consultations to gauge stakeholder views and comments will reflect some of the powers and functions of this entity, especially with the mechanisms that will allow the implementation and reporting process to cascade down into the sub-provincial level and to enable provincial players to engage in the EITI reporting process.”

PNG extractive industry among 35 progressing countries: List

BY MAXINE KAMUS, Post-Courier, August 3, 2021

The Papua New Guinea Extractive Industries Transparency Initiative has achieved meaningful progress among 35 other countries on the Extractive Industries Transparency Initiative list. At the time of writing the EITI website listed 55 countries incorporated into individual countries at various stages of implementing the EITI Standard, of these nine countries have achieved satisfactory progress, 35 (PNG included) has achieved meaningful progress and three countries has achieved inadequate progress or have been suspended due to political instability or for missing the reporting deadline. Head of PNGEITI Lucas Alkan said, it is no easy job in collecting data to deliver a report but despite challenges the PNGEITI has since issue its annual report to the global organisation and maintaining its progress on the EITI list. The Extractive Industries Transparency Initiative was established in 2002 to assist countries increase transparency and accountability across the oil, gas and mineral resources value chain.

The EITI is a global organisation of sponsoring countries, civil society representatives and companies to develop a framework for transparency. PNG applied for candidacy in 2013 and was accepted as an EITI implementing country in 2014 and PNG has since published reports for the calendar years 2013-2018. The 2018 report focused on improving the completeness of data collected and the 2019 report is focused on additional disclosures on sub-national payments, improved presentation and aims to meet all validation recommendation from its validations. PNG Chamber of Mines and Petroleum President Richard Kassman said it is important that PNG produce a report every year as it will secure the country’s candidacy in EITI. He said if PNG fails to produce a report, PNG might be suspended for missing the reporting deadline and he is pleased with PNGEITI for producing the good reports every year.

Oil Search, Santos agree to merger

August 3, 2021, The National Business

OIL Search and Santos have agreed to a revised merger proposal put forward by Santos to acquire shares in Oil Search. The deal is worth AU\$21 billion (about K53billion). Under the revised proposal, Oil Search shareholders will own 38.5 per cent of the merged group. Santos shareholders will own 61.5 per cent. A statement from Oil Search said: “The revised proposal implies a transaction price of AU\$4.52 (K11.38) per Oil Search share, based on the closing price of Santos shares on June 24, 2021 (being the day prior to when Santos submitted its first proposal). This represents a 19.7 per cent premium to the closing price of Oil Search’s shares on that date. “The Oil Search board has considered the revised proposal and has determined to grant due diligence access to Santos, subject to the parties entering into an acceptable confidentiality agreement. “It is expected that due diligence will take approximately four weeks. “The Oil Search board intends to unanimously recommend that shareholders vote in favour of the revised proposal.” Santos, in a market release,

said the merger of Santos and Oil Search would create a regional champion of size and scale. The features are a:

- DIVERSIFIED portfolio of high quality, long-life, low-cost assets across Australia, Timor-Leste, Papua New Guinea and North America with significant growth optionality;
- PRO-forma market capitalisation of AU\$21 billion (K52.87bil) which would position the merged entity in the top-20 ASX-listed companies and the 20 largest global oil and gas companies;
- COMBINED 2021 production of approximately 116 million barrels of oil equivalent;
- COMBINED 2P+2C resource base of 4,983 million barrels of oil equivalent;
- INVESTMENT grade balance sheet with more than US\$5.5 billion (about K18.86bil) of liquidity to self-fund development projects, whilst maintaining further optionality and flexibility to optimise the portfolio; and,
- STRONG environmental, social, and corporate governance credentials including maintaining Oil Search’s social and community investment in PNG and North America, including the Oil Search Foundation.

Santos managing director and chief executive officer Kevin Gallagher said the potential merger was consistent with Santos’ disciplined strategy to grow around our core assets. “It represents a compelling combination of two industry leaders to create an unrivalled regional champion of size and scale with a unique diversified portfolio of long-life, low-cost oil and gas assets,” he said. “The merged company would have strong cash generation from a diverse range of assets which provides a strong platform for sustainable growth and continued shareholder returns.”

Latest mining transparency report more comprehensive: Official

August 2, 2021, The National Business

THE latest PNG Extractive Industries Transparency Initiative (PNGEITI) report is more comprehensive than previous ones, says the head of its national secretariat Lucas Alkan. Alkan said it reflected data gaps and recommendations in previous reports to promote transparency and accountability in the mining and petroleum sectors. The PNGEITI Multi Stakeholder Group (MSG) announced the release of the report on Friday. “Despite the onset of the Covid-19 pandemic in late 2019 and disruptions to activities in 2020, the MSG is satisfied that the 2019 EITI Report has significantly improved in addressing information and data gaps identified in previous reports, including the corrective measures recommended from PNG’s first validation assessment against the 2016 report,” Alkan said.

Senior vice-president of the PNG Chamber of Mines and Petroleum Richard Kassman said the chamber welcomed the participation of the extractive industry operating projects in furnishing information required to compile the 2019 report. “We are pleased that the current report provides a more comprehensive information from industry and government of the revenue derived from the resource projects and also noting the enormous voluntary contribution in community infrastructure projects and flow-on socio-economic benefits such as community health and education programmes as well as spin-off business opportunities,” he said. Highlights include:

- MORE than K6 billion of contributions from the extractive industry;
- CONTRIBUTED 28 per cent of Government revenue;
- RESPONSIBLE for 28 per cent of PNG’s GDP – this did not include the multiplier effect from contributions by all the contractors and subcontractors who support our industry; and,

- CONTRIBUTED nearly K450 million in cash and kind social expenditures, mostly voluntary, for infrastructure projects, community health and education programmes, as well as spin-off business opportunities supporting SMEs (small-medium enterprises).

“I want to assure the public that this is a work in progress that the industry, together with the regulators together and reporting entities of government remain committed to minimise this.”

ABG welcomes miner’s move

July 29, 2021, The National Business

THE Autonomous Bougainville Government has welcomed the initiative by Rio Tinto and Bougainville Copper Limited to address outstanding legacy issues from the Panguna mine. President Ishmael Toroama said the Panguna mine was solely responsible for bankrolling Papua New Guinea’s independence and provided its economic base from 1973 to 1989. He said despite the fiscal benefits of the mine, the failure by Rio Tinto and BCL to address the damage to the environment and the displacement of the local population caused friction between the people of Bougainville and the companies, including the national government. “Left unintended these issues became one of the major factors that directly contributed to the 10-year Bougainville civil war,” he said. “In the last 30 years since the mine ceased operations, there is still extensive damage of the environment within the special mining lease and lower tailings (area).” Toroama said an environmental assessment would thoroughly gauge the full extent of the damage caused by the mine.

He said his government was pleased that Rio Tinto and BCL were being accountable for their actions and acknowledged the Human Rights Law Centre for providing legal guidance and enabling the complainants to bring their grievances to the organisation for economic cooperation and development. He also acknowledged the Australia National Contact Point for facilitating the dialogue. The president thanked Minister for Education Theonila Matbob for her part in pursuing the matter on the people’s behalf. “It was through her perseverance that we have been able to reach an amicable solution with Rio Tinto and BCL,” he said. Meanwhile, Toroama put to rest rumours that his government would be offering concessions on the Panguna Mine. “The mine will remain closed until such time as all outstanding issues have been addressed,” he said. “My government’s main agenda is to progress development and prepare our people for independence.”

Oil Search records US\$366mil second quarter revenue

July 28, 2021, The National Business

OIL Search has recorded a second quarter operating revenue of US\$366.2 million (about K1 billion) – up 21.5 per cent from the first quarter (Q1). Other highlights include:

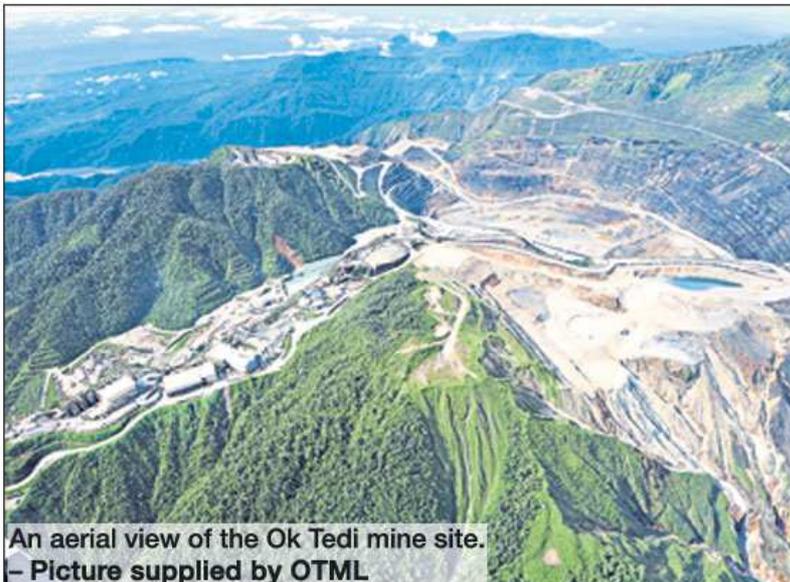
- OIL production from operated fields was up 4.6 per cent from the first quarter, driven by performance of Moran;
- DELIVERED a solid quarter of non-operated production – PNG LNG production averaged 8.0 MTPA (gross);
- TOTAL production of 6.6 mmboe – down 4.1 per cent from Q1 because of maintenance works;
- THE Papua LNG technical, commercial and financing work underway in Q2;
- PIKKA project FEED continues, FID subject to appropriate risk allocation and funding;
- NO Covid-19 cases to date in Oil Search PNG field operations;
- CONTINUING to assist the Government Covid-19 response through a PNG industry task force with supply chain and logistics as requested; and,

- NET debt reduced 5.3 per cent compared to March 2021.

Acting chief executive officer Peter Fredricson said Oil Search delivered strong production in the latest quarter, “supported by the safe completion of the major planned maintenance campaign at PNG LNG by the operator, ExxonMobil”. “Operated production from our Moran and Agogo fields continues to perform strongly and operated gas production was able to offset some reduced production from the Hides Gas conditioning plant during upstream maintenance activities,” he said. “The macro environment helped drive an increase in revenue despite the planned rate reduction at PNG LNG during the quarter. “Sales volumes were broadly similar to the first quarter due to careful inventory management and flexibility from using the spot market. “While the Covid-19 outbreak continues to impact Papua New Guinea, strict operating procedures and logistical measures have ensured continued safe and reliable production with no impacts to Oil Search or ExxonMobil operated production facilities.”

OTML: No benefits reserved pending payment

July 28, 2021, The National Business



OK TEDI Mining Ltd (OTML) says there are no benefits that have been reserved pending payment to beneficiaries. The company said this in response to an article in the *Post Courier* on July 21 and other media queries seeking clarification on claims by certain Mt Fubilan landowners that court ordered Mine Pit Benefit payments had not been made by OTML. Landowners claimed that documents verifying the court ordered payments were submitted to OTML and they were yet to receive a response. The mine operator confirmed receipt of the documents and said it had responded to the clan leaders in February. “OTML has been paying all benefits due to landowners, including monthly royalties and annual lease payments unless directed by a court of competent jurisdiction to withhold payments,” a company spokesman said. “Currently, there are no benefits parked and/or managed by OTML in trust accounts awaiting distribution or a decision of the court.

“The four Special Mining Lease (SML) villages of Bultem, Finalbin, Kaborabip and Atemkit have been receiving their monthly royalty payments and the annual lease payments since the commencement of mining operations and the concerned clan is also a beneficiary to these royalty and lease payments as per their internal benefit distribution arrangement.” The company added that it did not pay any form of special payment such as Mine Pit Benefits to any SML landowners, incorporated land groups or leaders. OTML further stated that it was concerned the matter was an inter-clan issue regarding the sharing of benefits within one particular clan group and did not involve the whole

SML villages where there were other clans who were landowners.

It said an agreement was reached between the clan on the sharing of benefits however, this particular clan group was now challenging the ownership of the SML which was a separate matter. In support of OTML's stance, the mine landowners also refuted the Kimka Sepian claim for the SML ownership stating that the Kimka Sepian matter was an internal clan matter on the distribution of the benefit and not on the ownership. A landowner spokesman said the SML was a communal ownership for the four SML villages and matters pertaining to land ownership needed to involve the four SML villages and not just one particular clan or leader.

Panguna LOs file complaint against Rio Tinto

Post-Courier, July 22, 2021

The Panguna mine was operated by Bougainville Copper mine Ltd, majority owned by Rio Tinto, for 17 years from 1972 until 1989, when operations were suspended due to an uprising against the mine and subsequent civil war. A peace agreement was signed in 2001 and Bougainville was given greater autonomy within PNG, with a non-binding referendum in favour of independence held in 2019. Rio Tinto transferred its 53.83 per cent majority shareholding in BCL to the ABG and the PNG government in 2016 for no consideration, enabling ABG and PNG to hold an equal share in BCL of 36.4 per cent each. BCL is an ASX listed company with the remaining 27.2 per cent held by public and institutional investors. Rio Tinto holds no shares in BCL.

In September 2020, the HRLC, representing 156 residents of villages in the vicinity of the Panguna mine, filed a complaint with the AusNCP against Rio Tinto. The complaint alleged that Rio Tinto is accountable for significant breaches of the OECD guidelines for Multinational Enterprises relating to past and ongoing environmental and human rights impacts allegedly arising from the Panguna mine. The complaint also alleges that, notwithstanding its divestment, Rio Tinto is accountable for remediating these ongoing impacts. The complainants are seeking commitments from Rio Tinto to:

- Engage with Panguna mine-affected communities to help find solutions and undertake formal reconciliation as per Bougainvillean custom;
- Fund an independent environmental and human rights impact assessment of the mine by a team of qualified local and international experts to map impacts and to develop recommendations (Impact Assessment); and
- Contribute to a substantial, independently managed fund, to help address the harms allegedly caused by the mine and assist long-term rehabilitation efforts.

The AusNCP accepted the complaint and Rio Tinto, HRLC and community representatives have been engaging through the AusNCP since November 2020.

Rio Tinto to pay for Panguna impact assessment

Radio New Zealand on 21 July 2021

Bougainville communities secure commitment from Rio Tinto to assess environmental and human rights impacts of former mine. Rio Tinto has publicly committed to fund an independent environmental and human rights impact assessment of its former Panguna mine. This follows a human rights complaint filed last September by 156 Bougainville residents from communities downstream of the mine. They allege the massive volume of waste pollution left by the mine is having severe environmental and human rights impacts and putting the lives and livelihoods of their communities at risk.



Panguna tailings wasteland Photo: supplied HRLC

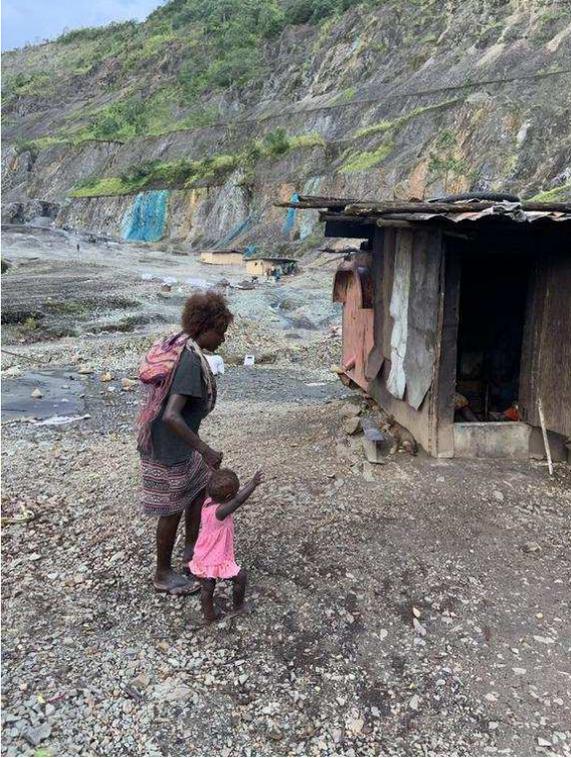
The complaint sought commitments from Rio Tinto to fund an independent impact assessment of the site and contribute to a substantial fund to address risks to health and safety, assist with long-term clean-up and rehabilitation. The communities, represented by the Human Rights Law Centre have, since December 2020, been in discussions with Rio Tinto. In a joint statement released today, Rio Tinto, the Human Rights Law Centre and community representatives announced the assessment, which will identify environmental and human rights impacts and risks posed by the mine and develop recommendations for what needs to be done to address them.



Mine waste at Konawiru Photo: supplied HRLC

The assessment will be predominantly funded by Rio Tinto, with its former subsidiary Bougainville Copper Ltd, which operated the mine, also contributing. Traditional landowner and MP, Theonila Roka Matbob, representing the communities involved in the complaint, said: "This is an important day for communities on Bougainville. Our people have been living with the disastrous impacts of

Panguna for many years and the situation is getting worse. The mine continues to poison our rivers with copper. Our kids get sick from the pollution and communities downstream are now being flooded with mine waste. Some people have to walk two hours a day just to get clean drinking water. In other areas, communities' sacred sites are being flooded and destroyed." She said, "these problems need to be urgently investigated so solutions can be developed and clean-up can begin. Today's announcement gives us hope for a new chapter for our people."



A Bougainville family fends among the ruins of Panguna Photo: supplied HRLC

A legal director at the Human Rights Law Centre, Kerren Adams, said "we are pleased that Rio Tinto has acknowledged the very serious concerns raised by communities by agreeing to fund this assessment. The Panguna mine left a devastating legacy of environmental pollution which continues to impact the lives of thousands of people. This assessment is a critical first step towards addressing that legacy. However, we stress that it is only the first step. The assessment will need to be followed up by swift action to address these problems so that communities can live in safety." Rio Tinto has not yet committed to funding clean-up and remediation of the mine. Following the conclusion of the impact assessment, further discussions will be held between the company, community representatives and other stakeholders regarding the assessment's recommendations and next steps.

Authority assessing investments worth K50bil

July 20, 2021, The National Business

THE Mineral Resources Authority is assessing more than K50 billion investments in the country, says managing director Jerry Garry. They include Wafi-Golpu, Frieda River and Woodlark. "We are also looking at the Central Lime and Cement," he said. "If that project comes on-stream, it will be one of the first industrial mines ever built in the country." Garry was addressing the consultation forum on the Mine and Works (safety and health) Bill 2021 in Port Moresby yesterday. He said some of the world's largest mines were listed in PNG. "We have grown from strength to strength," he said. "If you compare the Bank of PNG statistics, the mining sector alone, in terms of production, has exported over K17 billion in 2020 and 2019."

“So it’s a huge industry that we are trying to regulate and manage.” Garry thanked the industry for ensuring that safety was the top priority. “They have been taking health and safety at the work-places very seriously,” he said. “We must not only consider (the workers) and the environment but also people living around the (areas) we operate in. “And if we are using any hazards, we must also take responsibility.” Garry said one of the new things to expect was the newest mining methods in Wafi-Golpu called block cave mining. “New mining hazards will come with this new mining method,” he said.

Koniambo nickel plant in New Caledonia's north plans to resume operations

Radio New Zealand on 19 July 2021

The Koniambo nickel plant in New Caledonia's north plans to resume operations today after suspending work because of protests. The site has been blockaded for nearly two weeks by a group claiming to be representing indigenous Kanak chiefs. The protest action prompted the plant's operators last week to halt production, but it now says it wants to resume work. Those blocking the site say the company's tendering process aims to sideline local businesses. The plant, which is a joint venture between the Northern Province's SMSP and multinational Glencore-Xstrata, has suffered a series of technical problems this year. Glencore is expected to inject another \$US250 million into the plant this year.

Misima: Landowners’ case dismissed over unclear statement

July 19, 2021, The National

A COURT has dismissed a case by landowners disputing entitlements and benefits on the operation then closure of the Misima gold mine in Milne Bay because their claim was “ambiguous”. National Court judge Justice Ere Kariko said the statement of claim by the landowners was not clear. “After reading and re-reading the statement of claim, it is still not clear to me what the plaintiffs are exactly claiming. “This is due largely to the verbose and convoluted pleadings,” Justice Kariko said. “There are claims such as fraud and breach of statutory duties that lack proper particulars. “The structure of the pleadings does not follow any logical order which make it difficult to make sense of it. “The pleadings also do not disclose what specific cause of action is claimed against each of the defendants.

“The pleadings are, with respect, jumbled and messy, and in my view have a tendency to cause embarrassment and prejudice to the defendants, leaving them in uncertainty as to what it is exactly that each of them is to defend.” He allowed the landowners to file an amended statement of claim by Aug 20 which “pleads causes of action based only on the facts giving rise to the claims the originating summons filed on Aug 14, 2014”. He also allowed the landowners to file separate proceedings in respect of the new causes of action improperly added in the statement of claim filed on July 13, 2020. The case was filed by landowners of the Special Mining Lease (SML) area in Misima represented by their associations including the Misima Towoho Siung Association Inc, Siung Association Inc, North Misima Corporation Society Ltd, and Magamega Association Inc.

Ganaii transfers Ok Tedi case to another magistrate

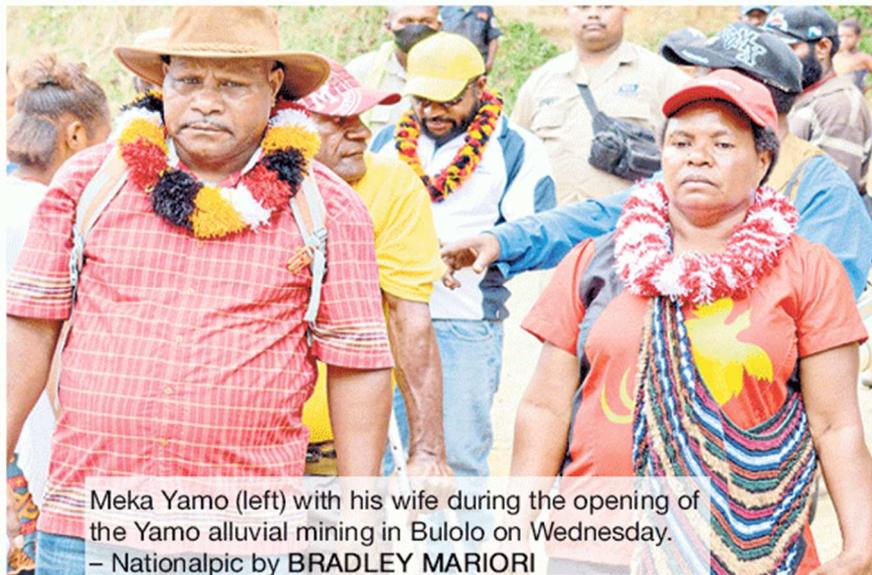
July 16, 2021, The National

MAGISTRATE Tracy Ganaii in the Waigani Committal Court yesterday transferred the cases of a senior lawyer and three other co-accused who are directors of the OK Tedi Fly River Development Foundation (OTFRDF) to another magistrate to progress them because she will no longer be sitting

in the committal courts. Greg Sheppard, Edna Oai, Anne Smerewai and Boston Kasimani who are facing fraud-related charges will appear before magistrate Danny Wakikura on Thursday to move their outstanding applications and progress the matter. Their bails were extended with conditions. There were bail variations granted for Smerewai and Oai to travel. Sheppard was also granted bail variation to travel to Wewak from July 23 to 25. Their charges relate to payments totalling K268 million made to others whom they had allegedly conspired with in using money belonging to the Western people's dividend trust funds. The money was for funding and implementation of development projects for Community Mine Continuation Agreement communities comprising 147,000-plus people from 158 villages in Western.

Alluvial miner expands operations

By BRADLEY MARIORI, July 16, 2021, The National Business



Meka Yamo (left) with his wife during the opening of the Yamo alluvial mining in Bulolo on Wednesday.
– Nationalpic by BRADLEY MARIORI

AN alluvial miner in Bulolo has started his operation on a large scale and urged the people to follow his example. Meka Yamo, the owner of Yamo Alluvial Mining started the operation on Wednesday witnessed by Mining Minister Johnson Tuke and Mineral Resources Authority managing director Jerry Garry. Yamo was granted an alluvial mining licence and environment permit in 2019 for his mining lease (ML) 515. He started the operation last year. Yamo will now use an excavator and dump truck to expand the operation. "We are continuing alluvial mining practices started by our forefathers (and) haven't changed," he said. "We have been conducting the activities on a small scale and are not budgeting to help us grow." Morobe mining adviser Robin Kiki said big mining companies also started small. He said the provincial government would support alluvial mining by helping alluvial miners. Garry urged tenement holders to study Yamo's success story by saving money to expand their business. Tuke challenged the people to contribute to national development.

Pasca A deal transparent: Manau

July 15, 2021 The National Business

Chairman of the State negotiating team David Manau has described the deal for the Pasca A gas project in Gulf as the "most transparent" compared to previous petroleum projects. Talks on the deal were concluded last week. Manau, also the Petroleum and Energy secretary, discusses negotiations on the deal with Business Editor **SHIRLEY MAULUDU**

Question: **How different was this negotiation? What stood out for you compared to other previous discussions on petroleum projects in the country?**

Manau: I was not involved in the PNG LNG or Papua LNG.

But from experience, and according to members of previous State negotiating teams (SNT), Pasca was a bit different because it was transparent. Firstly, even though it dragged on for almost 10 months, what actually happened was that of all the information required for the project, the technical team did a very detailed technical assessment of the project. All the requirements of the Oil and Gas Act (1998) were fully complied with in terms of the regulations and the various sections of the Act, in terms of following the application process, technical screening and all that. If we compare that to Papua and the PNG LNG, that process was not fully exhausted. So we would say that it was a plus, as a regulator of the Pasca offshore project.

Phases

Twinza was very descriptive, in terms of project definition. It is a two-phase project. The first phase will involve a two-year liquid stripping and gas re-injection. It will then put the project into readiness for the second phase, which comes in after two years where gas will be extracted. By then, there should be a floating LNG in place as well. So in the whole construction period you would have two years of liquid production and then gas processing thereafter. And then the floating LNG comes in the gas phase.

Cost

The cost was done out in detail. And that enabled the regulator to do the assessments, and technical scrutiny of the project. The application that went through the application process for the petroleum advisory board, is sound and solid for a good positive decision. From that level, that was a good process that was applied. Secondly, in terms of sharing of information, apart from earlier projects, it was difficult for Kumul Petroleum Holdings Ltd (KPHIL), as the State nominee which will take up the 22.5 per cent, to access the data room of the operators. In the case of Pasca negotiations, an opportunity was given for Kumul Petroleum (to) have access to their data room, scrutinise their planning and all that and cost estimate the project. For that level of planning and negotiations, you would pin down the estimate that would be realistic to both the State and Twinza. From that, we could work out the cost estimate and also note carefully that certain aspects of cost estimates are clear to us in the near term, and certain aspects of cost estimate towards the back end of gas production, is subject to proper studies like front end engineering and design, to establish those. In that aspect of planning, we would then assess the risk involved of terms of putting down the dollars for the investment, which was scrutinized properly by the SNT. We got into that sort of transparent negotiation by Twinza.

Delay

We signed the term sheet at Loloata last year, on a good note. The only delay was the financing modelling that was used. Twinza was using a discounted cash flow analysis. The Treasury and Internal Revenue Commission (IRC), basically collectors of tax and revenues, were using a nominal. Also at that time, Twinza was a non-domicile company in Papua New Guinea, meaning they are registered overseas. So the issue of collecting one of the key components of the State benefit, the dividend withholding tax (DWT), was uncertain. It was seen as if it will be so difficult for the State to collect that. Representatives of Twinza Oil Ltd and members of the State negotiating team for the Pasca A gas project yesterday. The negotiations focused around, gaining the loss value of the DWT. So the SNT looked at the legislative benefits that are under law cannot be changed. Some of the figures like 2 per cent production levy, 2 per cent development levy, are legislative benefits under law. We negotiated on one point of contention to forego the loss of dividend withholding tax, taxes for the country which IRC and Treasury rightfully stressed that should be collected, we negotiated the outcome of the production levy to be lifted up to 5 per cent, that will give a good deal to the State.

Deal

Twinza came good on July 6, and that settled the deal which on Treasury's advice and IRC. It's a

good deal. It's a good deal meaning that throughout the life of the project, the production levy, will a little bit higher than the foregone dividend withholding tax in terms of value, so we make access in terms of revenue in the life of the project. But all in all, in comparison to PNG LNG and Papua, it was transparent and all the technical details were there for scrutiny which summed up to conclusion of what the financing would be like. And the State could work out in terms of its benefits where it can lend. We achieved the Government's 55 per cent State take which achieved the Government's objective as well as the other policy directives.

How much in terms of equity is the State looking at in this project?

It's the normal 22.5 per cent under law (Oil and Gas Act (1998)). Kumul Petroleum Holdings Ltd will back in at the right time, at a financial investment decision around the time where the license grant, they have the option to back in. But it's under Kumul Petroleum Act. It's a commercial decision that they will make depending on the commercial risks that the company may take. They may opt for a full 22.5 per cent, they may opt for something less. And that will put the State into a position of inviting others they might want. But the deal that is set at this stage is a good one for the country and it is a precedence for other projects that may come in the future. It is a benchmark.

Twinza director applauds negotiation outcomes for gas project

July 14, 2021, The National Business

PAPUA New Guinea has shown it can negotiate better terms for the country from its resource projects, Twinza Oil Ltd director Erick Kowa says. Kowa was speaking during the announcement of the outcome of negotiations between the State negotiating team (SNT) and Twinza regarding the Pasca A gas project, in Port Moresby yesterday. "It's been a long and challenging process on both sides amidst the backdrop of the Covid-19," he said. "We have a very strong prime minister and a very strong petroleum minister. "We pushed hard to try and reconcile the challenges of stepping into a pioneer offshore environment in the petroleum sector in this country, but, at the same time, we received a firm stance on the other side (SNT). "It just goes to demonstrate that Papua New Guinea has come of age in what it wants for its people. "Papua New Guinea is blessed with a lot of resources on the ground and in the sea and the Pasca A project will mark the commencement of a new development environment in the petroleum sector.

"It is a small project, and at the same time during the negotiation, I have to acknowledge my shareholders, the Clough family, Clough and Kerogen Capital, for putting money into this country and everyone who stood behind us to give us something to negotiate about. "Papua New Guinea is a place for patient capital. "It is not a place, for someone to come in and for three years and expect to exit with the deal all of a sudden. "The Pasca development has been a trademark of that investment characteristic in the country. "There's a clause in the gas agreement that gives us a time limit to develop the project and we will stick to that." Prime Minister James Marape said the project would produce rich-liquids in the first two-year phase (phase one) and gas thereafter (phase two) for an estimate project life of 12 years. "For the Pasca A project, the SNT was tasked to achieve a State take of no less than 55 per cent and above on a nominal basis, and 50 per cent and above, on a discounted cash flow basis."

Pasca A deal set

BY MELISHA YAFOI, Post-Courier, July 14, 2021

Papua New Guinea will soon see the fruition of a five per cent Liquefied Petroleum Gas for its domestic market obligations. This will come as a result of the successful negotiations between the

State Negotiating Team and developer Twinza Oil Limited (PNG) of the country's first ever off-shore Pasca A gas project in the Gulf Province. The K3 billion (US\$2.4bn) Pasca A gas project is set for signing at the end of this month. This project will have a lifespan of 12 years. Following the negotiations on the agreement for the project, the State negotiating team, together with the developer has, come to an agreement for a 55 per cent to 45 per cent in favour of the State in terms its nominal stake take. The negotiations have also managed to set a precedence for all other oil and gas projects in the country seeing 5 per cent has been marked for LPG to fulfill the government's vision of domestic market obligations. Petroleum Minister Kerenga Kua announced yesterday that it's a good deal for PNG after 10 months of negotiations.

He said the 55 per cent is based on the oil price of \$US50 a barrel, however, the good news is the oil price has increased to \$US76 dollars, a bonus for the country. "The composition is made up of a 2 per cent royalty and 2 per cent development gross revenue to the Gulf provincial government. The 2 per cent is 2 per cent of gross production and not net after deductions like in the past. The developer has also agreed on a 5 per cent production levy out of total production and it's important to note that there is no entitlement under the Oil and Gas Act for production levy and this is something that is created out from the Pasca A gas project," he said. "This means that the State will be able to receive revenue on a monthly basis by giving away the dividend withholding tax. On top of that we will get 15 per cent of additional profit tax and domestic market obligation provisioning is important for this project so we have secured 5 per cent, whose details will be discussed later and the corporate tax of 30 per cent." The hydrocarbon resource project in the Gulf of Papua about 95kms offshore at water depths of 93 metres will evolve in a two-phased development plan where in phase one, rich liquid will be stripped and produced, namely liquid petroleum gas (LPG) and condensate while gas is re-injected; and in phase two gas will be produced.

Phase one will have a two-year timeframe where around 35 and 38 stock tank million barrels of LPG and condensates will be produced respectively. Phase two kicks in the third year of the production life of the project where an estimated 326.7 to 400 billion cubic feet of gas (BCF) will be produced, for the remaining 10 years of project life. Mr Kua said though Pasca A is small gas condensate project in terms of reserves size, its potential to aggregate small pockets of stranded gas fields in the Gulf of Papua is huge. "The tentative schedule for the first shipment of LPG is 2025. However, the schedule for first shipment may be reduced if Twinza moves quickly into Front End Engineering and Design (FEED). As minister responsible, my next step is to ensure that the processes leading to the gas agreement signing takes place swiftly to meet the timeline of tentative date for signing at 29th July 2021," he said. He noted that the negotiations of the Pasca A project is a PNG affair as both sides have nationals on their teams without the involvement of expatriates and politicians.

EITI Law to keep all in check: Sir J

July 13, 2021 The National Business

NEW Ireland Governor Sir Julius Chain says a proposed law to promote transparency and accountability in the mining and petroleum sector will keep everyone honest in the long run. Sir Julius made this remark at the opening of the Extractive Industries Transparency Commission Bill consultation for the New Guinea Islands (NGI) region in Kavieng yesterday. The Bill aims to establish the PNG Extractive Industries Transparency Initiative (PNGEITI) national secretariat as a statutory body charged with the responsibility of promoting transparency and accountability in the mining and petroleum sector. The former prime minister, who was vocal on extractive industries benefits for local people, said now was the time for all stakeholders to act in the best interest of deriving the best value from PNG's rich natural resource endowment. A state technical working group comprising the Department of Petroleum, State Solicitor, Internal Revenue Commission, Department of

Personnel Management and Department of Treasury are in the New Ireland capital for a four-day consultation for NGL.

“Your coming to New Ireland is an honour for us to air our little experiences,” Sir Julius said. “The Extractive Industries Transparency Commission will go a long way to keep everyone honest. “This is a world to share – if we do it right, there will be enough to go around.” PNGEITI secretariat head Lucas Alkan said the PNGEITI was a state initiative working on the proposed legislation and the instrumentalities. “PNGEIT has been in operation since 2014, established effected by a NEC decision and now we are moving into the next step in anchoring this extractive industry implementation and reporting process into PNG’s legal and administrative system,” Alkan said. “PNGEITI published seven annual EITI reports detailing activities taking place the PNG mining and petroleum space. “We look forward to a meaningful consultation in the coming days with all stakeholders from government, civil societies and representatives from the resource companies.”

State to regulate alluvial mining

July 13, 2021, The National Business

SMALL-scale alluvial mining will be regulated because the impact on the environment, health and safety of the people is great, an official says. Mineral Policy and Geohazards Management Department acting deputy secretary Winterford Eko said people should be aware of the effects of a particular activity. “The Government policy is that the landowners can participate in mining but health and safety of the people must also be looked after,” he said. “When they get alluvial mining licence, at least go to Wau School of Small-Scale Mining that is operated by Mineral Resources Authority. “At least get a certificate that tell us that you have a fair idea about conducting that particular activity.

“We need to also regulate for the health and safety of miners,” he said. Eko said small-scale alluvial miners were villagers and their lives and environment need to be protected. “Alluvial mining is also included in the newly drafted Mine and Works (Safety and Health) Bill 2021 to address the safety and health aspects of the people and the environment. “The Bill also covered downstream mineral processing and is in line with the Government’s initiative to encourage gold bullion bank. “We are so richly blessed as a country with resources. “Most of the minerals are exported, then refined, processed and sold back to us. “So we are looking at downstream processing of our minerals.”

Hintergrund

Manganknollen im Meer Folgeschwerer. Bergbau in der Tiefsee

Tief unten im Meer liegt ein Schatz: Manganknollen. Sie sind Millionen Jahre alt und bergen Metalle, die etwa für Halbleiter wichtig sind. Wie stark ein Abbau der Knollen das Ökosystem schädigen würde, wird derzeit erforscht.

Tagesschau, Von Anna-Lena Borchert, Radio Bremen, 12.07.2021

Auf dem Schreibtisch des Meeresbiologen Felix Janßen steht eine Kiste mit Manganknollen. Reich sei er jetzt aber nicht, sagt der Wissenschaftler aus Bremen, eine Knolle allein wäre nur einen Cent-Betrag wert. Es mache einfach die Masse. Denn: Weltweit lagern Schätzungen zufolge bis zu eine Billion Tonnen in den Ozeanen. Das Interesse der Industrie ist groß. Auch Deutschland hat sich eine Tiefseelizenz für die Erkundung von Manganknollenfeldern im Pazifik gesichert: in der "Clarion Clipperton Zone" westlich von Mexiko.

Kollektor sammelt unter Aufsicht Manganknollen ein

Wirtschaftlich genutzt wurden sie bisher nicht. Noch existiert keine marktreife Technologie, und ein Abbau ist nicht erlaubt. Doch das könnte sich bald ändern. Die Internationale Meeresbodenbehörde (ISA) erarbeitet zurzeit Richtlinien, nach denen ein Tiefsee-Bergbau möglich wäre - den sogenannten "Mining Code". Empfehlungen für solche Umweltstandards soll unter anderem auch ein europäisches Team von Wissenschaftlern geben. Janßen gehört dazu. Bei einem ersten industriellen Abbauversuch im April und Mai war die Forschungsgruppe des Projekts "MiningImpact" dabei. Im deutschen und belgischen Manganknollen-Lizenzgebiet wurde ein Prototyp eines sogenannten Kollektors von einem Schiff ins Wasser gelassen. Die Maschine sammelte bis in 4500 Metern Wassertiefe die schwarzen Knollen ein.



Wissenschaftler beobachten Prozess - Protest von Umweltschützern

Ein Schiff weiter beobachteten die Wissenschaftler den Prozess. Ihre Aufgabe war es herauszufinden, was ein Abbau der Knollen für die Umwelt bedeutet. Denn es gebe eine Kombination von Auswirkungen, erklärt Janßen. Der Meeresboden werde durchgepflügt und die Knollen würden entfernt. Zudem gebe es potenziell noch eine Vergrößerung des hinterlassenen ökologischen Fußabdrucks - und zwar dadurch, dass in Bewegung gebrachter Meeresboden verdrifte und sich irgendwo wieder absetze. Eine Sedimentwolke unter Wasser, die auch Greenpeace beklagt. Die Umweltschützer waren ebenfalls mit der "Rainbow Warrior" vor Ort. Für sie steht bereits fest: Der Abbau der Manganknollen bedroht das Ökosystem der Tiefsee. Um darauf aufmerksam zu machen, schrieben sie das Wort "Risk" - englisch für "Risiko" - auf das Schiff des Industrieunternehmens.

Folgen des Manganabbaus erst in Jahren absehbar

Wie empfindlich die Tierwelt der Tiefsee auf Störungen reagiert, hatten bereits frühere Untersuchungen gezeigt. "Wir haben festgestellt, dass jedes Mal 20 bis 25 Prozent der Arten verschwinden, wenn wir die Manganknollen aus dem System nehmen", erklärt Tanja Stratmann. Die Knollen bieten beispielsweise verschiedenen Schwämmen einen Nährboden. Stratmann arbeitet als Gastwissenschaftlerin im Max-Planck-Institut für Marine Mikrobiologie in Bremen und gehört ebenfalls zum Forschungsprojekt "MiningImpact." Das Spezialgebiet der Bremer sind Bakteriengemeinschaften, die im Meeresboden der Tiefsee leben. Auf der Expedition haben sie vor und nach dem Abbautest mit Sensoren den Sauerstoffgehalt im Boden gemessen und Bodenproben entnommen. Die Daten im Labor auszuwerten, wird die nächsten Jahre dauern.

Manganknollen sind kein nachwachsender Rohstoff

Meeresbiologe Janßen und seine Kollegen wollen genau die ökologischen Folgen des Tiefseebergbaus einschätzen können. Ihnen ist klar: Ein Abbau verändert den Lebensraum. Wenn die Knollen weg sind, bleiben sie weg. Denn die Knollen wachsen nur sehr langsam nach: "Die kommen nicht wieder, so lange die Menschheit existiert, sagt Janßen. Eine Veränderung nach dem Kollektor-Test

sieht selbst ein Laie: Videoaufnahmen vom Meeresboden zeigen deutliche Raupenspuren - die Knollen liegen daneben gesammelt auf einem Haufen. Ist also ein umweltverträglicher Tiefseebergbau überhaupt möglich? Klar ist: Ein Eingriff in den Lebensraum hinterlässt Spuren.

Security worry in Porgera

By MIRIAM ZARRIGA, July 12, 2021, The National

ENGA Governor Sir Peter Ipatas has accused members of the security forces of failing to stop tribal fighting in the province as the reopening of the multi-billion Kina Porgera mine approaches. “Why are the security personnel (police and soldiers) not doing their job? There seems to be no solution,” he said. “Take responsibility and initiate more arrests. Enga seems to be a peaceful province because there are no arrests. I am appealing to police this is not only about Porgera but also about the rest of the province.” Sir Peter sounded his concern during the Progera consultation meeting on Thursday in Wabag, attended by Prime Minister James Marape, Cabinet ministers and senior government officials. “People think I have the power because I am the governor. But I do not have the power,” he said. Sir Peter said people “see security personnel driving past with no (plans to) stopping and checking people carrying firearms or offensive weapons”.

“We spend money on police but they are not effective. Why are they not doing their jobs?” Marape initiated the meeting to discuss benefits to landowners and stakeholders from the mine scheduled to be reopened on Sept 16. Last night, provincial police commander Supt Ephenes Nili told *The National* that the police would always welcome the provincial government’s support on policing and logistics. But he said that when it came to making arrests on those who instigated fights, especially tribal fights, police resources were stretched, especially when people were reluctant to report those responsible. “In Enga you have hired hands who go into a tribal fight, kill people and run and hide. And the fight continues,” he said.

“Communities know who these people are (but) do not report them. They hide them and allow for more deaths to occur. “When police respond, the people are too scared to report the matter. The fights are then moved into the jungles that surround the province where security personnel cannot go into.” Meanwhile Marape said the mine reopening was “one of the best endeavours that the country has ever made because everyone stands to benefit”. “The decision to close the Porgera mine after the special mining lease expired in April last year was based on our dream of PNG’s economic survival after the closure, or whenever the gold runs out,” he said. He said the five key points were:

- THE Government would have the majority shareholding than the operator Barrick Niugini Limited (BNL);
- WE will not compromise the SML 11. We will operate the new Porgera at SML 11;
- ANY outstanding liabilities or obligations of the SML 1, we will give indemnity or remove it;
- ANY entitlement by law, we must still get. We will not compromise on taxes, compensation; and
- THE new Porgera must be better than the old Porgera.
Compared to the PNG LNG (22.5 per cent shareholding) and Papua LNG (30 per cent) projects, PNG has 51 per cent shareholding in the Porgera Gold Mine Joint Venture.

Ok Tedi: 67pc shares transferred

July 9, 2021, The National Business

THE State has officially transferred its 67 per cent interest in the Ok Tedi Mining Limited to Kumul Minerals Ok Tedi Ltd (KMOTL) in a signing at Government House in Port Moresby yesterday. The shares were previously held under Kumul Mineral Holdings Ltd (KMHL). Kumul Minerals Ok Tedi Ltd chairman Bonny Ninai said the other 33 per cent in OTML was owned by the Western government. Ninai said the signing of the share transfer documents was a culmination of the State's broader restructure of the mining and resource holdings that required all mining assets to be held under Kumul Mineral Holdings Ltd. He said Kumul Minerals Ok Tedi Ltd was a subsidiary of KMHL.

“As a result of this transfer KMOTL will now be the shareholder on record for the 67 per cent shares in OTML and the dividends for these shares will be paid to KMOTL,” he said. Ninai said the dividends, however, would still be distributed by KMOTL in accordance with the Government's dividend policy. He said the policy required 50 per cent of the dividends to be paid to the Government to support the National Budget. KMHL would retain 33 per cent for its operations and re-investments while the balance would be paid to the government's sovereign wealth fund. KMHL holds shares in Porgera Mine as well and would also participate in the Wafi-Golpu project.

EITI: Work on Bill progressing

July 8, 2021, The National Business



PNG is among a band of 53 countries promoting transparency and accountability in the mining and petroleum space through the EITI reporting process. Pictured is Newcrest Lihir.

The PNG resource sector at present remains the main driver of the economy. This is a brief commentary by PNG Extractive Industries Transparency Initiative on the work its doing for the resource sector.

THE extraction of minerals such as gold, copper, zinc and petroleum resources such as liquefied natural gas is complex and challenging. This environment presents both opportunities and challenges for economic advancement for any nation. Governments must apply the right fiscal tools to derive the best value from the extractive value chain particularly for countries like Papua New Guinea which has varied and abundant natural resources and in challenging geography. Strong political leadership backed by a robust service delivery model is key to unlocking value for the extractive industry activities. According to PNG Extractive Industries Transparency Initiative (PNGEITI), it is good that the Papua New Guinea's wheels are in motion to implement ambitious state initiatives ranging from policy reforms to legislative changes to resources laws to unpack the economic value the resource sector has for PNG's future. For example, a proposal to establish a sovereign

wealth fund was a positive move with key officials from the Department of Treasury and Bank of PNG (BPNG) providing technical oversight to initially park Government windfalls from the PNG LNG Project for budget support and future use.

A drop in oil prices in 2014 appeared to have temporarily watered down efforts to get this wealth fund operational but Papua New Guineans still have the faith that the wealth fund will come to fruition at some point in time for the benefit of future generations. Head of the PNGEITI National Secretariat Lucas Alkan with Channan Kumalau of the Department of Petroleum after a state technical working group meeting on the Extractive Industries Commission Bill recently in Port Moresby. This shows that the PNG Government does not watch as a by-stander to collect its dues from the extractive industries for budgeting purposes but also be an active participant in the economic value chain of resource projects. The PNG Mining Act provides for the State to acquire up to 30 per cent share in any mining project and similarly the Oil and Gas Act provides for the State to acquire up to 22.5 per cent shares in petroleum projects. The streamlining of Government business through the Kumul arrangements strongly demonstrate how smart those in leadership think and plan for the future of PNG. The Kumul arrangement places the State in a better position than before to actively participate in the PNG resources sector. Alongside these activities, the Government is also serious about promoting transparency and accountability in the mining and petroleum sector which is the main driver of the PNG economy.

Since 2014, the Government's commitment was demonstrated through the publication of six reports in strict compliance with international reporting best practice known as the Extractive Industries Transparency Initiative Global Standard. The seventh would be published in the coming days. A secretariat situated at the Department of Treasury coordinates a tripartite constituency of key Government agencies, mining and petroleum companies and civil society organisations for oversight and guidance in the publication process of the EITI Reports. PNG is among a band of 53 countries promoting transparency and accountability in the mining and petroleum space through the EITI reporting process. Close to seven years into implementing the EITI, a proposed legislation to transition the Papua New Guinea Extractive Industries Transparency Initiative National Secretariat into a statutory body is undergoing public consultation beginning this month. This follows the successful conclusion of a series of consultations among legal and technical officials of key Government institutions, mining and petroleum companies and civil society organisations on the elements of what is proposed to be the PNG Extractive Industries Transparency Commission in Port Moresby towards the end of last month.

PNGEITI head of national secretariat Lucas Alkan thanked instrumentalities involved for progress made so far in shaping an appropriate legislation that will be a best fit for the replacement of the PNGEITI National Secretariat which is now situated at the Department of Treasury. "When enacted into law, the PNGEIT commission will function as a statutory body for the implementation of the global extractive industries transparency initiative standard and principles through the publication of EITI Reports," Alkan said. "The push for the establishment of the PNG EIT Commission is part of a bigger policy drive to institutionalise and systemise EITI reporting anchored into the PNG legal and policy framework. "PNG has made progress with the publication of seven flagship PNGEITI Reports since the country subscribed to the EITI Global Standard in 2014 to promote transparency and accountability in mining and petroleum sectors to enhance good governance and better management of proceeds from these important sectors of the economy. "Seven years into implementing the EITI Standards through the publication of EITI Country reports and considering the fact that PNG is endowed richly with mineral and petroleum resources, PNGEITI is maturing into its next stage to meet the evolving challenges of the industry.

"What the PNGEITI multi-stakeholder group is doing now is to legally establish an entity to render administrative services for effective EITI implementation in PNG. "I am pleased to make note that

considerable progress has been made with a draft bill already in our hands and also pleased to note that the PNGEITI is comfortable with this piece of legislation which will undergo further public consultation in the coming months. “A technical team conducting consultation on the draft bill commenced this week in Kokopo, East New Britain, with a weeklong consultation scheduled to take place in Kavieng, New Ireland, starting next Monday.” PNG is endowed with natural resources for economic development and progress when the resource are put to prudent use as opposed to squandering them or improperly exploiting to the indulgence of a tiny minority. It is the function of the State to ensure that proceeds of economic activities associated with the resource sector benefits all citizens.

No rules on buying gold

By CLARISSA MOI, July 7, 2021, The National Business

THE revised Mining Bill (2018 version) does not provide for regulating the commercialisation of proceeds from alluvial mining operations in the country, according to the Mineral Resources Authority (MRA). Managing director Jerry Garry said the Bill stopped at extraction and treating but did not provide for commercialisation. “Currently there are regulations on export of gold but no regulations on purchase of gold in the country,” he told *The National*. “If the purchase of gold can be regulated in country, there may be certain controls put in place to ensure fair pricing on alluvial gold products. “This will enhance cash enrichment to the local alluvial miners and if put to good use, will in turn enrich their livelihood.” Mining Minister Johnson Tuke had said recently that an alluvial mining policy was being worked on. He said currently alluvial mining was an unregulated and unstructured business. “We are still in the process of developing alluvial mining policy.”

Tuke said as a result of little regulation and oversight in the industry, alluvial miners were inadvertently causing environmental damages in their areas. “They are not mindful of their safety,” he said. “Because you are a landowner that does not give you the right to go and mine if and when you feel you like it.” He said the MRA referred to these individuals as artisanal miners. “Their activities are of course concern to the community in terms of safety and the environment, and the chemicals they use,” Tuke said. “That triggered us to come up with policy intervention, so we are in the process of developing an alluvial mining policy. “Right now, alluvial mining is an unregulated and unstructured business. “When we have a policy in place, they (alluvial miners) can comply with environmental law, labour law, etc ... so that they can be held accountable for their actions should anything go wrong.” Tuke said a separate division may also be established for alluvial mining alone. He noted that in last year’s operation, alluvial miners came up with K600 million.

Project records highest output

July 6, 2021, The National Business

THE Papua New Guinea Liquefied Natural Gas (PNG LNG) project recorded its highest production and best safety performance since operation began, despite challenges created by the Covid-19 pandemic, outgoing ExxonMobil PNG managing director Andrew Barry says. Barry said despite the Covid-19 challenges, the team achieved record LNG production levels, delivering the company’s best safety performance since production commenced while continuing to meet environmental and social commitments. “EMPNG has completed over 70 million hours of work since production began and had no lost time incidents for more than three years, with no significant process safety events for almost seven years,” he said. “A significant milestone was achieved on Sept 1 with EMPNG’s first shift fully managed and operated by qualified Papua New Guineans workers. “This included the Hides Gas Conditioning Plant and Pipeline operations supervisors, and control room, field and pipeline technicians.”

According to the annual PNG LNG environmental and social report released last month, the PNG LNG workforce consisted of 2,784 employees and contractors by the end of 2020. This was reduced from 3,964 workers at the end of 2019 due to the suspension of some upstream area project as a result of travel and restrictions caused by the pandemic. Ninety-one per cent of Papua New Guineans make up the total PNG LNG project workforce. EMPNG invested K8.4 million in local communities through contributions, sponsorships, in-kind support and community-based projects in 2020. This included renewing the PNG LNG project's contract with ANU Enterprise Proprietary Ltd to continue the community livelihood improvement project (Clip), which began in 2015. Clip is helping to provide financial independence and improve standards of living for communities in Hides, Juni, Nogoli, Angore and Komo through training and support in areas such as nutrition, financial literacy and farming techniques.

Last year also saw the completion of the five-year head start conservation programme funded by EMPNG and coordinated by the Port Moresby Nature Park. More than 5,400 community engagements were conducted last year, with almost 2,000 formal and about 3,400 informal engagements with 36,650 stakeholders. Community engagements were undertaken in accordance with Covid-19 safe practices and most of the engagements regarded raising awareness about Covid-19. A further K57.4 million was invested in local infrastructure through infrastructure tax credit projects. More than K10 billion has also been invested in community initiatives and local infrastructure since construction began. EMPNG's new managing director Peter Larden thanked Barry for his leadership over the last six years which had left a legacy behind. "I look forward to building upon the standards he and EMPNG have set to further cement PNG's reputation as a world class LNG producer and to be able to contribute in a sustainable and meaningful way to enhancing the communities in which we operate and the nation of PNG," he said.

State gives deal deadline

July 6, 2021 The National Business



PETROLEUM Minister Kerenga Kua says a deal for Pasca A project in Gulf must be agreed upon today or the State will pull out of negotiations. The State negotiating team (SNT) and Twinza Oil Ltd will be entering final negotiations today. "For various reasons including the failure of the parties to reach an agreement on the State's benchmark of a minimum benefit package has led to the delay in final agreement," Kua said. "The State is determined to set a limit for a minimum benefit package for the State on behalf of the people. "In recent years the landscape in Papua New Guinea has changed totally in respect of the people's expectations arising out of the exploitation of natural

resources in the country. “This logic is quite simple. “There is a huge need for development which can only be financed through improved cash flow.

“More people want to participate in that process. “More has to be received in the front end to have more around for sharing with the people at the back end.” He said the project was small in LNG terms and had a resource reservoir of less than half of one per cent of a trillion cubic feet of gas. It would cost about US\$800 million (K2.7 billion) to develop and is located about 100km offshore of Gulf. “However, vigorous negotiations have led to one small narrow point which if agreed to in the final meeting on July 6, would pave the way for the signing of a gas agreement,” Kua said.

“The Government regards this as a crucial deal making and breaking issue.” Kua warned that negotiations could not carry on endlessly. “After say eight months of negotiations, a deal must be agreed upon on July 6, 2021, or the State will pull out of the negotiations completely,” he said. “Prime Minister (James) Marape fully supports this position. “Should that happen then other State agencies are empowered by the Oil and Gas Act to take over the matter and deal with it in accordance with their statutory powers. “The negotiations with Twinza Oil Ltd will be ended and the SNT team disbanded.” Despite that, Kua maintained that he was optimistic on a final agreement being reached.

Cook Islands to pursue own path on deep sea mining

Radio New Zealand on 6 July 2021

The Cook Islands will continue to support the International Seabed Authority in developing seabed mining regulations, and will continue to follow its own process at its own pace. That's the word from Prime Minister Mark Brown after the Nauru Government last week triggered the so called 'two-year rule.' By this action it notified the ISA of its plans to begin deep-sea mining by 2023 under whatever rules are in place. The Cook Islands News reports Mr Brown saying it wants the ISA to develop a robust and effective framework that supports the sustainable management of the deep-seabed. The Cook Islands is considering four exploration licence applications to mine the nation's polymetallic nodule resources. A government official said an update on timeframes on this decision-making process is likely sometime this month.

Mr Brown says a "a key objective of our exploration licensing process is to enable research within our waters under the principles enshrined under our Marae Moana." "This will help provide Government with the vital data and information it needs about our deep sea marine environment and the potential impacts of mining to make an informed decision about whether to proceed any further". "We will continue to follow the process we have set for ourselves and at our own pace." PM Brown said currently not enough is known about the deep sea environment to commence mining operations. "Within the Cook Islands waters, we currently do not have enough information to make that decision," he said. "We will continue to proceed with a precautionary approach, making decisions based on the best available science to responsibly manage our seabed minerals resources and maintain our marine biodiversity", Brown said.

Aust gold miner reports failure at tailings pipeline

July 2, 2021, The National Business

AUSTRALIAN gold miner St Barbara has reported a failure at its deep sea tailings placement (DSTP) pipeline at its Simberi operations in New Ireland. The failure at an approximate water depth of 54 metres was reported after an inspection by a remotely operated vehicle. The cause of the failure was yet to be determined, the company said. Simberi operations ceased placement of tailings

through the DSTP pipeline. The Conservation and Environmental Protection Authority was notified of the pipeline failure and an investigation was launched.

The miner said no environmental harm had been reported, nor had pluming of tailings been observed. It added that sampling and monitoring activities were ongoing. An investigation team has been established to ascertain the cause of the failure and expedite options for repair and/or replacement. St Barbara said its Simberi operation was on track to achieve forecasted financial year 2021 guidance of between 80,000 and 90,000 ounces of gold. However, in light of the uncertain timeframe for Mineral Resources Authority approval to restart mining, together with the DSTP pipeline failure, St Barbara has withdrawn this year's financial guidance for Simberi.

Development studies boost Kingston's hope

July 2, 2021, The National Business

KINGSTON Resources Ltd is confident about the progress in development studies and approvals for its flagship 3.6Moz Misima gold project in Milne Bay. In a recent market release, it was satisfied with the completion of a mineral resource and ore reserve update, including studies and surveys to complete a definitive feasibility study, environmental and social impact assessment (ESIA) and mining licence application. Following the completion of resource drilling in the Kulumalia area last month, the company expects an updated resource and reserve estimate for the Misima project in the September quarter. Definitive feasibility study work programmes were progressing, with the first phase of metallurgical test work completed and phase two programme underway.

The current metallurgical test work programmes are supported by extensive historical processing data relating to Misima ore that was processed by the previous owner Placer over 15 years. The company would work with the Conservation and Environmental Protection Authority and the Misima people on the project. Managing director Andrew Corbett said: "Kingston is making fantastic progress on multiple fronts this year as we work to deliver a number of significant milestones on the path to recommencing gold production at Misima. "We anticipate reporting the updated Misima resource and reserve estimate in the coming months, with these updated models to provide the foundation for our ongoing feasibility studies.

Freeport eyes copper project

July 2, 2021, The National Business

FREEPORT Resources is expanding its footprint in the country with a planned acquisition of the Yandera copper project in Madang. Last month, the firm signed a share purchase agreement to issue 20 million shares to privately-held Carpo Resources for its Era Resources and Yandera project. The company said the completion of the transaction was subject to the approval of the TSX Venture Exchange. It cannot be completed until such approval is received. The move follows Freeport's acquisition of the Star Mountains copper-gold project in Western, 25km from Ok Tedi. The Yandera project is an igneous, intrusive-hosted, structurally controlled copper porphyry system with ancillary molybdenum and gold. It is located 95km southwest of Madang.

Geopacific secures K257mil for project

By GYNNIE KERO, July 2, 2021, The National Business

THE Geopacific Resources Ltd has secured AU\$100 million (K257.5mil) for the construction of its gold and silver mine on Woodlark Island, Milne Bay. Chairman Ian Clyne confirmed securing the

funding through a debt facility. He thanked the Mineral Resources Authority for its efforts in facilitating the successful development of the Woodlark Island gold project. He said it enabled Geopacific Resources to achieve “full funding” to start construction with a view to pouring first gold next year. Clyne said the Kula Gold legacy where international investors had suffered significant losses meant that there was less appetite for the Woodlark Project specifically. This is despite significant marketing efforts to banks and specialist sector lenders there was also extremely limited debt appetite. The major factors were the international concern on PNG’s political risk.



Clyne said the successful and timely execution of an agreement was a major confidence booster to the international investor market. “The professionalism of the PNG Government teams was a major factor,” he said. “This was an extremely difficult project to get funded, especially given the PNG/BSP perspective of historic international investor and lender appetite.” MRA managing director Jerry Garry welcomed Geopacific’s securing funding for the project construction. He said this meant investors still had confidence in the country’s extractive sector. Garry noted that Geopacific Resources had improved its housing designs for the relocation exercise following MRA’s intervention. “To raise AU\$140 million (K54.3mil) in new equity in Dec/Jan and to recently close out the AU\$100 million (K257.7mil) debt facility were the result of a massive amount of extremely professional work by Tim Richards (Geopacific Resources Ltd chief executive officer) and his team and with the board’s backing, in building international financial market’s confidence,” Garry said.

Environmental groups, scientists call for ban on deep sea mining

Hundreds of scientists, and coalitions of churches, environmentalists, and NGOs are part of a widespread outcry calling for a ban on deep sea mining, following a political move that may open the gates for it to begin in the Pacific in two years.

Radio New Zealand on 2 July 2021

This week, the fledgling deep sea mining sector [got a green light for future mining](#) in the Pacific by 2023, due to Nauru setting a "two year" rule in motion at the International Seabed Authority. The Authority, tasked with regulating the seabed, confirmed Nauru triggered a clause that would allow mining to begin in two years within its Exclusive Economic Zone. However, some fear the move could have opened the path for a 'domino-effect' and other countries could also open their doors to the controversial new industry.



Victor Pickering, a Greenpeace activist from Fiji, in front of the Maersk Launcher, a ship chartered by DeepGreen.
Photo: Supplied / Greenpeace

Pacific groups call on Nauru to reconsider

A wide cross-section of Pacific organisations have called on Nauru to reconsider its decision, including the Pacific Council of Churches, the Pacific Islands Association of Non-governmental Organisations and the Pacific Network on Globalisation. Pacific Network on Globalisation coordinator Maureen Penjueli said there were mounting concerns the industry could exploit the region. "In the absence of clear governance mechanisms to deal with the trigger [of the clause at the International Seabed Authority, and] the recurring scientific concerns around impacts, we are really calling for an outright ban at this stage whilst we try and get [the] governance systems in order." The civil society network said there were too many significant unknowns about how the new mining process could affect the surroundings and wider environment to allow it to proceed.

Environmental groups and hundreds of scientists voice concerns

The Deep Sea Conservation Coalition, a coalition of environmental groups, called on governments to act now to stop an industry that many believe could have devastating environmental effects, for questionable economic gain. The coalition's international legal advisor Duncan Currie said if Nauru is successful it could start a race to the bottom of the ocean with other countries. "This is really of utmost importance. That's why we would love to see the New Zealand government engaging with the Australian government and Pacific islands governments in calling for a stop to this, and calling for a moratorium within two years." The Deep Sea Conservation Coalition said Nauru's move went against scientific advice, which is that not enough is known about the environmental damage deep sea mining would cause for it to proceed at this stage. In late June 350 marine scientists and policy experts from 44 countries [published a statement calling for a pause to deep sea mining](#) operations until "sufficient and robust scientific information has been obtained" for informed decisions about it to be made.

Bloomberg news [last week reported the ambitions of one of the major mining companies - DeepGreen comes with "deep risks"](#). It said the company had pitched the mining as gentle ocean floor excavations that would provide minerals for electric car batteries, as well as large profits. However it reported the company's previous operations had created "political and financial leverage over its partners, who are dependent on its expertise", and will be on the hook to ensure it complies with international environmental rules. The report said the area of ocean the company wanted to mine could be one of the most diverse and rich in biological life on the planet. DeepGreen is [now called The Metals Company](#) after a merger. The organisation didn't respond to RNZs questions. However, the chief executive and chairman of both DeepGreen and The Metals Company [Gerard](#)

[Barron earlier said the metals that would be mined are vital for the batteries](#) needed for a zero carbon economy.



Gerard Barron, head of DeepGreen and The Metals Company, caused controversy by forging close links to Nauru's government, including taking Nauru's seat at a 2019 International Seabed Authority meeting. Photo: International Institute for Sustainable Development

He said the nodules which the metals are found in can be plucked from the surface of the ocean floor without drilling, digging or blasting, and with less toxic tailings and other damage compared to other mining techniques. But environmental group Pacific Blue Line collective said the operations would cause irreversible and widespread harm to the environment, and the species and habitat that could be affected are irreplaceable. "The Collective believes the Nauru Government has been persuaded by DeepGreen to take this action on the pretext that the urgency of the climate crisis demands the commencement of mining in two years, without regard for the potentially wide-ranging environmental damage arising from deep sea mining. "The damage could see the Nauru Government, future administrations, and Nauruan people face liability for environmental consequences that cannot be foreseen or appreciated at this stage."

Pacific Blue Line Collective said potential economic gains from deep sea mining were "highly speculative and unsubstantiated", and the damage could put economic strain on Pacific nations. "In the Pacific, one of the major concerns is the impact of mining upon coastal communities. Deep seabed mining would likely cause massive sediment plumes that could affect crucial tuna and other fish stocks, thus further destabilizing livelihoods for hundreds of thousands of ocean-dependent people and communities. "The Pacific Ocean is already under mounting pressure from human activities and the impacts of climate change, and there is substantial evidence that we need to now be embarking on an era of restoration, not further reckless exploitation." Greenpeace called the growing interest in deep sea mining a "disturbing new threat". It said. DeepGreen is spearheading the movement, and the *Rainbow Warrior* had been tracking their operations, among others.

The organisation claimed another mining company [recently lost a 25-tonne robot](#) while carrying out seabed testing. Victor Pickering, a Greenpeace activist from Fiji who has been among the *Rainbow Warrior* crew said the Pacific environment should be guarded carefully. "The ocean provides food for our families and connects all of us Pacific islands from one island to another. "I am taking action because our people, our land, are already facing the threats of extreme storms, rising sea levels, plastic pollution and industrially depleted fish populations. I cannot stay silent and watch another threat - deep sea mining - take away our future." Pacific Blue Line collective warned that the clause

activated at the International Seabed Authority allows sponsor states such as Nauru to jump-start the mining process by invoking a rule that sets a deadline for finalising and adopting mining laws and regulations, which will be set up after global negotiation. It said that if the global community failed to agree to mining laws and regulations, DeepGreen or its Nauru subsidiary NORI would be able to proceed to mine based on work plans submitted.

New executives challenged

Post-Courier, June 30, 2021

Deputy Governor of Hela Charles Haluya has challenged the new executives of the Hides PDL-7 Special Purpose Authority to return to the district and work and not to operate from Port Moresby. Mr Haluya challenged them to prove themselves as trustworthy and competent. “You all are tasked with an important role to run this authority. “That’s why you should be operating back in the district and the Local Level Government in Komo and not in Port Moresby,” Mr Haluya told the nine executives during their swearing in ceremony recently. He said such duties come with responsibilities. “The responsibilities should be discharged with due care and honesty. You have to do your job transparently and with honesty as alluded to by the Minister for Inter-Government Relations Pila Niningi. “Now that the court proceedings are over, I urge you all to return to Komo and operate from the district and work with the people, not in Port Moresby or elsewhere,” he said.