

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

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Abbreviations in common use:

BCL: Bougainville Copper Limited

LNG: Liquid Natural Gas

PIR: Pacific Islands Report

PNG: Papua New Guinea

Websites:

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

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

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

PNG Fails To Achieve Any Millennium Development Goals

UN representative: Progress made but more cohesive work needed

PORT MORESBY, Papua New Guinea (The National, Dec. 30, 2014) – Papua New Guinea has not reached any of the United Nations' Millennium Development Goals (MDGs), UN resident representative Roy Trivedy says. He said despite some progress since the start of the MDG process in 2000, PNG needed to do more and the Government should work cohesively with stakeholders to improve peoples' lives. "Since the start of the MDG process, we knew that Papua New Guinea will not reach any of the goals," he said. "But we knew it was always going to be an unfinished revolution which means that the process would have to continue next year," Trivedy said. He said the world had generally achieved some of the eight MDGs, whereas some had exceeded while some countries, including PNG, needed to go a little further to improve.

Trivedy said PNG achieved Goal No 2 which was universal primary education but the country still faced major challenges of achieving quality education. "We've had several ministers talking about

over 500,000 of school aged children not regularly going to school. "This is something that we need to work on to improve the quality of education but the numbers of children in schools," he said. Trivedy said despite PNG not achieving any of the goals, he was pleased to help development partners support the Government in honouring its commitments. "We have risen to the challenge and we need to do more. I hope that we will continue to achieve more of the goals in 2015," he said. Trivedy said he had full confidence in the O'Neill Government because it was strongly committed to the achieving the MDGs.

New Caledonia Nickel Spill Estimated At 3M In Damages

Plant key to industrial economy in only 2nd month of operation

WELLINGTON, New Zealand (Radio New Zealand International, December 29, 2014) – Initial assessments from last week's nickel spill at New Caledonia's Koniambo plant put the damage at more than three million US dollars. The incident on the day after Christmas prompted the evacuation of all staff from the seven-billion US dollar plant in the territory's north and led to a temporary stop to production. There are no reports of any injuries. About 500 tonnes of liquid nickel was spilled from one of the furnaces for reasons yet to be determined. According to the territory's public broadcaster, the first results of a probe of the incident are due by tomorrow. The plant, which was officially opened by the French president Francois Hollande last month, experienced a blast just before Christmas, briefly affecting production. The Koniambo plant is widely seen as the key industrial site to advance the economy of the mainly Kanak northern province.

Canadian Mining Company Plans Gold Mine In Fiji

Once license approved Lion Metal One to invest \$30 million

By Repeka Nasiko

SUVA, Fiji (Fiji Times, Dec. 23, 2014) – Canadian company Lion Metal One Ltd says it will invest up to \$60million [US\$30 million] once its application for a mining licence is approved. Site manager and project geologist Sevanaia Bulu said so far discussions looked positive. The company hopes to extract about a million ounces of gold from the Tuvatu Gold Mine in the hills of Sabeto, having conducted exploration works over the past six years, and in the process investing about \$20m [US\$10 million]. "We hope to start next year but we are still waiting on our mining licence to be approved from the Mineral Resources Department.

Acting Commissioner Western Luke Moroivalu said the project would generate employment for neighbouring villages. "I think these types of projects will bring about a lot of income for neighbouring communities," Mr Moroivalu said. "These come in the form of lease payments, of jobs and in time people will be earning money and improving their livelihoods." Tuvatu Gold Mine field geologist Waisale Kuruisaravai said the company was looking at extracting minerals in other parts of the country. "We also have projects in other areas as well, one in Nasau and the other in Vanua Levu."

OTML welcomes findings into South Fly deaths

Ok Tedi Mining, PNG Loop, Dec 23, 2014

Ok Tedi Mining Limited (OTML) says it has been cleared of involvement in the reported deaths of a number of people in the South Fly area of Western Province last month. The company which operates the massive copper and gold mine at Tabubil in the North Fly area of the province welcomed the findings of a report by the South Fly District Health Services (SFDHS) which had cleared

OTML of being the cause of mysterious deaths in South Fly villages. These deaths were reported by Pastor Steven Bagari on the Dateline Pacific program on Radio New Zealand on 28th of November. Similar reports were made on the PNG Facts website on 21st of November and on the NBC News PNG page on Facebook on November 22.



The mighty Fly River twisting through the Western Province

The management of OTML has commended the quick action by the SFDHS in deploying a medical patrol team from November 26 to 29, to Tirere, Kabaturi, Sagero and Maipani villages to investigate the causes of illness and deaths allegedly from chemical poisoning caused by two 200L drums said to contain cyanide that had washed ashore. According to the Incident medical report, the two drums contained an unidentified liquid substance however there was no evidence to suggest that they contributed to the cause of illness and deaths among the male group affected and highlighted other medical conditions as the cause. OTML management stated that the findings had cleared OTML, and urged journalists, media organisations and social media users to find out facts before publishing stories from rumors that can create uncertainty and panic in the communities. The area was given huge publicity many years ago when a load of drums containing cyanide spilled from a barge into the water. Many of the drums were recovered but some were never traced.

Crater Gold: Death inquiry shuts PNG gold mine

Mining Business, December 23, 2014

Mining at the Crater Mountain Gold Mine in PNG has ceased while safety measures ordered by the Mines Safety Inspectorate following its investigation into a Nov motor vehicle accident that left the driver dead, are instigated. Crater Gold Mining, which only began mining its High Grade Zone project at the former BHP mine earlier this month, expects to be able to comply with the inspectorate's orders "within a short period of time." The company anticipates producing 10,000oz in the coming year at AISC below \$A400oz.

Chamber confirms EITI support

Post-Courier, December 23, 2014

THE PNG Chamber of Mines and Petroleum has reaffirmed its continued support to the work being undertaken in country to achieving the Extractive Industry Transparency Initiative status (EITI). This support is set to continue as the country prepares to submit its first report in 2016. The Chamber's executive director Greg Anderson said the Chamber has been a strong supporter of a PNGEITI since 2006 for reasons including that it supports a culture of accountability and good governance.

Mr Anderson said PNG has submitted its application on December 11, 2013, to the EITI International Secretariat and the application approved on March 2014 this year. "PNG has 24-months from this date to compile its first report which is thus due in the first quarter 2016," he said. Mr Anderson said the World Bank (WB) is supporting the critical work needed in putting together the country's first EITI report.

He said the bank has also assisted with the drafting of a Terms of Reference TOR for a scoping study to undertake an analysis and provide a report and briefing to the PNG Multi-stakeholders Group (PNGMSG) that will guide the group's implementation of its work plan and publication of the first report. He explained that the PNGMSG was established in November 2013, comprising of partners in the EITI endeavour including government, civil society and the industry. "There PNGMSG has seven representatives from each partner and from the industry include the Chamber, Oil Search, Exxon Mobil, Talisman, Barrick, Newcrest and Morobe Mining Joint Venture," he said. Mr Anderson said the study being undertaken by WB will also include recommendations relating to key issues such as payments and revenue streams and barriers and the disclosure of the requisite information and potential means to address them.

Expert: Adjusting LNG, oil prices will avoid crisis

Post-Courier, December 23, 2014



THE much hyped K50 billion and world class PNG LNG Project is seen to be a curse rather than a blessing. Paul Flanagan, a visiting fellow from the Development Policy Centre at the Australian National University, who was formerly a senior executive in the Australian Treasury and went on secondment as an advisor to the PNG Treasury from 2011 to 2013, said the country's biggest revenue earner which was thought to be a transformation has dealt a cruel blow. "The PNG LNG project has often been thought of as transformation for PNG," he said. "But just at the time the country was to benefit from the revenue and foreign exchange flows from this major project, international markets have dealt a cruel blow. "The decline in LNG prices also significantly reduces the viability of other LNG projects in the pipeline. "With good policies, adjustments could be made to deal with such a drop in oil prices," Mr Flanagan said in his summary of an article titled, Papua New Guinea's vanishing LNG export boom, published at the weekend. The development policy expert however said, PNG has moved to poor policies over the last six months such as moving away from a market based exchange rate, starting to print money to fund the deficit, and continuing with an unsustainable fiscal policy in the 2015 budget.

"PNG had set itself on a slippery slope towards a crisis, and the world just gave it a great big shove. "But this is a problem that can be solved, provided that real changes are quickly made. "At the end of its financial year for 2014, the PNG government should not spend any extra money, but instead pocket any savings from unspent allocations. "In face of such a large shock, there is a need for an urgent public debate in PNG on other policy responses. This should cover how the 2015 budget should be rewritten to avoid a spiralling deficit," Mr Flanagan stressed. The former treasury advisor reiterated that PNG also needs to move back to a market-based, floating exchange rate to provide a "shock absorber" for the economy, and find better ways to fund the deficit than printing money. Mr Flanagan further cautioned that PNG must adjust to lower LNG/oil prices to avoid a crisis. The PNG LNG project is still extremely important but many of the benefits of the production phase of the project have vanished because of lower prices – probably for at least a decade.

MP urges tribes to unite, develop mine

The National, December 23rd, 2014

BULOLO MP Sam Basil has urged three tribes in the Wafi-Golpu project, in Morobe, to form a consultation group to work in collaboration with the developer and the Government. Landowners' representatives from Wale-Babuaf, Yanta and Hengabu met with Morobe Mining Joint Venture (MMJV), Basil and Huon Gulf MP Ross Seymour to discuss landowner participation during developmental stages. Basil told the landowners not to engage "street consultants" but have specialists who would understand landowner issues better, convert issues into data and submit to the company, the government and influence financiers. "It's time, we can never sit back and argue over existing issues. Instead, let us collectively strategise our thoughts and mobilise by creating a uniform group to bid for people's wellbeing in business and spin-off activities. "Critically important is human up-skilling to know-how and know-what to involve meaningfully at the beginning because MMJV is into its feasibility in 2015 and we must realign to involve with their plans including government.

"When three tribes have that uniform group that understand, do and speak same language, Seymour and I will always give our utmost ability and effort to address issues affecting them" Basil said. MMJV sustainability and external relations general manager David Wissink and manager community affairs Stanley Komunt commended the landowners for their understanding and cooperation. A two-day convention was hosted to bring together representatives from Yanta, Hengabu and Wale-Babuaf to discuss their business participation with MMJV and the government. Babuaf leader Thomas Nen said that waiting for loyalty was a lazy man's thought and way of doing things. "We are mindful to fully involve in all business activities and we will ensure the company enhances us with essential resources in terms of human capability, finance and equipment among others," Nen said.

UNDP-Report: PNG still facing challenges

The National, December 22nd, 2014

WELLINGTON: Papua New Guinea is facing a key challenge in transferring its massive mining industry profits into improving the lives of the half of the population living in poverty, the New Zealand author of a United Nations report on the Pacific island nation said Friday. Mining and oil production had reaped US\$60 billion since independence 40 years ago, but 40 per cent of PNG's 7 million mostly rural population lived on less than a dollar a day and a quarter of children had no schooling, Glenn Banks, an associate professor in Development Studies at Massey University, said in a statement.

The lead author of the Papua New Guinea National Human Development Report 2014 for the United Nations Development Programme (UNDP) said PNG was experiencing a “paradox of plenty,” with 14 years of economic growth and the economy set to grow by 20 per cent next year, but little change in poverty levels and rising inequality. The report noted improvements in human development, such as increases in life expectancy, per capita income and educational achievement, while highlighting the significant opportunities from an economic boom based on the mining of gold, silver, copper, cobalt, nickel, crude petroleum and natural gas. While large scale mine and oil production has underpinned some health and education developments, it has “sparked civil strife, caused massive environmental damage, arguably distorted the economy, and brought about a range of negative impacts on communities,” according to the report.

Testing time looms for mining sector

The National, December 22nd, 2014

Papua New Guinea’s mineral resource sector will be facing difficult times with the continuous fall in commodity prices, according to the Chamber of Mines and Petroleum. Mineral sector data from the Mineral Resource Authority have yet to reflect the latest figures, as captured in the latest National Government budget. The chamber has said after a steady production decline, the nation’s oil and gas sector have received a tremendous boost from completion and commissioning of the US\$19 billion (K48b) PNG LNG project. In contrast to the vibrant oil and gas scene, the mining industry in the country is facing testing times. President Gerea Aopi had said the country’s mining sector is facing one of its worst years in recent times. The 2015 PNG budget recorded a 22.7% fall in mining sector employment. He said: “Falling gold and copper prices has fostered a climate of cost cutting among virtually all mining operations.

“The junior mineral exploration segment, which is most sensitive to market trends, has been badly seriously impacted. “Most junior companies short of cash resources have opted to call a halt to work at their exploration leases. “Many exploration tenements are in the process of being abandoned. “Two juniors that were fully committed to PNG exploration have left the mineral sector for unrelated ventures in Australia. Even though the situation was already turning for the worse in 2012, mineral exploration activity in PNG still looked buoyant with exploration acreage taken up virtually across the country. However, Morobe Mining Joint Venture – owned by Australia’s Newcrest Mining Ltd and South Africa’s Harmony Gold – are making solid progress with their big Golpu copper-gold project in Morobe. PNG Chamber of Mines and Petroleum executive director Greg Anderson said Newcrest and Harmony have concluded a pre-feasibility study which points to the potential for a robust commercial operation.

Mining ombudsman needed

Post-Courier, December 22, 2014

By FRANKLIN KOLMA

A mining ombudsman is what Papua New Guinea needs to address and solve conflicts at project sites around the country says an international academic. According to Associate Professor Glenn Banks of New Zealand’s Massey University, the landowner versus mining entity epidemic can be better addressed if an ombudsman solely responsible for validating landowner complaints and seeking out justice can be appointed by the government. Yesterday’s *Post Courier* had a report on Western province’s mine affected communities speaking out against their own parliamentarian on how best to divide the controversial 33 percent Ok Tedi mine share as allowed by the Prime minister early last week. A week ago, landowners from the Hela region where the bulk of the LNG operations are taking place, once again threatened to close the LNG project site in their area if their

grievances were not met. There is the incident that happened two weeks ago that saw landowners in poverty stricken Western Province reporting ill-treatment at the hands of LNG operators working in that part of the country; a saga that saw both sides of the quarrel battling it out over the media scene turning a solvable conflict into a national mini crisis. All recent examples of a trend that has gone on since the beginning of the LNG project.

Professor Banks says this seemingly unstoppable bickering between communities and LNG operating companies is a hindrance to the LNG project and the country's economic growth as a whole and as such, strongly recommends that a mining ombudsman be put in place by the government to bring some closure to this much neglected matter. "Having an ombudsman at a very senior level who has the ability to draw on international experience, to draw on legal expertise, human rights expertise, and provide a conduit for people to actually bring grievances against the operators, against the state, against other elements in their community, or elsewhere, could make a huge difference," said the Professor during an interview. A United Nations Development Programme report written by Professor Banks earlier this year iterated on the ever common fact that the country's economy is soaring on the back of returns from the LNG rainbow but more importantly brings out the not so common truth that over fifty percent of the country's population is still living at or below the poverty line. Professor Banks says that this unfair distribution of wealth and service delivery are now beginning to be addressed by the government but stated that the landowner-mining company conflicts need an authoritative entity that acts independently to analyse the people's complaints and provide relevant problem solving where due.

Wobiro's report vexes landowners

Post-Courier, December 22, 2014

OK Tedi Mine Villages and CMCA (Community Mine Continuation Agreement) community leaders are disappointed with Western Province Governor Ati Wobiro's media statement on *EMTV* on Thursday December 18 regarding the distribution of the 33 per cent share from the Ok Tedi mine. The spokespersons, Joel Dangkim (mine villages), Richard Zumoi (Middle Fly), James Assan (North Fly) and Kameng Arawok (South Fly) want the governor to stop misleading the people of Western Province with his own thoughts on the distribution of the 33 per cent shares. "We represent the mine affected communities; we went through many tough negotiation sessions with the Prime Minister, Peter O'Neill and Chief Secretary Sir Manasupe Zurenuoc to get the 33 per cent shares, without any financial support or advice from Mr Wobiro and the three Open members."

"We spent our own funds from our Community Trusts to attend the negotiations and we humbly request the good Governor to refrain from making media statements about how he thinks this cake should be distributed." They said they would consult with the communities and would meet again as a group to discuss how these shares should be distributed. "How much each stakeholder will get, will be decided at a meeting in early January, 2015," they added. The leaders urged Governor Wobiro not to play politics but allow them to decide on what was fair for them and their children. "We will decide the break-up of this money. Prime Minister Peter O'Neill has clearly stated that representatives from CMCA communities, mine villages and the provincial government will be holding further discussions to propose how the 33 per cent will be distributed so Governor must respect this understanding".

Work to start on historic road link

Post-Courier, December 22, 2014

By DENYSE KALAU

WORK on the Tabubil-Telefomin-Oksapmin road connection is set to commence early next year. Telefomin MP Solan Mirisim revealed this to local communities during the ground breaking ceremony of the road project at Okmenga which is about 10 minutes drive outside of Tabubil that the government with the support of OK Tedi Mining Limited will be providing a total of K40 million funding to the contractor Star West Limited to begin work on the road next year that will connect Western and West Sepik provinces. Mr Mirisim said the local communities have suffered a lot in terms of transporting their local produce to the markets, which usually takes them a day or two to reach their destination. "This will soon be changed with the opening of the road project that will link Western Province to Sandaun province and according to the contractor Star West Limited, the road project will begin in Migalim village, then move on to Urapmin village in Telefomin before it reaches Oksapmin before the next general election in 2017," Mr Mirisim said. Locals who were present for the special occasion commended the efforts of their local MP and the Ok Tedi Mining Limited for working in partnership to bring vital services such as the road project that will greatly benefit the people from the two provinces.

Marianas Trench Expedition Finds 'World's Deepest Fish'

Snailfish discovered below 5 miles deep



A hadal amphipod from 10,500 m the Sirena Deep collected on this expedition. Scale bar on left is in centimeters (cm). Close-up of head shows yellow patches that are thought to be rudimentary eyes, but the function of the red eye-like lobes is uncertain. Photos: SOI/Paul Yancey and Anna Downing.

By Richelle Agpoon-Cabang

SAIPAN, CNMI (Marianas Variety, Dec. 22, 2014) – The snailfish found at a depth of 26,722 feet [8.145m] in the Marianas Trench is believed to be the world's deepest fish, according to the blogsite of researchers who recently went on a 30-day expedition to the Marianas Trench. The Falkor Expedition involves a team of researchers led by Woods Hole Oceanographic's Tim Shank, chief scientists Jeff Drazen from the University of Hawaii at Manoa, and Patricia Fryer, a geologist also from UH. They used the Hadal Lander, the United Kingdom's deepest diving vehicle, to record more than 100 hours of footage. The expedition took place from Nov. 9 to Dec. 9 2014. In a blog entry dated Dec. 6, 2014, the team said: "We have now discovered the Mariana Trench also has snailfish, in high densities at 7000 to 7500 m, and filmed down to 8075 m. However there are very few there, and we have seen no fish at deeper sites...."



A hadal sea pig on its back (collected with the *Nereus* ROV from the Kermadec Trench in May 2014), showing its stubby walking "legs" and a ring of suction cups around its mouth for gathering dead organic material from the mud. Tick marks are millimeters (mm). Photo: Paul Yancey.

Then a snailfish was found at a depth of 26,722 feet. It had wing-like fins and an eel-like tail and was discovered gliding deep in the western Pacific Ocean, beating the previous record by 500 feet. The expedition aimed to explore large swaths of the world's deepest trenches to get a more complete view of what is there. Division of Fish and Wildlife Fisheries Research Section Supervisor Todd Miller, who is a close friend of Draizen, said the expedition is a gateway for more research and expeditions in the Marianas Trench. "The exploration will definitely put the CNMI on the world scientific map for future research expeditions. The depths are so great, and very little is known of the geological and biological characteristics of the trench — one could compare expeditions to such depths as something like the expedition of a Mars rover." For more information, go to <http://www.schmidtocean.org/story/show/3494/>.

New Zealand decision on Experimental Seabed Mining should prompt PNG review By PNG Mine Watch, December 20, 2014, ACT NOW!

The decision by the New Zealand government to reject an experimental seabed mining proposal should prompt a review of similar plans in PNG says community campaign group, ACT NOW! "The New Zealand decision to rejected seabed mining in its exclusive economic zone is highly relevant to the proposed mining activity by Nautilus Minerals in the Bismarck Sea", says ACT NOW! Program Manager, Effrey Dademo. The NZ Environment Protection Agency found the mining would not promote the sustainable management of natural resources and there was considerable uncertainty about the scale of the potential effects on the environment and existing interests including those of indigenous Maori and the fishing industry. The EPA found that imposing stringent conditions, including a risk-based tiered adaptive management approach as proposed by the developer, on the proposed activity would not be sufficient to avoid, remedy or mitigate the adverse effects of the activity.

In principle the proposed mining in NZ was identical to what is proposed by Nautilus Minerals: the excavation of the seafloor, removal to a surface vessel for the separation of the ore and the returning of the unwanted materials to the seabed; although the minerals to be extracted in the two cases are different. ACT NOW! has written to relevant government departments in PNG enclosing a copy of the full NZ EPA decision and calling for a review of the application by Nautilus Minerals and a reevaluation of all licenses and approvals already granted. "We believe that as in the NZ case, the

proposed mining activity by Nautilus Minerals will not promote the sustainable management of our natural resources as required by law and there are considerable risks to the environment and existing interests that cannot be sufficiently managed or controlled", says ACT NOW!.

Papua New Guinea's vanishing LNG export boom

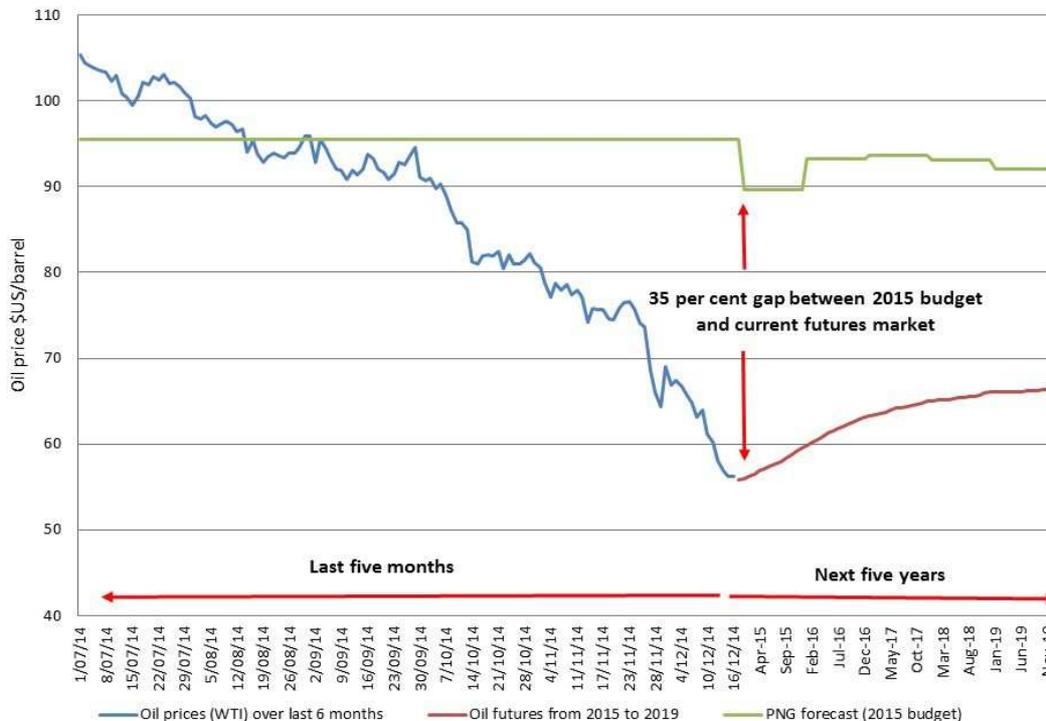
DevpolicyBlog, By Paul Flanagan on December 20, 2014

PNG must adjust to lower LNG/oil prices to avoid a crisis. The PNG LNG project is still extremely important but many of the benefits of the production phase of the project have vanished because of lower prices – probably for at least a decade. This note outlines the impact of the recent oil price falls on PNG's budget, growth rates, and balance of payments and international reserves. The broad conclusions are that: there will be **no** tax revenue from the PNG LNG project for many years; deficit and debt levels will become even more unsustainable; the 2015 growth rate will more than halve; the balance of payments will be in overall deficit even with the PNG LNG project coming to full capacity in 2016; and, without an exchange rate depreciation, PNG's international reserves will be exhausted in two years. A policy brief is available which provides the technical detail of this analysis. The key findings and policy recommendations are set out below.

LNG and oil prices

Figure 1 shows that oil prices are now more than 30% lower than the level forecast in last month's 2015 PNG budget. LNG prices are directly linked to oil prices according to the IMF so the reduction in LNG prices will be similar. This price drop in a key commodity (LNG/oil) is a classic example of what economists call an "external shock".

Figure 1: Oil prices – market prices, futures and PNG forecasts



Note: Author's calculations for all graphs and figures available [here](#).

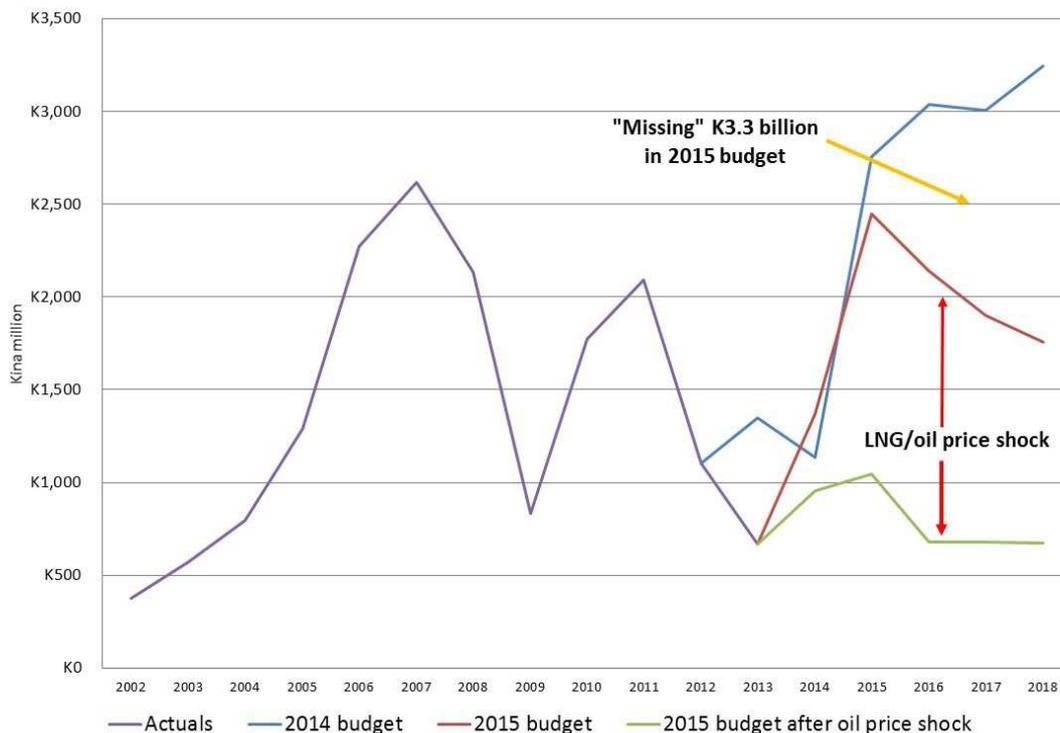
Budgetary impact

The analysis of the policy brief predicts that with a 30% fall in LNG/oil prices there will be **no** taxes collected from the PNG LNG project for up to a decade. This is because a fall in gross revenues of 30% is greater than the expected pre-tax profit rate (after allowing for depreciation). LNG

dividends are still expected but at a much lower level. Revenues from current petroleum fields such as Kutubu will also be much lower. The net impact on the budget is a loss relative to the 2015 budget of about K1,400 million in revenue in 2015 and 2016 and above a billion in future years. This represents more than 10% of all PNG's domestic revenue resources. In addition, there are off-budget impacts that will substantially reduce the net wealth of the PNG government. This includes a fall in the value of Oil Search shares (now estimated to be worth K600 million less than at the time of purchase) as well as a significant portion of the K3.3 billion in LNG dividends and mineral/petroleum taxes that "disappeared" in the 2015 budget, presumably earmarked for various off-budget expenditures, such as paying back the Oil Search loan.

As shown in Figure 2, resource revenues to the PNG budget have traditionally been volatile. The 2014 budget painted a rosy picture of expected revenues from the LNG project. By the 2015 budget, a significant part of these returns, especially LNG dividends, were moved off-budget (presumably held in the proposed Kumul Holdings). As noted above, these funds amounted to K3.3 billion between 2016 and 2018. The bottom line on the right is the estimate of resource revenues to the PNG budget given a 30% fall in LNG/oil prices. These revenues return to the levels of the late 1990s and early 2000s when PNG faced another major drop in commodity prices. At an aggregate level (including all PNG's tax and non-tax revenues), 2016 revenues drop to K10.9 billion in nominal terms, K2.5 billion less than the K13.4 billion expected only thirteen months ago at the time of the 2014 budget. This is a very large fiscal hit of just under 20%.

Figure 2: Resource revenues over time



The direct result of these revenue losses is that there will be no revenue growth after inflation from 2014 to 2018. Without policy action, the deficit in 2015 will be not 5.3% as per the budget (using IMF guidelines, as explained [here](#)), but 8.8%. The debt to GDP ratio will stay about the legal cap of 30% and, on realistic expenditure assumptions, may rise to 75% by 2017 – two and half times the maximum level in the Fiscal Responsibility Act.

GDP growth impact

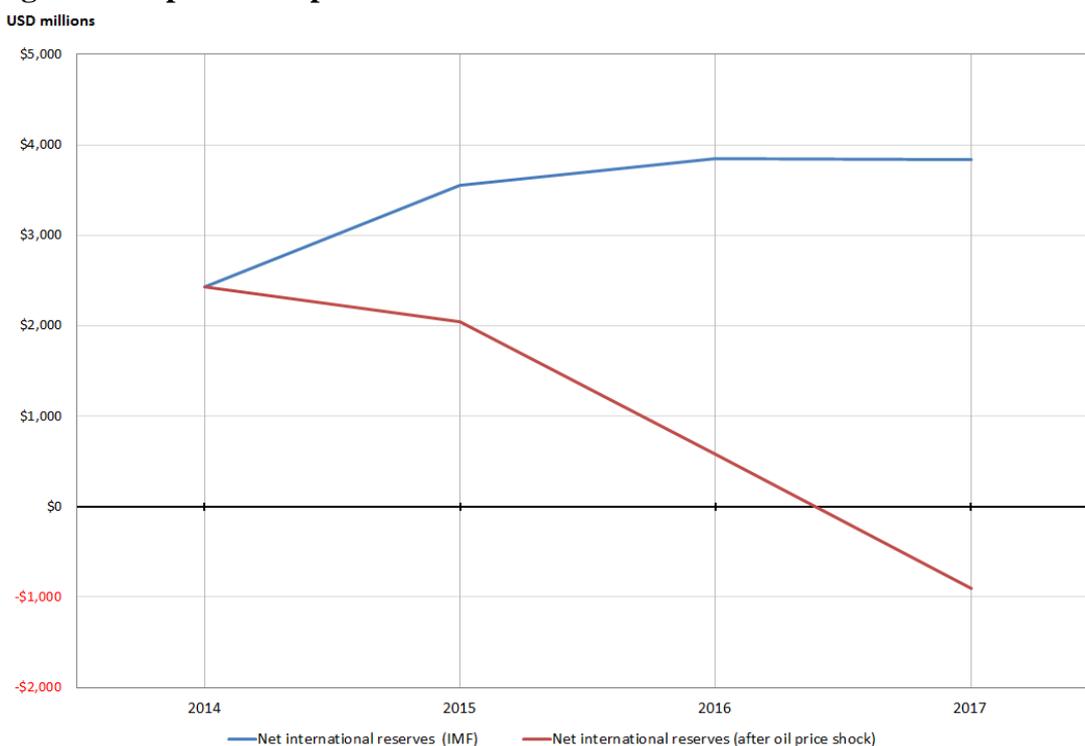
The change in the value of PNG's major new export inevitably also affects the measured size of the economy or GDP. The revised LNG and oil price estimates reduce growth forecasts to 7.0% in 2014

and 6.9% in 2015 (down from 8.4% and 15.5% respectively). The PNG LNG project is extremely important for PNG. However, its importance has been diminished by the new commodity price outlook.

Impact on balance of payments and international reserves

The forecast in the IMF's 2014 PNG report is for an increase in PNG's net international reserves from \$US2,427 million in 2014 to \$US3,845 million by 2016. But allowing for the fall in oil and LNG prices, net international reserves are in fact expected to fall to \$US2,049 million in 2015, covering just over three months of imports of goods and services. Reserves would keep falling below this critical level and PNG would be out of foreign exchange by early 2017. This is because the fall in prices moves PNG to a substantial balance of payments deficit (not the surplus that was originally forecast). Clearly, given the need to have some level of import cover, something has to happen soon. Otherwise, PNG will be going to the IMF or another country seeking a large bail out.

Figure 3: Impact of oil price shock on net international reserves



Conclusion

The PNG LNG project has often been thought of as transformative for PNG. But just at the time the country was to benefit from the revenue and foreign exchange flows from this major project, international markets have dealt a cruel blow. The decline in LNG prices also significantly reduces the viability of other LNG projects in the pipeline. With good policies, adjustments could be made to deal with such a drop in oil prices. However, PNG has moved to poor policies over the last six months such as moving away from a market based exchange rate, starting to print money to fund the deficit, and continuing with an unsustainable fiscal policy in the 2015 budget. PNG had set itself on a slippery slope towards a crisis, and the world just gave it a great big shove.

But this is a problem that can be solved, provided that real changes are quickly made. At the end of its financial year for 2014, the PNG government should not spend any extra money, but instead pocket any savings from unspent allocations. In face of such a large shock, there is a need for an urgent public debate in PNG on other policy responses. This should cover how the 2015 budget should be rewritten to avoid a spiralling deficit. PNG also needs to move back to a market-based,

floating exchange rate to provide a “shock absorber” for the economy, and find better ways to fund the deficit than printing money.

Source: <http://devpolicy.org/papua-new-guineas-vanishing-lng-export-boom-20141220/>

Resources sector to be hit by global downturn

Post-Courier, December 19, 2014

By ROSELYN ALBANIEL

PAPUA New Guinea’s resources sector is going through a difficult time given the downturn in the world commodity prices in particular oil and mineral; the PNG Chamber of Mines and Petroleum says. According to the chamber, this downward trend is likely to continue into 2015. The chamber stated prices for gold and copper have reportedly dropped significantly by 40% while it anticipates that the prices for oil to drop to about 50% in 2015. And this trend is undoubtedly anticipated to impact the PNG economy despite steps being taken by the industry to respond to this situation. Speaking during a media briefing in Port Moresby yesterday Newcrest country manager Peter Aitsi said steps were being taken by the industry to address the situation. "The industry is going through a difficult time and industry in responding will have to make a decision on how they can sustain their operations, this may be to do with their fleet, workforce, or contracting of services," he said.

Chamber’s executive director Greg Anderson also stated the minerals sector has been under stress for the past two years adding the same pressure was now being felt in the hydrocarbons sector. Mr Anderson said those in the exploration end of business have been the hardest hit, forcing them to raise capital with some having to quit prematurely. "PNG’s Mineral exploration sector has been badly hit by the fall in commodity prices as well as difficulties junior explorers are facing in raising capital risk, with two PNG based companies announcing plans to exit the sector," he said. Despite the difficult situation, Messrs Aitsi and Anderson said PNG remains an attractive destination for foreign investment. Mr Anderson said this has been demonstrated from the attendance at the 13th Mining and Petroleum Conference in Sydney which had attracted a record attendance, exceeding the numbers of the conference in 2012. He said much of the attention was forced on the successful launch of the US\$19billion, over K50 billion PNG LNG project driven by one of world’s largest energy giant, ExxonMobil and other ongoing exploration success both in the hydrocarbon and mining sectors.

PNG remains leader in Pacific economy: ADB Report

Post-Courier, December 19, 2014

PNG’s remains a leader in the pacific economies pushing the region’s growth to 13.4% in 2015 driven by the ExxonMobil led PNG LNG Project compared to the Asian economies. In a report by Asian Development Bank (ADB) titled Development Outlook 2014, "the Pacific economies are expected to accelerate to 13.4% growth in 2015, led by a burst of output in PNG as it enters its first full year of liquefied natural gas exports." The subregion is forecast to grow 5.4% in 2014, modestly higher than expected in the Update as prospects have improved in some economies including Fiji, Solomon Islands, and Palau. With oil and commodity prices falling, most developing Asian economies have revised their inflation forecasts downward. The forecast for the region is lowered to 3.2% in 2014 and 3.5% in 2015, from the Updates 3.4% and 3.7%. "Falling global oil prices present a golden opportunity for importers like Indonesia and India to reform their costly fuel subsidy programs," ADB chief economist Shang-Jin Wei said.

Mr Wei emphasised, "on the other hand, oil exporters can seize the opportunity to develop their manufacturing sectors as low commodity prices tend to make their real exchange rates more compe-

titive." The growth outlook for developing Asia remains steady, even though momentum slowed in the second half of 2014, but the declining oil prices represent a golden opportunity for many beneficial reforms, it says in the new report. In a supplement to its Development Outlook, ADB forecasts gross domestic product (GDP) growth for the region of 6.1% in 2014, down from 6.2% expected in September, and 6.2% in 2015, down from 6.4%. Developing Asia, comprising the 45 ADB developing member countries, grew 6.1% in 2013. Growth projections for Central Asia, East Asia, and Southeast Asia are revised downward. There is no change for South Asia. The Pacific region's growth outlook is adjusted upward. "While growth in the first three quarters of this year was somewhat softer than we had expected declining oil prices may mean an upside surprise in 2015 as most economies are oil importers," the economist added.

Life tough for Mt Kare gold mine villages

Post-Courier, December 19, 2014



By PHILIP KEPSON

Life in Mt Kare, the renowned alluvial mine site in Enga, is exceptionally hard with no food gardens to support daily living. On top of the difficult conditions of cultivating land on one of the coldest parts of the country, which is 4500 metres above sea level, is the lack of a proper road network to transport food. This is the life for more than 600 people who are currently residing around two the popular mountains of Kare and Ipusa, where gold and other minerals are reportedly located in tonnes. The only means of making food available at the makeshift stores and local food at the temporary Maratane market is through manual labour. Runners or carriers known locally as "containers" transport market and store goods via foot tracks from the Wali Creek near Porgera to Mt Kare. Local ward councillor for Paiela, Kandip Iyupi, says a single carrier is paid K30 for a trip by a trader.

He said because the store items are paid four or five times more than the normal price at Porgera station, dealers make good money to keep their business going. Eleven-year-old Angela Buka (pictured), who walks more than 10km from Paiela to the mining site to sell vegetables on the weekends, makes over K150 a day for selling vegetables at K5 or more for a (small) bundle. She said the current price for a live chicken was K100 while a 1kg packet of Trukai rice would cost more than K15. "It's expensive here but the price doesn't matter to the alluvial miners as they make enough money in a day to keep them going," she said. Community affairs manager of Indochine, which is the current exploration company that is undertaking an advance bankable feasibility study on Mt Kare and Ipusa gold prospect, Joe Pais, said the local people were still carrying out alluvial mining. He said that will stop when the company is given a full mining licence in the next two years.

Locals threaten to shut Porgera mine

Post-Courier, December 19, 2014

BY JEFFREY ELAPA

THE landowners of Porgera gold mine in Enga Province have planned to shut the mine by force after the Government failed to honour commitments under the mine memorandum of agreement. They are calling on the Department of Treasury to explain to the landowners the reason for the hold up and when the funds would be released before they take the law into their hands. Chairman of the Porgera Landowners Association Tony Mark Ekepa said from Porgera yesterday that under the mine MoA, the government agreed to provide K10 million for the construction of the Porgera-Tari Road but the funds have not been released. He said they checked with the Mineral Resources Authority for the funds but they were told the funds have not been released by the Department of Treasury. However, he said it was unfair for the landowners to miss out on the funds when the Ok Tedi landowners were given funding under similar mine agreements. Mr Ekepa said the Porgera gold is like any other mine in the country contributing to the coffers of the nation but the government intention to withhold the funding is unacceptable. "We need services like any other landowners and the failure to release the fund would have detrimental effects on the operation of the mine," he said.

Western Province working on structural funds

By ADRIAN MATHIAS, Post-Courier, December 19, 2014

THE Fly River Provincial Government announced yesterday it was working on a structure that will manage funds from its shareholders in Ok Tedi Mine and the dividends in its long term fund now subject of the courts in Singapore. Western Governor Ati Wobiro said his government and its lawyers were working on that structure which would be finalised by New Year. He said much of the funds belonging to people in Western Province in the past were abused because they were managed outside of the province. He said the new structure of his government was finalising would be a prudent one to ensure funds were properly managed and put in project areas to benefit his people. Mr Wobiro said the dividend from Western Province people's long-term fund, now the subject of court case between PNG Sustainable Development Program (PNGSDP) and the O'Neill Government in Singapore were for the people of Western Province alone.

Governor praises government on Ok Tedi

Post-Courier, December 19, 2014

WESTERN Governor Ati Wobiro said the recent announcement of 33 per cent distribution of direct shareholding in Ok Tedi copper mine to Western Province was a win-win outcome. He said this 33 per cent direct shareholding was reached through intense negotiations with Prime Minister Peter O'Neill and leaders from community mine continuation agreement (CMCA). Mr Wobiro said the shares were going to be held by four entities in Western Province. They are CMCA, Non-CMCA, Mineral Resources Star Mountain (MRSM) and Mineral Resources Ok Tedi No. 2 Ltd (MROT2). With the current 33 per cent, the Governor said the CMCA and Non-CMCA would have 11 per cent each from their previous 6 per cent under old agreement and 5.4 per cent each to MRSM and MROT2 from their previous 3 per cent shareholding.

Mr Wobiro said these distributions of shares were yet to be finalised by the National Executive Council. "The important thing about this arrangement is that Western Province will have direct shareholding in Ok Tedi which had never happened before as funds were put through trusts," Mr Wobiro said yesterday in a media conference in Port Moresby. He said what was encouraging for people in Western Province was that loans could be obtained for investment purposes because the

shares will be directly managed by the people of Western Province, which was a positive move. However, this 33 per cent shareholding arrangement did not go down well with some landowners in Western Province, especially the six mine villages Special Mine Lease and Lease for Mining Purpose and the entire Faiwol tribe within mining township of Tabubil.

OK Tedi Landowners: We Weren't Consulted About Mine Deal

Stakeholders surprised by reports of 33% share distribution

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Dec. 19, 2014) – The clan leaders and chiefs of Faiwolmin Association Incorporated representing six mine villages and the entire Faiwolmin tribe have refuted claims made by the national Government that they were consulted in the new shares distribution in Ok Tedi Mine. The Faiwolmin Association said it had fully supported the move by the Government to takeover the Ok Tedi Mine ownership since 2013 and made several consultations through their local MP Boka Kondra, and were anticipating a proper consultative process to be followed involving all stakeholders in the distribution of the equity. "However, the report in The National newspaper on December 15 stating that landowners were consulted was not true. Not even a Government delegation responsible for Ok Tedi mining equity distribution had consulted the landowners and the entire people of Western Province.

The people had been advised that the Government consultative team will be meeting with landowners to negotiate for equity distribution and other landowners benefits but we were surprised to see 33% share to Western Province," the association said in a statement. "The so-called hand-picked leaders who are making decisions for the people of Western Province have made us suffer for the past 30 years of Ok Tedi Mining operation. "We want the landowners and people of Western Province to make a new destiny for ourselves. We don't want to be just spectators again in the new Ok Tedi venture as it becomes another State-owned entity," a statement, bearing 18 signatures of the clan chiefs and leaders of Faiwolmin Association, said.

Solomons: Miner in talks with state on mine's life

The National, December 18th, 2014

Senior representatives from Gold Ridge Mining Ltd (GRML) had constructive discussions with senior representatives of Solomon Islands Government and its advisors in late October to further consider the proposed transfer of Gold Ridge mine to Solomon Islands government. Prime Minister Gordon Darcy Lilo announced for the transfer four months ago, and discussions include agreeing remedial action for Tailings Storage Facility (TSF). Current water levels in the TSF remain approximately 1 metre below the spillway and 2 metres below the main TSF wall. According to a statement by the company, while there was agreement at the meeting that the water level in the TSF needed to be reduced before the wet season, GRML is yet to receive approval or direction from the SIG to be able to re-commence dewatering.

Previously approved de-watering was suspended in mid-August due to continuing security incidents against GRML employees and property, which prevented GRML from safely continuing to de-water. The de-watering treatment plant was subsequently damaged by trespassers, and no de-watering has been possible since then. Results of recent water quality testing were considered at the meeting with the SIG, and show that arsenic levels in the TSF are well below the levels required by the Australian and New Zealand Environment and Conservation Council Guidelines for Fresh and Marine Water Quality (ANZECC 2000). With the proposed dewatering, the concentration of arsenic would be diluted immediately upon release to levels below the World Health Organisation

(WHO) guidelines for drinking water. Gold ridge is one of St. Barbara Ltd's operations. The company operates Simberi Gold Mine in New Ireland.

Crater starts mining at its PNG mine

18th December 2014, Esmarie Swanepoel

PERTH (mininwgeekly.com) – Junior miner Crater Gold Mining has started mining at its High Grade Zone (HGZ) project, at the Crater Mountain mine, in Papua New Guinea. The start of mining at Crater Mountain comes in the wake of Crater securing a mining lease, and successfully concluding a compensation agreement with the landowners. “We anticipate producing some 100 000 oz of gold in the year ahead, at an all-in cash cost of below A\$400/oz over the mining lease term, positioning the mine within the lowest quartile in terms of operating cost,” said Crater CEO Greg Starr. He added that the mining lease enabled the company to continue mining over the next five years, with the right to extend the mining lease further. “As a high margin operation, the HGZ project will generate strong cashflows, which will fund further development at the HGZ mine and exploration activities at the company's other assets,” Starr said. A Joint Ore Reserves Committee-compliant resource of 24-million tonnes, grading 1 g/t gold for 790 000 oz of contained gold has been defined at the main zone of the Crater Mountain project, which includes four prospects.

New hotel for Kiunga

The National, December 18th, 2014

By SHIRLEY MAULUDU

THE people of Western – under the Community Mine Continuation Agreement (CMCA) – will receive more benefits after completion of a hotel in Kiunga. Under the agreement, Ok Tedi Development Foundation (OTDF) will be investing K28 million for the people through their Trust Investment Funds to build the Cassowary Hotel. OTDF chief executive Ian Middleton said: “They (CMCA people) will receive a guaranteed 8 per cent return on their investment annually from Steamships over the next 10 years.” Middleton said OTDF was working in partnership in the establishment of the hotel. “The CMCA Trusts and Advisory Committee have acted on this opportunity to expand their commercial real estate investments into the hospitality industry. “OTDF has worked throughout much of the year to secure a long term agreement with Steamships and their Coral Sea Hotels chain to build and operate the Cassowary Hotel, a full service, three-star hotel.

“The Coral Sea Hotels will manage the day to day hotel operations and Pacific Palms Properties are managing the design and build,” he said. Construction of the hotel is expected to begin in the second quarter of next year and be completed in final quarter of the following year. “The Cassowary Hotel will become the most architecturally iconic building in Western; will fill a gap in the higher end business traveller market; be a catalyst to encourage tourism; will attract commerce through related service industries; employ and train CMCA people in hospitality; and create an increased demand for produce grown along the CMCA corridor,” Middleton said. Middleton stated that a binding Heads of Agreement was executed last month in Port Moresby, an occasion witnessed by chairmen from three trusts, Western Governor Ati Wobiro, and provincial administrator Dr Modowa Gumoi.

Pastor challenges court ruling on miner's case

The National, December 18th, 2014

PASTOR Steven Bagari is challenging a National Court's decision to stay ex-parte interim orders restraining Ok Tedi Mining Ltd (OTML) from dumping mine waste and tailings along the Fly River. Bagari, through his lawyer Allan Banyamai, yesterday moved a leave application for the Supreme Court before Justices Joseph Yagi, Justice Goodwin Poole and Lawrence Kangwia to determine his appeal. Yagi reserved the court's ruling to a later date after hearing submissions from counsels yesterday. The interim ex parte orders of Jan 24 were granted by Deputy Chief Justice Sir Gibbs Salika after Bagari had started civil proceedings in the National Court relating to OTML. Sir Gibbs ordered OTML and the Government to disclose to the plaintiffs and to the court records of all dividends it declared and paid to shareholders between 2001 and 2013. The State managed to successfully stay Salika's orders after another National Court judge Justice Derek Hartshorn granted their stay application on Feb 28. Banyamai argued that Hartshorn lacked jurisdiction to grant the stay for the ex-parte orders under the National Court rules. Banyamai said the orders of Jan 24 stopped OTML from dumping mine waste into the Fly River systems but not stop OTML's operations.

Mine stakeholders urged to cooperate

Post-Courier, December 18, 2014

ALL parties involved in mine exploration in Namatanai district, specifically the Anir Islands of New Ireland Province, have been urged to work together. This call was made by the chairman of the Babamais Landowners Association, Johnson Pilailo. Mr Pilailo said that mining issues concerning the explorations on Anir must be agreed upon by all landowner associations before any authorities or compensation demands can be put forward. His concern followed efforts made by the Anir Resource Owners Association (AROA) to have the National Government and other relevant authorities consider their plight. He said, land damages from four exploration companies Esso limited, City Resource, Machim and Van Gold since the 1980s have not been addressed, therefore, all registered Anir landowner associations must work hand in hand to solve the issue. Mr Pilailo's other concern was regarding the use of traditional objects such as gorgor, salat plants, pig jaws and coconut broom sticks to stop mining explorations which are violations of his and his people's birthrights. He is also appealing to the Anir Resource Owners Association chairman Paul Mimfin not to mislead people claiming that he represents all affected groups due to no consultations being made as yet, claiming that Mr Mimfin should not be using the people's gullibility for his own benefit. He further said that his concern now is for all land groups on Anir Island to be registered in line with relevant laws.

Solomons Miner Warns Communities About Tailings Dam

St Barbara awaits government approval for controlled release

WELLINGTON, New Zealand (Radio New Zealand International, Dec. 17, 2014) – The Australian based miner, St Barbara, has issued a warning to communities living around its Gold Ridge mine in Solomon Islands, saying the tailings dam could overflow. The mine has been shut since April after extensive flooding on Guadalcanal. The company says the water in the storage facility is already too high and it wants to ensure there is no unpredictable overflow. It says despite months of requests and negotiations, the Solomon Islands government has not yet given approval for a controlled discharge. The company says the water treatment plant at the dam was destroyed by vandals for the second time in August so the only way to lower the water level in time to stop an overflow is to discharge untreated water. It says recent independent tests show that the water it intends to discharge

meets international aquaculture safety guidelines and is safe to release into the Tinahulu River without treatment.

Ramu Nico faces hard times

The National, December 17th, 2014

RAMU Nico (MCC), developer of the nickel and cobalt project in Madang, says it is still facing serious deficit, technical challenges and low nickel prices despite two years into production. The US\$2.1 billion (K5.4b) Ramu nickel mine is the single largest minerals processing investment in PNG in the past decade, before the country's investment in the liquid natural gas industry. In a meeting in Madang yesterday, MCC president Wang Jicheng urged stakeholders including the landowners, to support, the project to achieve the full production. He said: "The technical rectification is ongoing and so many burdens have been put on us (MCC) with the low grade ore and complicated processing technology. "We are bothered by the low nickel price and high operating costs.

"However, we are moving forward with your support (stakeholders), we are committed and optimistic to overcome those problems in the near future and deliver the project and other commitments," he said. Wang said the project is continuing to ramp-up and beefed up from over 30% last year to over 60% this year with improvement in production. But, he signalled out technical challenges and high production costs as 'slowing the project' to realise its full production. However, the company's goal to seek the development of the project and impacted communities remains unchanged. Wang said the financial constraint this year, especially in the last two months forced the company to obtain a loan from the MCC Group and hope that will not happen again to secure the project with confidence. "I must say here that your support in the past years have helped us to bring the project this far. We would like to ask your continuous support so we can deliver the project soon to our landowners and other stakeholders who have waited patiently for a long time," he said. Executives from the four landowner associations in the project areas were present at the meeting.

Western Province salutes mine share boost

The National, December 17th, 2014

PEOPLE of Western have hailed the Government's decision to give them 33 per cent shareholding in Ok Tedi Mining Ltd, Governor Ati Wobiro says. He delivered the goods news at Pampenai village in Ningerum LLG, North Fly, on Monday where hundreds of people witnessed the opening of the new Pampenai Road. Prime Minister Peter O'Neill announced the National Executive Council's approval of the increased equity last weekend. "It is a very, very big shareholding. And it is not in benefit – it's direct, which is a very good thing," Wobiro said. "In the past the only direct shareholding was the 2 per cent shareholding by MROT 2 (Mineral Resources Ok Tedi 2) on behalf of the people from Western. "The actual distribution will be finalised through the NEC submission and the Prime Minister will make the announcement. "The increase is a very good thing for us in Western. "We will have more money to do useful things."

Ok Tedi: Resource owners delighted by move

The National, December 17th, 2014

THE Resource Owners Federation of Papua New Guinea has praised the Government for significantly increasing equity participation in the Ok Tedi Mining Ltd for the mine's landowners in Western. President Jonathan Paraia said the decision not only set a new benchmark for landowner equity participation but recognised that the Ok Tedi resource was owned by the people. "We hope that this

precedent will now cause other projects in this country to commence the divesting of equity in their projects to their landowners,” he said. Paraia said the Government’s decision would restore justice for the Ok Tedi landowners, the people of Western and PNG. “The landowners at Ok Tedi, Bougainville, Misima, Porgera, Lihir and others have had their minerals stolen and their social and natural environments poisoned and destroyed,” he said. “The usual insignificant amounts of compensation and so-called benefits paid to landowners in the past or currently are surely insufficient compared to the value of damage suffered and the value of minerals stolen from the indigenous owners over many decades. “We acknowledge that these decisions of the Government are consistent with Article 26 of the United Nations Declaration on the Rights of the Indigenous Peoples of the World.”

Ok Tedi Development Foundation assist farmers with new road, truck

Post-Courier, December 17, 2014

By Patrick.T.Wundai

Over 106 registered rubber farmers from Pambpenai village, Ningerum Local Level Government (LLG) in North Fly Electorate will no longer carry their rubber in kilograms on the shoulder and walk for 10 kilometres to reach the main road before proceeding to Kiunga. The farmers are now relieved, at the courtesy of Ok Tedi Development Foundation (OTDF) which has just delivered a 10 kilometre fully constructed road at a cost of K12.1 million. To complement the road was a new truck and a Lucas sawmill that will enhance rubber growth and production in terms of easy access and transportation to North Fly Rubber Limited. OTDF chief executive officer Ian Middleton after presenting the equipment and the vehicle, which was bought by the community through their community mine continuation agreement fund, urged the farmers to be more productive to improve their communities and lives. Mono Todin, Village planning committee chairman was lost for words on Monday when he saw the vehicle for the first time loading rubber bound for Kiunga.

"I can't believe this has happened in my dying ages. This is long overdue. I wish I am young enough and have the strength to continue my rubber farming to make use of this great opportunity. But despite this regret, I am glad at last my people will transport their rubber direct to Kiunga loaded from our doorsteps onto the truck to Kiunga," Mr Todin who appeared to be in his late 60s told this reporter at Pambpenai on Monday. The village chairman said his people have been producing tonnes for rubber but due to the non existence of a road link, they had to abandon their rubber farming. "Apart from little we benefit from OTML, rubber used to be our only source of income until the mine came into operation. Now we will go into our rubber production," he added. According to a staff member from North Fly Rubber Limited, the province produces over 150,000 tonnes of rubber earning over K9 million to K10 million a year. "The entire province produced over 150,000 tonnes per annum with the revenue of K9m to K10m but it varies depending on the price," he said. However, it was reported and shown after a visit to the rubber factory in Kiunga that tonnes of rubber are lying around the factory premises due to the drop in price of rubber in the world market.

Development plan change for new PNG mine

Radio New Zealand, December 16, 2014

The Australian multi national company, Newcrest Mining, expects to save up to 2.5 billion US dollars by splitting the development plan for a new mine in Papua New Guinea into two stages. The first stage of the Golpu gold and copper project will target the higher value portion of the ore body and is forecast to cost 2.3 billion. The joint venture project with Harmony Gold Mining was originally estimated to cost 4.8 billion. Newcrest's chief executive Sandeep Biswas says by targeting the high value core of the ore body first, the company will ensure the mine is cash flow positive earlier

in its life. Production at the mine is forecast to begin in 2020 with annual output expected to peak at 320,000 ounces of gold and 150,000 tonnes of copper by 2025.



Photo: AAP

West Sepik's Frieda mine project underway

Bridgette Komatep, EMTV, 15 December 2014

The Frieda mine project in West Sepik Province is said to be, one of the biggest mining projects next to Ok Tedi Mine in the Western Province. The project is currently in its feasibility stages and is expected to be completed by the end of 2015. As part of landowner mobilisation, a team from the Telefomin District Administration flew into the area. The Frieda mine project area is located at the border of West Sepik and East Sepik provinces but administratively, it comes under West Sepik Province, notably Telefomin District. The local MP, Solan Mirisim and his administration flew into Blackwara to address the villagers. Blackwara village is one of the seven impact villages in the Frieda Mine Project area. Based on the pre-feasibility study completed in October 2010, the mine is expected to produce 246,000 tonnes of copper and 379,000 ounces of gold annually. The potential production to derive from Frieda Mine is three times bigger than Ok Tedi Mine which is about 40 minutes away by air. The mine's first production is expected in 2017. Mr Mirisim told the people that his administration will support them to mobilise and form a recognised landowner group. He committed an undisclosed amount in the 2015 National Budget to support them. The project is currently in the feasibility stages. The mine will be developed as an open cut operation and production should commence by the end of 2015.

Miner shows in Telefomin alluvial

The National, December 15th, 2014

THE landowners of Frieda River, of the gold and copper mine in Telefomin, West Sepik, support the mine's operation. The locals said that after news of operation of the mine by PANAUST, an international mining company that decided to operate an alluvial mine at a cost of AUS\$2 billion (K1.33b), was revealed by local MP Solan Mirisim. PANAUST has a world class mine in Loas where more than 20 Papua New Guineans are working. The people told Mirisim that they were in full support of the mine after waiting for many years as many of the companies decided to do exploration after exploration. While welcoming the good news of the alluvial mine, landowner chairman

Fexian Fotisep said they would not allow any more exploration as done by past companies. He said the people supported alluvial mining and full scale mine and they were proud that PANAUST was prepared to operate an alluvial gold mine.

Mirisim said the Prime Minister was behind the operation of the mine and government would support it and see it to operate as a full scale mine. Mirisim said he would fully involve himself as one of the landowners, in getting the mine started, for the benefit of the people. He had discussions with landowners on how they would organise their landowner groups and association to participate in the mine and other issues relating to the mine. He said his joint district budget and planning priorities committee would support the local landowner association with funding in next year's budget so the people participate in spin of business benefits in the mine. He urged the people to take ownership of the mine and support PANAUST to operate for benefit of the people as the mine is expected to be one of biggest in the country, far bigger than the Ok Tedi mine. A fact finding trip is expected for the landowners to Loas to visit and see PANUST's operation there. The landowners will see environmental issues and other issues and benefits of the company's operations there.

Mt Kare: Landowners want new firm to mine

The National, December 15th, 2014

By GIBSON GEORGE TORASO

MT KARE landowners say they want a different company to mine their resources and not Summit Development, a subsidiary of Indochine Ltd which holds the leasing exploration licence. Under their landowner company, Kare Puga Development Corporation Ltd (KDC), they have filed court proceedings to stop the mining minister and relevant authorities from renewing Summit's licence. KDC managing director Simon Kambe claimed that court proceedings were taken due to breach of 11 conditions set by the mining minister and the Mineral Resources Authority (MRA) in 2012. "The mining minister and the MRA had issued 11 conditions known as EL 1093 licence renewal conditions in 2012 for Summit Development to consider but nothing has been done yet," Kambe said. He said only land investigation study (SIL) was done but no other of the condition had been implemented by the company. Kambe said though the land investigation study had been completed, it was not properly done, creating a conflict of interest which was under dispute and the National Court had restrained defendants from registering landowners.

Landowners to own 33% of Ok Tedi

Post-Courier, December 15, 2014

Prime Minister Peter O'Neill has announced that the people of Western Province will take possession of 33 percent ownership in Ok Tedi Mine Limited (OTML). NEC approved the free transfer of equity in OTML following consultation between Landowners, the Governor and Western Province officials and the National Government. The balance of the remaining 67 percent of OTML is owned by people of Papua New Guinea through the State. "This decision is fair and just, and it will be of great benefit to the people of Western Province following decades of neglect," PM O'Neill said. "The people of Western Province have long suffered extensive environmental harm that has been caused by the Ok Tedi mine. "It is important that affected communities are recognized and receive compensation, while at the same time efforts continue to improve environmental practices at the mine. "Representatives from the CMCA communities, mine villages and the Western Provincial Government will be holding further discussions to propose how the 33 percent will be distributed.

PM O'Neill advised that the management and Board of OTML will be very independent with the State and Western Province together appointing three board members, while the remaining four will

be independent experts including the Chairman who must be a Papua New Guinea citizen. “The Board arrangements will be unique for any State Owned Enterprise and this is aimed at improving governance and ensuring transparency while bringing in worlds best practice to OTML.” The Prime Minister said the Ok Tedi mine is unique and is the product of a bygone era of governance and corporate social responsibility. “It was a different world when Ok Tedi was established, when respect for the environment and downstream health issues were not given the same level of concern as they are today. “The unprecedented environmental harm has affected almost the whole of Western Province. “We cannot change the past but we have the opportunity to create a brighter future for the people of Western Province.

“The government is committed to improving the living standards of the people of Western Province. “For too long the people of Western Province have suffered from treatable diseases and today are facing the challenge of multi drug resistant TB. This is not acceptable.” The Prime Minister said people in Western Province are also determined to be given possession of the substantial amount of money held by the PNG Sustainable Development Program (PNGSDP) that is subject to an ongoing court hearing in Singapore. “The Government wants to see the money being held by the PNGSDP returned to the people of Western Province. “That money should be put to use now to improve the living standards for the people of Western Province and not whittled away by people from outside the province. “The money in the long term fund held by PNGSDP belongs to the people of Western Province and it must be given to them.”

Chairman: Ocean floor contains minerals

The National, December 15th, 2014

By SHIRLEY MAULUDU

Nautilus Minerals Inc chairman Geoff Loudon believes that the bulk of minerals is under the ocean floor. “The ocean covers 70% of the earth’s crust and another 10% with fresh waters. “So the land part of the earth isn’t that much and yet that’s where we get all of our minerals from. “As far as we can see and I personally believe, the ocean probably has got not only 70% of the earth’s surface but probably 70% of the world’s minerals storage,” Loudon said. He said the company (Nautilus) and other companies as well made evaluations for quite a while now and they were aware that the bulk of minerals including copper, nickel cobalt, manganese, were actually in the deep oceans of the world. “We have to get down there and see whether we can access it, do it properly without messing the ocean up – and everything tells me we can do that. “We don’t have to devastate any rainforest or do anything else. We simply bring this material to the surface. “Ocean mine can actually be environmentally friendly, we don’t dump any waste in the ocean – we just take the materials away,” Loudon added. He said the eyes of the world are on Papua New Guinea on this venture – the development of Solwara 1 project.

Nautilus, Petromin partner in Solwara 1 project

Post-Courier, December 14, 2014

NAUTILUS Mineral Inc (Nautilus), the operator of the world’s first seafloor mining and controversial, Solwara 1 Project in the waters of New Ireland Province says it remains focused on building the seafloor production equipment and vessels. The project which has attracted huge criticism from international, local environment campaigners, is expected to begin its construction in 2017. In a statement released last week, Nautilus said the focus of the Project will now be to complete the build of the seafloor production equipment and vessel so that Nautilus can make seafloor mining a reality. While announcing the release of its escrow funds of US\$113 (K290.48 million) to Nautilus, the company was reportedly excited to partner with the State Nominee, Petromin PNG Holdings

Limited (Petromin) in the development of the new industry, which is anticipated to generate significant economic activity within the State and the impacted Province.

The company also announced that the joint venture between Nautilus and the nominee of Petromin's subsidiary Eda Kopa, in respect of the Solwara 1 Project, has now been formed. Under the terms of the agreement between the parties, Petromin has confirmed fully funded its 15% interest in the Solwara 1 Project up to first production. Nautilus chief executive Michael Johnston commented, "we are excited to have achieved completion under our Agreement and to formally commence our partnership in the Solwara 1 Project with the State's nominee, Eda Kopa (Solwara) Limited, a wholly owned subsidiary of Petromin. "We appreciate the continued support we have received from the State Nominee in reaching this significant milestone," he added.

Meanwhile, Sir Brown Bai, Petromin Board chairman told stakeholders and media last week; "Eda Kopa now stands ready, together with its joint venture partner and manager of the Project, Nautilus, to enter into the next stage of Solwara 1's life – the development stage. "Given the challenging circumstances surrounding this Project, I believe that Petromin has proven that it has the capacity and competencies to hold and manage even the most challenging of the State's resource assets, in a commercial sound and prudent manner. The solutions and agreements reached with Nautilus and reflected in the MEA and the joint venture documents were all discussed by Petromin, with not only its interests but also the interests of the State in mind, as the State is our Beneficial Shareholder," Sir Brown added.

Solwara 1 Project to kick off in 2017

The National, 12th of December, 2014

THE development of the Solwara 1 project will kick off in the next three years, Nautilus Minerals chairman Geoff Loudon says. He said development of the project depended on the ships that will be used for the project. "The project depends on our ships. We've got contract for the ships and it will take 30 months to build the ship, another three months to put the equipment on for the mining and another three months for sea trial, so its three years to go," Loudon said. Last month, Nautilus announced that it had entered into an agreement for charter of a vessel to be first deployed for use at the Solwara 1 project. Marine Assets Corporation, a Dubai based marine solutions company which specialises in delivery of new build support vessels for the offshore industry, will own and provide marine management of the vessel. The vessel will be chartered to Nautilus for a minimum period of five years at a rate of US\$199,910 (K524,560) per day, with options to either extend the charter or purchase the vessel at the end of the five year period.

State seals 15% stake in Solwara project

By SHIRLEY MAULUDU, The National, 12th of December, 2014

THE state formally acquired its 15% interest in the Nautilus Minerals Solwara 1 project yesterday after necessary processes were completed. Speaking during the announcement yesterday, Petromin PNG Holdings Ltd board chairman Sir Brown Bai said the state nominee in the project, Eda Kopa, Petromin's subsidiary, signed a mining equity agreement (MEA) in April this year. "Under the MEA, there were three conditions precedent to be satisfied prior to completion occurring. "Firstly, the state nominee was required to pay US\$7 million (K18m) in sunk costs and place US\$113m (K296m) into escrow. "The state supported Eda Kopa with a state guarantee, against which Eda Kopa entered into a financing facility with Bank of South Pacific Ltd for K375m. These funds were fully committed to the project. US\$7m was paid on May 8, this year, in respect of sunk costs and

US\$13m (K34m) was deposited into escrow on the same date.”

Sir Brown said in doing so, Eda Kopa satisfied the funding condition precedent under the MEA. “We could not however, have done so without the backing of the state in terms of the state guarantee the Prime Minister and Ministers for Finance and Treasury,” he said. Sir Brown said Nautilus had satisfied the intellectual property condition precedent by ensuring that third parties consented to the state nominee acquiring a 15% in the intellectual property which has been developed to mine in Solwara 1. “And finally, the vessel condition precedent was recently satisfied with the recent signing of shipbuilding agreement and engagement of the Fujian Mawei Shipyard in China.” Sir Brown said satisfaction of the three conditions precedent paved way for completion to occur under the MEA.

Arbitration proceedings between government, Nautilus ends

The National, 12th of December, 2014

With the government sealing its 15% stake in the Solwara 1 project, it puts an end to arbitration proceedings between the PNG Government and Nautilus Minerals. This was according to a report released by the company last month. On March 29, 2011, Nautilus said the state had signed state equity option agreement (SEOA) and exercised its option to acquire a 30% stake in Nautilus’ Solwara 1 Project. The following month, the company announced it was in dispute with the State as to the parties’ obligations to complete SEOA and that it had initiated dispute resolution process provided for in SEOA. In October last year, the arbitrator issued an award in Nautilus’ favour in respect of issues that were subject to notice of arbitration initiated by the State. The arbitrators’ award included an order that the State comply with its obligations under SEOA to complete purchase of its 30% interest in the project and to pay 30% of all project expenditure incurred to date within a reasonable time of the award.

Nautilus then issued the PNG Government with a notice requiring completion to occur by Oct 23, last year. It estimated total amount payable by State at Oct 23, last year to be approximately US\$118.2 million (K310m) including interest. Nautilus continued discussions with the State following the expiration of date to complete, in February this year. In absence of the State’s completing purchase of its 30% stake in the project, the company announced termination of SEOA. In April this year it was announced that Nautilus and the state signed an agreement, enabling the project to move forward toward production. The State in May satisfied its obligation under the agreement to secure funding for a decreased 15% share of the capital required to complete the development phase of the project up to first production, being US\$113m (K296m). These funds were placed in escrow until yesterday.

Government does not show interest in agriculture

Post-Courier, December 12, 2014

By DONALD WILLIE

THE agriculture and natural resources sectoral committee is crying out to the Government to pay close attention to the sector than what is currently offered. This was said on the basis that 80 per cent of the population are involved in agriculture and also that there has been a decline in production for the sector as a whole. Committee president Warren Dutton said a major reason for the decline was the fact that the government is too busy and interested in the glamour of the oil and gas sector, it has forgotten about the agriculture in Papua New Guinea. "All governments throughout the world know that they need to support their farmers. Papua New Guinea doesn't know that yet."

Members of the committee said that the PNG governments approach to reviving and sustaining Agriculture in Papua New Guinea has to be changed, especially with its production policy.

"We tell the people to grow a lot of vegetables, because there is a good market in the city, and after they grow it, who do they get it to Gordon," said Provincial Agriculture and Technical Services Acting Deputy Secretary, Pataisa Hombunaka. "By the time they bring it here, a good percentage of them have gone rotten." They said, the government has to start from the markets and walk back, checking what the impediments are, such as transport systems, cooler facilities, administrations and prices. Another issue found was the prices of the produce that are farmed as price alone is the motivational item that keep the farmers working on their lands. For this, the meeting found that marketing and promotion played an important role in the agriculture business, something that the government should look at carefully and invest in.

Bougainville leaders cry foul over mining act sections

Post-Courier, December 11, 2014

By Patrick T Wundai

BOUGAINVILLE leaders are crying foul over what they described as "two controversial sections" that have been inserted into the final draft Bougainville Mining Act that is scheduled to be put on the floor of the House of Representatives in Buka this month. Messrs Sam Kauona, Mathias Salas and Michael Aitai, in what is seen as a major reversal, said the addition of Sections 8 and 9 provide a mechanism for Bougainville Copper Limited (BCL) to get back exploration licences over the prospecting authorities that it once held but which were cancelled with the passage of the August 8 Transitional Mining Bill. In a hard-hitting article which appeared on the other daily on Monday, Mr Salas, the former ABG Mines Minister in the Kabui Government, disagreed with the ABG President of caving "in to Rio/BCL pressure" and "all-out betrayal of the law making process and a betrayal of Bougainville".

Contacted by the *Post-Courier* from Arawa along with Mr Kauona yesterday in relation to their paid advertisement taken on the alleged insertion of the sections, Mr Salas said; "Yes, we now have been informed that Rio/BCL sent many high level delegations to Buka to confront the ABG to register their displeasure with the Transitional Bill that was passed in August and to propose and provide the language for the drafters to insert into the Final Bill. "This is a scandalous interference in Bougainville affairs. The troubling thing is why didn't the President just say no? I don't understand how Rio/BCL have so much direct influence over the current leadership of the ABG and their policy making process". "From a practical point, what is being proposed is unworkable and Rio surely knows it. What it seems intent on doing is to get title over the minerals so that it can sell the package off and exit Bougainville.

Chief Aite, now in his 70s and the senior chief of Eivo Torau in which constituency the PAs covering Mainoki/Karato lie, said; "Our super history grants our two major clans, Hornbill and Eagle, birthright and ownership right over our resources; Section 23 of the Bougainville Constitution and section 12 of the Proposed Draft Final Mining Bill are politicians stating what we already know from birth. They will not be taken away from us by CRA/BCL. "I remind the greedy and those that covet our resources that in July 1965 as a young man I lead the Mainoki/Karato people to chase out CRA. "It is hard for us to understand why Sections 8 & 9 crept in; because we honestly believed the Transitional Bill released us from our Colonial past and returned our stolen rights. Women and men cried openly at Kopani last week when told of Sections 8 & 9 and what it now means for them."

Mr Kauona, founding general of the BRA, chairman of BRORC (Bougainville Resource Owners Representative Committee), and unofficial leader of the political opposition at large on Bougainvil-

le, opposed to BCL being given its pre-war rights through a Mining Act, is firm in his opposition to Sections 8 and 9. Interviewed by telephone in Tunaniya, Mr Kauona said there are a number of reasons why this should not be enacted as it stands. "One, it violates Section 12 of the Transitional Act itself which states that all minerals existing on, in or below the surface of any customary land in the Autonomous Region of Bougainville are the property of the owners of the customary land. "This is in accordance with section 23 of the Bougainville Constitution. "But with the inclusion of Section 8 and 9 it says that they don't belong to the customary landowners if friends of the BEC ask for them, in which case the BEC headed by Momis has the right to expropriate them and arrange for them to be passed on to his friends," the BRA hard man stressed. BCL could not be reached for comments since the paid advertorial on Monday.

Bougainville: Stay out

The National, 12th of December, 2014

THE Autonomous Bougainville Government (ABG) has warned the O'Neill Government against controlling mining on Bougainville. President John Momis said the idea of the National Government operating mining at Panguna or anywhere else in Bougainville was "completely unacceptable". Momis said in a letter to Prime Minister Peter O'Neill that Bougainvilleans were determined to control their mining interests through the ABG. "Any attempt by the National Government to control mining in Bougainville could cause Bougainvilleans to lose all faith in the Bougainville Peace Agreement (BPA) and many would refuse to work with the National Government anymore," Momis said in a media statement yesterday. "They would want immediate independence. It would be a recipe for undermining, perhaps even destroying, support for the BPA." Momis revealed that O'Neill held a three-hour meeting with a team from the Me'ekamui Government of Unity (MGU) on Oct 9. The meeting was arranged by the office of Central Bougainville MP Jimmy Miringtoro, who is the Minister for Communications and Information Technology in the O'Neill cabinet.

Momis said the ABG had obtained minutes of the meeting, which reported the Prime Minister as saying: "Ok Tedi is your model to help you with mining in the future. "We have given the Western Province 20% ownership of Ok Tedi," and, "I will give 35% to Bougainville in any mining in the future." He said the minutes indicated that O'Neill wanted the National Government to control mining at Panguna in the same way it controlled Ok Tedi. Momis said during his meeting with the PM in October and November, O'Neill made no mention of the views he expressed to the MGU team. "He (O'Neill) must explain why he can express such dangerous proposals to the MGU, and refuse to discuss them with me," Momis said. "Is he trying to divide the people of Bougainville? "If such views were expressed by the prime minister, they clearly have serious potential for undermining relationships between the ABG and the National Government. "In the interests of maintaining a working relationship between your Government and mine, it is essential that the prime minister clarify his position on these issues. "The Bougainville Peace Agreement (BPA) states that the main goal of Bougainville's autonomy is to 'empower Bougainvilleans to solve their own problems, manage their own affairs and work to realise their aspirations. "Because of our experience of mining, mining was in the first set of powers that the ABG requested to be transferred from the National Government."

Papua New Guinea steps on the gas

Oxford Business Group, 10 Dec 2014

A surge in liquefied natural gas (LNG) exports is expected to nearly treble the pace of economic growth in Papua New Guinea in 2015 putting the South Pacific island nation at the top of the league of fast-growing economies and helping it bridge a widening budget deficit. The government esti-

mates the economy will grow by 15.5% next year, when it unveiled its budget in November. This follows estimates from the World Bank's East-Asia Pacific Economic Update, published mid-October, that the economy will grow by 20% next year, underpinned by gas exports from its \$19bn plant. The bank noted that growth will more than offset the end of LNG-related construction, declines in copper exports, and weak cocoa and coffee production. The Asian Development Bank (ADB) echoed this sentiment with forecasts of GDP rising by 21% in 2015, up from 6% this year, in its outlook published early December. The growth far outpaces regional peers with the next best performer, the Philippines, expected to post GDP expansion of 6.7%.

However, growth in activity outside the resource extraction sector is likely to remain weak, with non-resource GDP projected to grow by 0.4% in 2014, compared to the 9.2% recorded during the peak of the construction phase in 2012, according to the World Bank. However, growth in the non-mining sector will recover to reach 4% growth in 2015, which will provide modest support to employment growth, it noted. This prompted calls in December from the IMF for a renewed policy focus on growth in the post-LNG construction in a bid to boost the non-resource sector. It said high priority areas include the delivery of frontline health and education services, including sufficient allocation of critical recurrent expenditure. It also called on the government to introduce its sovereign wealth fund as soon as possible, an idea originally mooted in 2011. "The fund will be established under the Treasury, although it will be administered by an independent board and subject to its own legislations," Charles Abel, Minister for National Planning told OBG. "Lately we have refined its structure, how it will filter into the budget and what portion of it will be set aside for future generations."

Turning around deficits

The first shipment of natural gas from PNG's liquefied natural gas (PNG LNG) project began in May 2014, and the country is poised to become a major global exporter, with production that will exceed 9trn cu metres of gas over the project's 30-year lifespan. The government will start to see a direct impact on its bottom line next year as LNG exports move. After unveiling its budget in November, the government came under fire for its budget deficit extending to around \$880m or 5.9% of GDP in 2014 with the deficit expected to run until 2017, largely driven by investment in infrastructure. The 2015 deficit, however, is targeted to decline to 4.4% of GDP thanks to additional mining and petroleum taxes on the back of the LNG gas exports. However, while LNG shipments are being ramped up, the actual transfer of funds to equity holders – including the state – will not come until well into 2015, according to Peter Graham, the managing director of ExxonMobil PNG, which heads up the country's main gas production operation. "The first equity payment to partners will be in the later part of 2015," Graham told a media briefing in late October. The World Bank estimates that the project is around 80% owned by non-residents, meaning that only a fraction of LNG receipts will be retained in the domestic economy in the short-term.

Price fears

The revenue stream may also have some of the momentum taken out of it by increasing levels of natural gas coming onto the market, and the rise of shale gas. With a number of gas projects coming on-line in PNG's backyard, including three in Australia alone in the next year, international prices may come under pressure as Asia moves towards a supply surplus. At the same time, LNG prices may be subject to risks from oil price fluctuations in the long-term, due to LNG contract prices in Asia typically being linked to the Japan Customs-cleared crude oil price. However, Prime Minister Peter O'Neill told international media in December he was confident PNG would be able to ride out the slump in energy prices and bring national debt back below the legislated cap of 35% of GDP, despite oil price declines exceeding forecast expectations in the recent \$6bn budget.

Ok Tedi: Landowners sign deal to be part-owners of company

The National, December 10th, 2014

By GIBSON GEORGE TORASO

LANDOWNERS of Ok Tedi Mine have set a precedent in the industry when they signed an agreement with the government to have 33% share in becoming part-owners of the company. The 33% will be shared among community mining continuation agreement (CMCA) areas, six mine villages, the Fly River provincial government and the non-CMCA areas in the province. CMCA spokesman Richard Zumoi said when BHP, the operator of the mine, went to close the operation, negotiations began between the stakeholders in 2000 and it was agreed in principle that mining would continue to operate beyond 2013. Zumoi said BHP off-loaded 52% share to the PNG Sustainable Development Programme (PNGSDP), which was created by BHP for environmental concern in the mining areas.

“Off-loading share means liability to any future damage to the environment, so between 2006-07 we asked PNGSDP for a discussion on its focus on the provinces that gave PNGSDP responsibility on environmental and development affairs when we saw little change,” he said. Zumoi said the CMCA communities and the overall landowners became so concerned when the government took over control to become 100% share owner. “But the government has given us a chance when parliament engaged people to hear our concern on what was needed and wanted as landowners at the mine,” he said. Zumoi said when the government was opening the door for CMCA areas involved, all stakeholders of the mine discussed issues that were relevant to the operation of the mine and the people in the province.

Harmony Gold eyes job cuts to lower costs

The National, December 10th, 2014

Harmony Gold has started consultations on job cuts aimed at lowering costs and returning the operation to productivity. It has begun a consultative process with unions and the government about job cuts at Kusasalethu, where it employs about 6300, the company said. The mine has posted losses since 2012. The current situation is clearly unsustainable. Kusasalethu, Harmony’s biggest mine by output, has been a millstone for the past two years as union rivalry, technical hitches and a shut-down needed to remove illegal miners eroded profits. In another development at Harmony, an initial study looking at the viability of the Wafi-Golpu copper and gold project in Papua New Guinea is nearing completion and could be released this month, according to a presentation on Harmony Gold’s website.

Wafi-Golpu copper-gold project has a resource of 28.5 million ounces of gold and 9.5 million tons of copper. The project is a 50:50 joint venture between Harmony and the Australian gold mining company Newcrest Mining Ltd. Once pre-feasibility study has been completed, the two companies will decide whether to approve it or to start with a feasibility study. About 70,000 hours have been spent on refining the viability study. The Golpu resource was described in the presentation as “spectacular”. As part of the project, there have been talks with the PNG government regarding permitting and approvals as well as engagement with landowners and the local community.

Simberi mining women ready for business opportunities

The National, December 10th, 2014

The Simberi Women In Mining (SWIM) association is now ready to take part in business spin-off opportunities presented by the operations of the Simberi Mining Project. The association recently

received a new vehicle that is expected to be leased to operators of the Simberi Gold Mine under an arrangement being discussed. The vehicle was funded by the National Government through the Mineral Resources Authority under its partnership with the World Bank through an assistance scheme called World Bank Technical Assistance 2 (WBTA2) project. Under the project, the government and the World Bank are rolling out the Small Grants Programme where women's associations and groups impacted by mining in the country, are being assisted with funding to venture into sustainable income generating activities. The idea is for these women's groups to start up small businesses or acquire life skills through capacity building training, using the funds so that they will be able to sustain their livelihoods after mine life. MRA Simberi project coordinator Wesley Doria urged the women to work together with their executives to ensure the success of this project.

Extractive industries: Opposition worried at slow government pace

Post-Courier, December 10, 2014

The Opposition is concerned with the slow work by government on the establishment of the Sovereign Wealth Fund and Extractive Industry Transparency Initiative. And the Leader of Opposition Don Polye wants the government to retain the original set-up of the two to ensure their independent management and administration without any political influence. "When I was the Treasury Minister, I initiated the creation of SWF to manage proceeds from LNG to avoid Dutch disease and for macro-economic stability. EITI is to ensure the industry and the government are very transparent to all the stakeholders. "The initial version of SWF is for the LNG proceeds to be managed through the parliamentary budgetary process and not like the how UBS loan was treated," Mr Polye said. He said the EITI is obliged to disclose to stakeholders the quantity of minerals and petroleum products being sold out, the tax revenue to the government, their annual profit, overall expenditure, how much have they contributed to which programs of the government, the names of shareholders and what portion of the shares each hold and how much is the proceeds.

Welcoming the news of PNG being capable of hosting five LNG plants, he said the risks of mismanaging funds from the extractive industry are very high in the light of their absence. "Our country has been reported as the most corruption nation in the global corruption index. In order for us to improve the ranking is through the establishment of SWF, EITI and other transparent systems of governance," said Polye. He has assured to the people of PNG he would continue to fight to ensure initial versions of EITI and SWF to achieve their objectives, saying O'Neill-government has been seen fit to mismanage the country's economy. "The management tools are not in place and the opposition is very concerned about the mismanagement of funds from the extractive industry. "It is highly suspicious to note that the first shipment of the LNG left our shores when the SWF and EITI have not been established," said a fearful Polye

Expert: PNG has bigger gas potential

Post-Courier, December 09, 2014

PAPUA New Guinea is a country capable of being host to five liquefied natural gas liquefaction plants to absorb the abundant gas resources currently being explored and developed or are at the under developed stages, according to a world renowned energy expert. Fereidun Fesharaki, the chairman of Facts Global Energy (FGE) told an industry gathering recently in Port Moresby that given the current petroleum discoveries and developments in the country, PNG has positioned itself in building five (5) LNG trains to add to the demand for massive global LNG supplies planned post-2017 when demand of LNG will increase. Mr Fesharaki whose work is well recognised worldwide for pioneering oil and gas market analysis and studies of the Asia Pacific/Middle East energy markets since the early 1980s said that already the ExxonMobil led PNG LNG Project is a two train

with a third train on sight while InterOil led Elk-Antelope gas project proposal for two trains would give PNG a 5th LNG train.

The world's energy expert stated that when the Elk-Antelope LNG project comes into production steam and the third train is added by ExxonMobil, PNG would then be poised to set a mark on the LNG producing countries' map when all the petroleum prospecting licences are fully developed. He said the 5 train LNG would possibly increase when more gas discoveries are developed in the future. InterOil Corporation chief executive officer Michael Hession alluded to Mr Fesharaki's projection that PNG truly stands to be a player in the global energy markets. He said more drillings are being undertaken at various exploration sites in the Elk-Antelope project sites in 2014 and will continue into 2015 to appraise the gas reserves so that the proposed 2 LNG trains are built. "We are drilling at least eight wells. Two of these wells will continue appraisal of Elk-Antelope, the giant gas field that we are developing for Papua New Guinea's next LNG project.

"Elk-Antelope will be another massive nation-building project on the scale of PNG LNG. "We are confident the field will support at least two production trains and possibly more. "The Elk-Antelope joint venture expects to finish front-end engineering and design in 2016 followed by a final investment decision. "As we move towards that decision, we will build off the reputation that Papua New Guinea has created as a country that can deliver mega projects, most notably PNG LNG," Mr Hession added. According to Sport Rich List, among the top 10 LNG Producing countries are USA, Russia, Iran, Canada, China, Qatar, Norway, Saudi Arabia, Algeria and the Netherlands. "They are leading countries in the production of Natural Gas. These countries are working to find more resources," the newswire stated. Meanwhile, about 9.6 trillion cubic feet of gas (tcf) is expected to be produced from a two train LNG plant of the current PNG LNG Project over a 30 year period while over 9.9 tcf is expected from the next two trains from the Elk-Antelope project. According to reports from industry players, the current gas reserves would make room for more trains exceeding the projected 5 trains.

Transparency vital in resource management

Post-Courier, December 08, 2014

AN EXTRACTIVE industry advocate has thrown its support behind the United Nation's (UN) call for caution towards foreign investment in PNG and urged the government for transparent investment deals. Simon Ekanda, a vocal extractive industry voice whose legal proceeding against PNG LNG Project operator ExxobMobil and parties in the National and Supreme Court is set to be heard this week said, "the government must take heed of the UN's call for cautions when dealing with foreign investments particularly in the extractive industry. It's crucial in light of past failure by successive governments in dealing with foreign investment in secretive manner at the expense of Papua New Guineans," Mr Ekanda who represents the Hides LNG resources told this newspaper at the weekend. He said a classic example of a consequential government inability and failure to manage resources owners concerns is the 10 years Bougainville crisis.

"Because the resources owners feel that they are left out and made to be spectators and keeping them away from open and transparent investment deals, they object to allow any investment in the areas they felt they owned," Not only concerning resources owners, we have billions of kina investments in the likes of Porgera Gold mine, Ok Tedi, Kutubu, Gobe Oil projects, and now the PNG LNG Project; yet we don't know how much the people benefit and how much the investor and government get for returns. It's now crucial for the government to make some policies as suggested by UN so the significant wealth generated from our resources are transparently and accountably managed for the greater benefit of this country and its future generations," Mr Ekanda said. He stressed that since the operations of Ok Tedi Mine, Porgera, Bougainville Copper, Misima, Lihir

and other oil and gas projects some 30 years ago, K150 billion as alluded to by the UN has been invested in the country but there has been no positive impact on the lives of Papua New Guineans as well as any effect of prudent management of the resources booms.

"Billions kina of extractive industry revenue have been mismanaged and we don't want history to repeat in light of our major resources booms such as the PNG LNG Project, the Elk-Antelope Project, Stanley Gas Project, Wafi-Golpu mining project, Yandera project, Solwara 1 and other mining projects in the country," Mr Ekanda added. Meanwhile, the UN has urged Prime Minister Peter O'Neill and his government for a cautious and planned approach to new foreign investments, following his invitation to overseas investors at last week's PNG Mining and Petroleum Investment Conference. "Before further expanding mining and exploration activities in the country, the UN is encouraging Government, and investors in the extractives industry, to review the range of policy options put forward in the National Human Development Report which was launched in Port Moresby last week.

UN resident coordinator in PNG, Mr Roy Trivedy says while foreign investment is contributing to the country's economy, better strategies need to be in place to take the significant wealth generated by extractives industries and translate this into meaningful human development for citizens across the country. "Over the past 40 years, the country has had over K150 billion invested as a result of private corporations involved in the extractives sectors. PNG has also experienced 14 years of consecutive economic growth – an achievement experienced by very few countries globally – but this financial growth is not clearly visible in terms of significant improvements in the wellbeing of all citizens," Mr Trivedy said. "Poverty levels in the country have stayed virtually the same as in 1996; health, education, literacy and other human development indicators remain stubbornly low," he said. "We are seeing what is known as a 'paradox of plenty' – a situation where the country's resource wealth is not translating into increased opportunities and capabilities for the majority of citizens," he said.

Miner providing direct benefits

Post-Courier, December 08, 2014

By Tumble Sam jr

The Wafi Golpu Joint Venture mining project in Morobe, a 50:50 joint venture between PNG subsidiaries of Harmony Gold Mining Limited of South Africa and Newcrest Mining Limited, will continue to have direct impact and benefit to PNG as long as the projects continue its operations. The Wafi Golpu project has significantly produced quality resources of 28.5 million ounces of gold and 9.5 million tonnes of copper with an updated Pre-Feasibility Study nearing completion. Bryan Bailie, executive project director told the 13th Papua New Guinea Mining & Petroleum Investment Conference in Sydney on Tuesday; "The project is very effective in local's procurement and contracting in of goods and services and its capital investment. It will increase with the ongoing operational expenditure and continue in providing employment opportunities and skills training development for the people. The project will also continue to support in economic contribution through taxation, company tax, land owners royalties and mining levy," he said. However, the company also hopes to expand its business dividends with the local businesses through cross-sectoral benefits in the broader economy and community development and business opportunities through partnership.

"The company has a firm stand to engaging stakeholders and communities by regular liaison with communities and associations through the briefings of the local, provincial and national Government," Bailie said. The Wafi Golpu Joint Venture mining project has invested a lot in social infrastructure, especially in the health and education sector and continues community capacity building

through partnership with Mineral Resources Authority and the Business development. "Environment and Cultural Heritage is also a paramount concern for the company during its operation. The company has already submitted its Conditional Environment Permit application for possible Advanced Exploration and Feasibility Support Activities. It has comprehensive suite of baseline environmental information available from long-term monitoring programs. "The ongoing environmental monitoring and expansion of the hydrological and meteorological monitoring network through considerable rehabilitation was a success and no significant incident in program delivery has occurred during the operation of the project. The company also has taken an initiative to carry out a baseline cultural heritage studies which has been completed," Bailie said.

Anglo American signs up for PNG exploration project

Esmarie Swanepoel, Mining Weekly, 8th December 2014

PERTH (miningweekly.com) – Mining major Anglo American has entered into a joint venture (JV) agreement with ASX-listed Highlands Pacific over its Star Mountain copper project, in Papua New Guinea. Under the term of the nonbinding letter of intent, Anglo American would pay \$10-million, in two tranches, to Highlands. The first payment was due on the execution of a definitive farm-in agreement, while the second payment was due 12 months later. Anglo American could earn a 15% interest in the Star Mountain project by spending \$25-million on exploration over a four-year period, from the date of executing a farm-in agreement. The mining major would be entitled to increase this shareholding to 51% upon the declaration of a Joint Ore Reserves Committee-compliant resource estimate of about three-million tonnes of contained copper equivalent, within five years of executing the agreement. Anglo American could move to an 80% interest in the JV by completing and sole funding a bankable feasibility study (BFS) for the Star Mountain project within 15 years of the execution of the farm-in agreement.

Furthermore, Anglo American would provide Highlands with up to \$150-million in project development funding as a deferred free-carry following the completion of the BFS, while Highlands would continue to manage the project. However, Anglo American would have the right to take over management of the project once it has invested \$25-million in project expenditure. Highlands MD John Gooding said on Monday that the Australian company had identified a prospective and large area of porphyry-style copper/gold mineralisation, which the company believed had excellent potential. "It is refreshing and encouraging that Anglo American, one of the world's largest mining companies, acknowledges the significance of our exploration to date. Its involvement will advance the project to the next stage of development by providing the financial and technical capabilities that will enable Highlands to unlock the potential of Star Mountain. The Star Mountain tenements cover some 515 km² of project area and are located 20 km from the Ok Tedi mine. Highlands has identified 17 copper/gold targets to date, and has drilled six of these.

Letter to the editor

Ok Tedi: New mine agreement without people's say

The National, December 8th, 2014

THE Government and OK Tedi Mining management did not consult the bulk of the people of Western Province for their input and consent before signing the 11th Supplementary Agreement. It is a slap in the face for the silent majority of the people of Western Province who are victims of massive environmental damage for the past thirty years. People along the road and river corridor have died and continue to die from the effects of environmental pollution over the years. However, the government has continued to ignore the suffering of the people and is seemingly hell bent in making

money from the Ok Tedi mine at the expense of the welfare and lives of the people. What the government has given to the Community Mine Continuation Agreement (CMCA) people is pittance compared to the government's slice over the years. This is absolute injustice to the people and the environment. As affected people we seek immediate redress to rectify this inhuman, genocidal approach by Ok Tedi Mining Limited to operate the mine by dumping waste into the Fly River system and its tributaries.

It is most regrettable and unfortunate that governments over the years have maintained the same stand in reckless mining and causing massive environmental destruction and continue to do so. Governor Wobiro should be ashamed for approval of the agreement and in doing so has signed a death warrant for the very people who gave him the mandate. The annual compensation payments have become smaller in amounts ranging from K65 to K85 per person which is absolute mockery and lacks morality. I urge all the province people to wake up from their slumber and silence and shout louder than ever before. We will look at legal avenues to ensure justice is eventually done to the people and the environment. For the huge vote in Parliament for mine life extension this is absolute genocide for the people of Western Province. This means the rest of Papua New Guinea will continue to enjoy the bulk of the monetary benefits from Ok Tedi mine while the people of Western are most likely to succumb to the effects of pollution for the lifetime of the mine until true justice is eventually done. The Patriot, Western Province

Miner warns of leakage in Solomons

Radio New Zealand, 5 December 2014

The Australian mining company St Barbara is warning Solomon Island communities living downstream of its closed Gold Ridge Mine to be prepared for possible chemical spill from the mine in the weeks and months ahead. The call comes after continued delays to a controlled drainage of water levels in the mine's tailings dam, which holds dangerous concentrations of ammonium and cyanide. The company says a controlled release is unlikely to cause environmental damage. The company is blaming the Solomon Islands government for failing to carry out community consultations which it agreed to do in October as a prerequisite to approving the controlled draining of the mine. Gold Ridge has been closed since April.

UN urges for wise foreign investment

Post-Courier, December 05, 2014

The United Nations is urging for a cautious and planned approach to new foreign investments, following the Prime Minister's invitation to overseas investors at this week's PNG Mining and Petroleum Investment Conference. Before further expanding mining and exploration activities in the country, the United Nations is encouraging Government, and investors in the extractives industry, to review the range of policy options put forward in the National Human Development Report which was launched in Port Moresby last week. United Nations Resident Coordinator in Papua New Guinea, Mr Roy Trivedy says while foreign investment is contributing to the country's economy, better strategies need to be in place to take the significant wealth generated by extractives industries and translate this into meaningful human development for citizens across the country. "Over the past 40 years, the country has had over PGK 150 billion invested as a result of private corporations involved in the extractives sectors.

Papua New Guinea has also experienced 14 years of consecutive economic growth – an achievement experienced by very few countries globally – but this financial growth is not clearly visible in terms of significant improvements in the wellbeing of all citizens," Mr Trivedy said. "Poverty le-

vels in the country have stayed virtually the same as in 1996; health, education, literacy and other human development indicators remain stubbornly low,” he said. “We are seeing what is known as a ‘paradox of plenty’ – a situation where the country’s resource wealth is not translating into increased opportunities and capabilities for the majority of citizens,” he said. Mr Trivedy notes that the paradox of plenty, also known as the resource curse, is especially apparent for the large majority in rural areas, and particularly for vulnerable and marginalized segments of society, including women, children, elderly, youth, people suffering from long-term illnesses, and those living with disabilities. “It is the most vulnerable of our society who should be benefitting most from the resources boom, but instead there is a danger of them being left further and further behind.” The report released last week, titled ‘From Wealth to Wellbeing: Translating Resource Revenue into Sustainable Human Development’ highlights policy options that Government and leaders in Papua New Guinea can consider to help improve the impact of extractive industries at national, provincial and local levels. The report outlines the importance of:

- improving social and environmental management practices in areas affected by mining and exploration;
- assisting companies involved in the extractives sector to invest more in promoting local businesses, skills training and supply chains in the areas where they operate;
- establishing a national independent dispute resolution mechanism;
- integrating corporate community development contributions with other resource flows such as DSIP funds;
- improving public discussion and understanding of the role of the Sovereign Wealth Fund;
- improving the provision of information and the collection of data on health, education and well-being of adults, children and communities – at local, provincial and national levels;
- reviewing benefits sharing agreements between land owners and the state.

While the release of the National Human Development Report is a key milestone, Mr Trivedy says the next important step is discussions at all levels across the country. “The policy options outlined in the National Human Development Report need to be discussed widely across Papua New Guinea; and if properly followed up with action at national, provincial and local levels, could help significantly boost the wellbeing of more people across the country. It would help Papua New Guinea to make faster progress towards its aspiration of being in the top 50 Human Development Index countries in the world by 2050.”

Local heads Ok Tedi Mining

The National, December 5th, 2014

The board of the Ok Tedi Mining Ltd has appointed Musje Werror as the chief operating officer to lead OTML. Werror took up the role effectively this week to work with OTML’s retiring managing director Nigel Parker on a smooth transition and handover functions. OTML chairman Sir Moi Avei said: “It is a matter of considerable pride for me, as a Papua New Guinean, to advise that in the company’s first year as a fully-owned State-Owned Enterprise we have appointed our first Papua New Guinean executive leader of the business in Musje Werror.”

Communities say no to seabed mining

Seraphina Aupong, EMTV via PNG Mine Watch 4 December 2014

Coastal communities are concerned that the government is not seriously considering their opinions and concerns when it comes to mineral resource plans in the country. The people of Karkar Island in Madang maintain their “NO to seabed mining” stance with Nautilus Minerals and the govern-

ment. This comes amidst the PNG Mining and Petroleum Investment Conference which ended today in Sydney, Australia. In 2012, a petition to stop the advance of seabed mining in the country had the signatures of 9,200 Karkar islanders. The total signatures collected from Papua New Guinea and people all over the world reached 24,000 and this petition was handed to the concerned minister, Byron Chan. Rosa Koian from Bismarck Ramu Group, a member of the community coalition who presented the petition to Minister Chan, said to date, there has been no response from Chan to the communities regarding the petition. The only discussion they seem to be having is with Nautilus Minerals. People from Karkar Island still maintain their stance, saying the government should not leave them out when it comes to making decisions that will affect their livelihoods. People from coastal communities depend on fisheries resources for their daily survival and for commercial purposes. The Chamber of Mines and Petroleum are hosting their flagship biennial conference in Sydney. The theme, "PNG Resources – Expanding Horizons", speaks of the plans the PNG government has in breaking new grounds in the area of coal and seabed mining.

Polye calls for tailings plan

Post-Courier, December 05, 2014

KANDEP MP Don Polye has urged the Government to present a comprehensive plan on how to address tailings disposal and the other environmental damages at the Ok Tedi mine in the North Fly district of Western Province. He said this yesterday when noting the passing of the Eleventh Supplementary Agreement Bill on the OK Tedi mine extension in the Star Mountains. The former treasury minister said the Environment and Conservation Department was responsible for the planning of the mine tailings. Environment and Conservation Minister John Pundari said the OK Tedi mine was not a new mine and building another tailings dam would be a costly exercise. The money would be better spent on the people to clean up the previous mess caused by the mining operations. The passing of the Ok Tedi Mine Extension (Eleventh Supplementary Agreement) Bill by Parliament means that the life of the mine would be extended under its full control and authority over its future development. "This Government has changed the style of operating mines inside this country and has set the foundation for new features for more mines to come," said Public Enterprises and State Investment Minister Ben Micah.

Porgera: Police, soldiers break up protest at mine camp

The National, December 5th, 2014

POLICE and soldiers dispersed protestors in Porgera who burnt tyres at the gate of the Barrick mine last Saturday in protest over the awarding of cleaning contracts by the company. It is believed that the protest was to stop the workers employed to clean the mine camp site on Saturday. Joint Security Forces contingent commander Norman Kambo warned the people not to disrupt any services or cause any public disturbances. He said there were laws and procedures to follow in resolving such disputes. Landowner company Total Cleaning and Housekeeping Service Limited had its contract terminated after it expired last month. Locals had staged a peaceful march in October to present a petition to Barrick PNG executive general manager Greg Walker. Walker said the cleaning contract had been awarded to the Porgera District Women's Association.

Locals call on Government to remove LLG authority

The National, December 5th, 2014

By LAZARUS BIRA

THE people of Kutubu are calling on the Government to remove the Kutubu Local Level Govern-

ment Special Purpose Authority management board because of the lack of development in the area. Local landowner Allan Ricks said the authority was established under the Provincial and Local Government Act to manage the Kutubu oil project development grant for development in the LLG. Kutubu LLG Ward 13 councillor and PDL Incorporated Land Group chairman Franks Edayo, and Kutubu Churches Federation chairman Menem Waiyapo told The National by phone from Kutubu yesterday that a new board should be elected immediately. Ricks said the National Budget Funding (Warrant) Reports this year from Treasury showed that K14 million had been released by the Government to the authority. But the money has not reached the people.

Ricks said the authority's bank account statement showed that the K14 million had been deposited. "Since the entity's establishment in 2002, it has been receiving millions of kina in special support grants," he said. "To date none of the funds have reached Kutubu in terms of tangible development on the ground. "The poor condition of roads, bridges, health and church infrastructures established in the colonial days are the course of our concern. "It is very sad and shameful to see this happening at the doorstep of a multi-billion kina oil project. "Therefore we strongly demand that the board be terminated and replaced by a caretaker administration." He said they were forced to bring the issue up in the media because Government authorities were ignoring it.

Gold trader: Cops robbing workers in Enga province

By Franklin Kolma, Post-Courier, December 05, 2014

A gold trader in Enga Province claims he is being hounded by the Porgera police force. He has lodged his complaint with the Enga provincial police commander, who confirmed that an internal investigation was underway. According to Rimbink Minig, police tasked with providing security at the Porgera mine site are instead robbing businessmen and workers who are involved in alluvial operations. He told the Post-Courier that he was singled out by the police who removed K9000 from the possession of his employees in October and then, more recently, impounded a new Toyota LandCruiser for no particular reason. Mr Minig said at 9pm on October 16, three of his employees transporting gold and cash were stopped and police asked for their trade licences. When they produced an IPA certified licence, they were told by the police that these were not original licences and K10,000 in gold and cash were removed from them. Provincial police commander George Kakas said he was not aware of such acts and that he had given no such order for random roadblocks.

"I am looking into the matter seriously and will find out the facts," Superintendent Kakas said. "If there are any discrepancies in police conduct, the officers responsible will be dealt with hastily." Mr Minig said his Toyota LandCruiser was impounded by police in Porgera after telling the driver they wanted proof of ownership. "They ignored my driver when he told them that this was a vehicle owned by me and arrested and held him in prison, only releasing him after I was forced to pay a ridiculous sum of K5000 for bail," said Mr Minig. Mr Minig is in Port Moresby to get the original financial papers proving that he bought the vehicle so that he can return and remove his car from police custody. Furthermore, Mr Minig said he is only one of many businessmen and mine workers working in the Porgera site who go about their business fully aware that the very people who are guarding them could at any time turn hostile.

IMF To PNG: Utilize LNG To Facilitate 'Inclusive Growth'

Country urged to control debt, invest in health and education

By Gorethy Kenneth

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Dec. 4, 2014) – With the liquefied natural gas (LNG) production and exports starting in Papua New Guinea the resource sector growth is

projected to surge next year. But PNG has been cautioned that spillovers to the rest of the economy may be more limited. This is from the executive board of the International Monetary Fund (IMF). "Papua New Guinea's economy is undergoing an important transition," it said. The IMF said that while the commencement of LNG production would boost overall GDP growth in 2014-15, the slow growth of the non-resource sector called for a renewed policy focus on inclusive growth in the post-LNG construction era. It said that prudent macroeconomic policies were essential to maintaining debt sustainability and external and financial stability during the transition. "Following strong Government expenditure growth over the past three years, steadfast fiscal consolidation is now needed to ensure debt sustainability. "With modest LNG revenue expected over the medium term, expenditure restraint will be key to meeting existing Government debt targets and provide an opportunity to align spending levels with absorptive capacity and improve spending quality," the IMF board said.

It said that better expenditure prioritisation and public financial management would be crucial for improving development outcomes. High priority should be given to implementing high-impact projects and improving the delivery of frontline health and education services, including sufficient allocation of critical recurrent expenditure, it added. It said recent progress on strengthening public financial management was welcomed, but greater efforts were needed to improve the management of trust accounts, cash flows, and public debt; notably transparency in contracting government and state-owned enterprises loans. "The sovereign wealth fund (SWF) should be put into operation as soon as practical. The authorities' intention to retain the essential features of the original SWF design is welcome, in particular the strong commitment to ensuring resource revenues are channeled through the budget to the greatest extent possible. "This move would better enable the use of public resources to achieve development priorities and is consistent with the SWF's role in macro-economic stabilization and wealth sharing," the IMF said.

K38million deal to re-start Kainantu mine project

The National, December 4th, 2014

Otterburn Resources has announced that the company and K92 Holdings International Ltd have signed a term sheet for a US\$15 million (K38m) senior secured gold loan facility with Auramet International. The facility relates to Otterburn's intended purchase of K92 which holds rights to acquire the Kainantu gold and copper project. Under the term sheet, the US\$15 million to be provided to K92 will be used to re-start the Kainantu Mine Project in the Eastern Highlands. It would be repayable to Auramet by monthly delivery of gold from next September through the maturity date in December 2016. In addition, it is expected that Auramet will receive 1,000,000 share purchase warrants with a \$0.65 (K1.66) strike price and a three-year term, as well as structuring and drawdown fees totalling 3% of the Facility amount.

Auramet is a global physical metals merchant run by highly experienced professionals providing a full range of services, including metal merchant, merchant banking, structured finance and advisory services. Chief executive of K92 Ian Stalker said: "We are delighted to partner with Auramet in bringing the Kainantu Mine Project back into production for mid-2015. The Auramet facility is a strong vote of confidence from an experienced mining lender and accessing this financing will minimise shareholder dilution while giving K92 the funds to deploy our business plan for this exceptional opportunity. It is a short term facility, with payback by end of December 2016, and no ongoing commitments required beyond the payback date. K92 will retain full upside exposure."

Australian Company A Step Closer To Solomons Nickel Mine

Axiom awaits final appeal by Japanese giant Sumitomo

By PNG correspondent Liam Cochrane

MELBOURNE, Australia (Radio Australia, Dec 3, 2014) – Small Australian firm Axiom is nearing a final victory over Japan's Sumitomo over rights to mine nickel in Solomon Islands. Taho Village sits on the southern shore of Santa Isobel, an idyllic picture postcard vision of South Pacific paradise. A short helicopter flight north of Solomon Islands capital, Honiara, on nearby Guadalcanal, Taho in recent years has become the battleground in a war fought between Japanese trading giant Sumitomo and tiny Australian group Axiom Mining. The prize is a huge magnetite nickel deposit and, against all odds, Axiom has prevailed after a resounding win in the courts in October following four years of legal skirmishes. It is a win that has the locals cheering. When Axiom chief executive Ryan Mount and a group of investment bankers flew in a fortnight ago, the entire village turned out to greet them. In this deeply religious community, the David and Goliath imagery of the stoush has resonated with the locals as the priest conducts a blessing - a spiritual cleansing - of the site while the village prepares a traditional feast of sweet potato, lobster and outsized mud crab.

A buoyant Ryan Mount is itching to get underway with the project which sits on uninhabited land nearby. So close to the surface is the deposit, little will grow on the land. "One of the reasons we can bring this to market so quickly ... is because this deposit lies closely to the surface," he explained. "The deposit also sits right on the shoreline and that shore encompasses a deep water harbour. Those three aspects combined mean that we can move this to market very quickly." Not everyone is overjoyed about the development, but opponents are unwilling to appear on camera. They worry about soil run-off during the heavy tropical rains and question whether locals really understand the impact of removing the top layer of their land given the fragile ecosystem. Axiom, however, prides itself on its relationship with the local communities. It has gifted a 20 per cent stake in the company to the two main landowner groups.

Mount, a former Sydney stockbroker who took control of Axiom after the Sumitomo legal action looked likely to send it to the wall, has a deep personal connection to the island nation and will live there permanently once development begins. It is a commitment that has been welcomed by locals. "The opportunities for them are not just in equity," he said. "We're obviously going to be employing a lot of the locals. We have a policy of employing the local landowner groups and villagers before we go abroad to the market." There are good reasons for getting local landowners on side. A short drive from the nation's capital, Honiara, sits the Gold Ridge mine which has had a chequered history. Until recently, this operation accounted for 20 per cent of the country's GDP. Now it lies dormant. In April, the Melbourne-based St Barbara evacuated its expatriate workers without notice, on the premise that the island's worst floods in living memory created a security threat.

Locals, however, believe the mine was in no danger, given its elevation, and point to the plunging gold price as the real reason. With the wet season approaching, locals fear the tailings dam may spill over, threatening to contaminate local waters with arsenic and cyanide. Dick Douglas from the Gold Ridge Community and Landowners Council said the community is scouting around for interested parties to take over from St Barbara. "If there is an interested Chinese company or any other companies would like to have an interest in the operation at Gold Ridge, then we can have an open door to discuss and have dialogues with any investors," he said. The Gold Ridge situation, and the long dormant Panguna copper mine on nearby Bougainville, have created a blue print for Axiom on how not to conduct business.

First tested in the 1950s, Axiom secured the lease four years ago. It currently is engaged in baseline studies before beginning development and hopes to be shipping ore in 12 months. Sumitomo had planned to build a processing facility on the site, an undertaking Axiom has shunned, preferring the

earlier cash flow to the more capital intensive option of on-site processing. It may be celebration time at Tahoe Village, but Axiom and its local partners have one final legal hurdle. "Sumitomo have lodged an appeal in the Court of Appeal, which is the highest court in this land," Mount explained. "We will deal with that when that comes about and we expect that to come about in February next year. But we're pushing on with this project and we're very confident of defending our rights in the Court of Appeal."

PNG mining meet "showcases destruction"

Radio New Zealand, Dateline Pacific, Wednesday 3 December 2014

The Pacific Network on Globalisation says the Papua New Guinea Petroleum Conference in Sydney this week is encouraging investment in destruction.

Transcript

The NGO, Pacific Network on Globalisation, says this week's Papua New Guinea Petroleum Conference in Sydney is encouraging investment in destruction. About 1,400 delegates, including investors, analysts and government leaders, have met to discuss prospects, exploration and future mining projects in PNG. Mary Baines reports.

PNG's Chamber of Mines and Petroleum executive director, Greg Anderson, says after a decade of strong growth, the industry is facing pressure because of a downturn in commodity prices. He says despite this, there has been a strong interest in future projects, including that of Canadian company Nautilus, which plans to extract minerals from the seabed off New Ireland. And he says it is likely new mining projects will come out of the conference.

GREG ANDERSON: We have some wonderful new projects that have been advanced considerably, and the prospects that have been advanced in recent years, we will see those go forward. At a slower rate perhaps in the coming years, but they will definitely be moving forward. Two of our best mining prospects are going forward and we hope that they will catch the next cycle in the turnup of copper gold price.

The Pacific Network of Globalisation coordinator, Maureen Penjueli, says the conference is showcasing opportunities for destructive investment, and highlighting PNG's status as the first country to try seabed mining. She says the community is against mining plans, as she says it destroys ecosystems, land and culture.

MAUREEN PENJUELI: There has been increasing vocal opposition by not just customary land owners, non-government groups, churches have taken a significant role, and also environmentalists and scientists. One of the things that we are concerned about is that government has gone ahead to issue both exploration licences and commercial licences without the consent of customary land owners.

Ms Penjueli says past mining projects have not translated into real benefit for the people.

MAUREEN PENJUELI: A country that has been so heavily dependent on extraction of minerals, PNG has very poor services in terms of basic health, education, water services. So you can see there is a direct correlation between revenue and from mineral projects, and the fact that it doesn't trickle down all the ways to community.

But Greg Anderson says mining projects are largely supported by communities, and are not done without consent.

GREG ANDERSON: Anyone who knows the business in PNG knows that nothing goes ahead without the support of the community. There's more community involvement, there's more grassroots involvement in Papua New Guinea than probably any other country on the globe. At the event you'll see that all community groups are present.

Mr Anderson says the industry is aware there have been challenges in bringing benefits directly to host communities. He says Nautilus will provide benefits to local communities and the government.

GREG ANDERSON: They will provide the normal streams to their national government. There is already an agreement for the project that provides royalty benefits to adjacent provinces as well as

the stream going to some of the coastal people, and community projects will be implemented. We are aware of the challenges in bringing benefits directly to our host communities. Mr Anderson says the industry is looking forward to developments over the next few years.

Country joins transparency initiative

The National, December 3rd, 2014

TREASURER Patrick Pruaitch says the country has been allowed to become a candidate Extractive Industries Transparency Initiative (EITI) country. He told the PNG Mining and Petroleum Investment conference in Sydney that the Government would improve the climate for investment, and embrace initiatives such as the EITI. He said the 2015 national budget had a record government expenditure of K16.2 billion. He said as construction of the PNG LNG project wound down, the Government decided to implement deficit budgets to prop up the growth rates. "For the third successive year, the Government has focused on delivering fee free education and free basic public health services," he said. "In addition, we have been playing catch-up with infrastructure expenditures, particularly covering roads, air and sea transport, plus efforts to improve the law and order situation by adequately resourcing the police, correctional services and the courts. "Much of these initiatives would not have been possible if not for the confidence provided by the US\$19 billion (K47.5 billion) PNG LNG project executed by ExxonMobil on behalf of its joint venture partners, which included the Government, Oil Search, Santos and our Japanese partner, Nippon Oil."

PNG PM Attends Mining And Petroleum Conference In Australia

O'Neill talks 2015 budget, investment, political stability

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Dec. 3, 2014) – Papua New Guinea's record budget in 2015 has been a subject of much discussion at the 13th PNG Mining and Petroleum Conference in Sydney. The conference is being attended by close to 2000 leading resource industry and government executives. In his keynote address and subsequent engagement with business representatives, Prime Minister Peter O'Neill provided information on key budget expenditure, particularly as this relates to the resources sector. Mr O'Neill updated the business sector on increased Government investment in the areas of education, health, law and order and infrastructure.

"The national budget of 2015 again significantly boosts spending in basic services that are improving the lives of our people and building our socio-economic infrastructure that is critical for ongoing economic growth," he said. "I reaffirm our Government's commitment to improving basic services and building infrastructure in a careful and sensible manner. "This includes record investment in free primary education, free universal health care and expanded skills training for our people." Delegates at the conference were especially interested in discussing Papua New Guinea's projected growth in the coming years. This is expected to be the highest in the Asia Pacific region largely due to the revenue generated from the PNG/LNG project. Ongoing investment in infrastructure and the devolution of services to local level governments were also a subject of discussion.

[PIR Editor's note: The National reported that 'Prime Minister Peter O'Neill has extended an invitation to potential overseas investors to help build a "strong, secure and harmonious" Papua New Guinea. ... He told the PNG Mining and Petroleum Investment conference in Sydney that the country "remains a sound and secure nation in which to invest and to do business". ... "My message to this conference has been clear. We can and must build on our success in the resources sector. "And to do this we need high quality overseas investment, management and expertise," he said.'
The PNG Post-Courier reported that 'O'Neill tells the Sydney mining conference that the govern-

ment he leads has overwhelming parliamentary support and its underlying political stability remains strong.’]

"The budget provides substantial outlay of K3 billion [US\$1.1 billion] for important infrastructure that is vital for rural communities, such as roads and bridges, as well as electricity and clean water. "The delivery of these Government services is funded through the Provincial and District Support Improvement Programs which allow an allocation of K10 million [US\$3.8 million] for each district and K20 million [US\$7.6 million] for each province respectively." Mr O’Neill said by dispersing funds this way, Government resources were reaching the rural areas where services were needed the most.

Locals told to support exploration

The National, December 3rd, 2014

MINING Minister Byron Chan has urged the Anir Resource Owners Association (AROA) to work with Australian-based exploration company Mayur Exploration. "I want to call on the executives and the chairman of Anir Resource Owners Association (AROA) to really work in close consultation with Mayur," he said. Chan’s suggestion comes in support of Mayur Exploration’s earlier rebuttal of association chairman Paul Mimfin’s dissatisfaction pertaining to Mayur securing exploration permit for the Feni Island gold property on Ambitle Island, south-east of Namatanai. In a recent media statement, Mimfin said Mineral Resources Authority officials have had secret deals with Mayur leading up to the issuance of exploration rights to Mayur. However, Mayur Exploration PNG Ltd head of business affairs Darren Lockyer in a letter to Mimfin refuted the statement.

"We note your current dissatisfaction with Mayur Exploration securing the exploration rights to Ambitle Island; we however do not share your perspective," Lockyer said. "We have a principle of dealing with facts, being considerate of culture and to improve the benefit-sharing of the communities with which we work. We dispute recent media statements that you have allegedly made." "We wish to pro-actively engage with you and AROA with the endeavour of coming together to reach a common understanding." Chan, who is the Namatanai MP, said Mayur had a successful track record in developing green field projects. He said the group had access to finance across Asia, the US and Europe having secured multi-billion dollar investments in their previous resource development activities.

Pacific Network on Globalisation slams conference

Post-Courier, December 02, 2014

THE Pacific Network on Globalisation (PANG) has branded PNG’s 13th Mining and Petroleum Conference happening in Sydney this week as an exercise in encouraging investment in destruction. "This conference is aiming at not only showcasing existing opportunities for destructive investment but also highlighting PNG’s status as the first country to try the untested and potentially devastating industry of sea bed mining," said Maureen Penjueli, PANG’s coordinator. "Investors must know what it actually means to invest in these industries, that it is an investment in environmental, social, economic and cultural destruction, which in turn makes this a high risk investment." Nautilus Minerals recently announced its financial report amounting to over K72 million in cash and assets for this year. In addition, the company has managed to secure intellectual property rights as per its agreement with the PNG Government which plans to pave the way for a shipping contract. The Bank of South Pacific has footed the state’s 15 per cent equity in the Solwara 1 project with a loan of US\$120 million or K315 million.

PNG is the first country to approve the process of sea bed mining despite vocal opposition by custom land owners, non-government groups, faith-based groups and scientists. Recent research shows that disregarding indigenous peoples rights to consent to such projects will only increase risk to mining industry and investors. "Nautilus' Solwara 1 sea bed mining project is fast advancing, yet there are issues that need to be addressed including the concern of provinces surrounding the Bismark Sea. The Government of PNG seriously need to listen to its people," said Penjueli. "This project is not only at the forefront of new and unknown levels of destruction to the ocean ecosystems but has the audacity to try co-opt the cultural meaning from the ties that unite the Pacific – our Solwara. Our cultures would never put their name to such disregard and neither should our governments," she say. The conference will discuss the impacts of the global downturn in commodity prices and what that means for the PNG economy and mining sectors.

"PNG's mineral wealth has been at the expense of the agriculture sector, the back bone of the people's economy that has a greater capacity for distribution of the wealth from economic growth. In fact recent research is showing that major mining projects are having a detrimental effect on those sectors of greater importance to Papua New Guineans," added Penjueli. PANG argues that the focus on mining projects and attracting some of the richest companies in the world detracts from the real questions that need to be asked about how PNG, and other Pacific Island Countries, create an economic future that embraces Pacific lives and realities and has people at its centre. "Instead of trying to drum up greater support for companies to pay a pittance to strip away WPNG's wealth, the global downturn is actually an opportunity to ask the harder questions about how PNG gets off its addiction to resource grabbing and focuses on building an economy that embraces and supports the cultural practices and realities of PNG life."

Mining Minister: Alluvial income may double

The National, December 2nd, 2014

Alluvial mining exports from Papua New Guinea within the next five years may be doubled, Mining Minister Byron Chan says. Speaking at the mining and petroleum conference in Sydney yesterday, Chan said this would represent a national sector of the mining industry generating revenue of almost K1 billion per annum. He said these benefits would flow directly to local rural communities across Papua New Guinea from this initiative. "Our existing regulatory structure ensures much of this revenue flows directly to landowners and citizens," Chan said. "In the first 10 months of 2014 the figures indicate a 23% increase in export revenue from the alluvial sector and a 20% increase in production as compared against 2013. "This uplift must be viewed very positively when seen in the context of a declining gold price and the June revaluation of the PNG currency. "The key message therefore is that the alluvial resource in PNG is extensive, under-explored, under-developed nationwide. "There is considerable investment upside for genuine and experienced operators who are prepared to work alongside our people to unlock this potential."

Prime Minister says we must develop mining sector

Post-Courier, December 02, 2014

BY GORETHY KENNETH

PRIME Minister Peter O'Neill has outlined the challenges facing the mining sector in Papua New Guinea, stressing that the country must ensure its mining sector has a strong and secure future. "We want to see our mining sector grow just as soon as conditions, most of them beyond our control, improve," Mr O'Neill said. "What we can do is improve our approval regimes, address our own infrastructure needs, and maintain a stable political environment that is conducive to attracting new investment while maintaining the confidence of our current project owners and operators," he said.

"Where we can provide affordable and reasonable incentives I am happy to consider proposals and work with state agencies to implement these proposals. "We must ensure our mining sector has a strong and secure future.

"The contrast between conditions in our petroleum sector and our mining sector this year could hardly be greater," he said. "Continued low commodity prices for some of our key exports have seen a slowdown in the mining sector that has had widespread consequences that we are all aware of. "In the meantime we will continue to work with individual companies, both existing operators and new project proponents alike, and with the Chamber," he added. "I understand there may still be tough times ahead for the mining sector globally – not just in PNG. "I saw a report from a leading economic forecasters just a few days ago predicting that mining investment in Australia will decline by a further 40 per cent over the next four years," O'Neill said. "We cannot isolate PNG from a depressed mining sector regionally and internationally. "The government is fully aware of that, and we have taken a responsible and reasonable approach when it comes to the conditions relating to capital expenditure and licences," he said.

LNG: Clan vetting not complete

The National, December 2nd, 2014

EXXONMOBIL PNG Ltd says as the PNG LNG project moved away from construction to production in May this year, it is yet to complete identification of project beneficiaries. Managing director Peter Graham said the company understood the importance of transparent dealings and would continue to support government efforts to ensure clan vetting was completed in a timely manner. Speaking yesterday at the 13th PNG Mining and Petroleum conference in Sydney, Australia, he said the long-term security of the project depended on its relationship with the traditional owners of the land on which they operated and with the government of PNG. He said ExxonMobil had worked with local suppliers, which had resulted in an in-country spend of almost K11 billion including more than K2.7 billion with landowner companies.

The US firm had invested more than K650 million in community programmes and infrastructure, with a particular focus on education. For Graham, who would retire next month, he expressed satisfaction as the architect behind this project. "It has been a privilege to work on this project and is an experience I will treasure when I retire at the end of January 2015. "2014 has been an incredible year for Papua New Guinea as the PNG LNG Project moved from construction to production, with over 45 cargoes now safely dispatched. "To avoid any potential disturbances during startup affecting our long-term customers, we sold cargoes over the first few months on a spot basis. "Product sampling and laboratory testing equipment and procedures needed to be verified."

Wealth fund important to economy

Post-Courier, December 02, 2014

THE Sovereign Wealth Fund (SWF) is important for the economic developmental aspirations of the country, Treasury Minister Patrick Pruaitch told the 13th mining and petroleum conference in Sydney yesterday. Mr Pruaitch said the fund's importance could not be understated. "It aims to ensure PNG's natural resource revenues are well managed and support the economy and future development of our nation as envisaged in the PNG development strategies. "The design of the SWF is consistent with international best practice as set out in the Santiago principles." Mr Pruaitch said the current organic law of the SWF had been reviewed and redrafted since its passage by Parliament in February 2012 to account for further refinements and technical issues. "Looking ahead, we recognise our mining and petroleum resources are limited and non-renewable." He said the overall objec-

tives of the SWF are to: support macroeconomic stabilisation; promote intergenerational equity, and, support asset management in relation to financial assets accrued from natural resource revenue. He said the SWF incorporated two funds – a stabilisation fund and a savings fund.

PNG agriculture plea for government support

Farmers in Papua New Guinea have expressed concern over what they say is the government's lack of commitment in the agriculture and livestock sector.

Radio New Zealand, December 1, 2014,

The Farmers and Settlers Association's Thomas Solepa says they are concerned about lack of markets and farmers outlets in centres such as Goroka, Kainantu and Lae. The Post Courier reports him saying that the sector also needs far more support on combatting other issues, such as pests and disease. A PNG agriculture specialist, Mike Bourke, of the Australian National University, says government and donors are more focussed on sectors such as gas and mining because they bring in the big money. "Agriculture doesn't bring in that vast amount of money at a national level. But what it does do, it is improving the lives of the bulk of the population, both with self-sufficiency of food or largely self-sufficiency - eighty percent of the food energy Papua New Guineans eat is grown in the country - but also providing the income."

Prime Minister O'Neill to ask resource companies to help SMEs

Post-Courier, December 01, 2014

PRIME Minister Peter O'Neill is expected to ask resource sector companies to engage more with Papua New Guinea's small and medium enterprises (SME) to help business owners to grow their capacity. Mr O'Neill is due to deliver the keynote address at the Papua New Guinea mining and petroleum investment conference in Sydney today. In his presentation the Prime Minister is anticipated to provide information on successes and challenges in the resources sector and his perspective on the ongoing partnership between the Government and private sector. "The Papua New Guinea mining and petroleum investment conference is an important annual event that brings together a broad cross-section of the Australian resources sector, investment community and other stakeholders," he said in a statement on the eve of his departure.

"I look forward to sharing further perspectives on how our Government, the resources sector and landowners can work together to achieve a new era of co-operation, stewardship and partnership." Mr O'Neill will make special representation on behalf of small and medium business owners to be afforded greater involvement in resource production related activities. "I will be asking our partners in the resources sector to help existing and future SME owners to grow their businesses. "Papua New Guineans are very entrepreneurial and many more people would like to start and operate their own business. "Our Government has a twelve-point plan to significantly grow our Small and Medium Enterprises, and we would like to see our resources companies engage more closely with SMEs. "We want to see SMEs compete for contracts and for supply and service work across the sector. "There are many opportunities for small and medium size business in areas that include travel related services, retailing, village based industries and information technology."

Elk/Antelope partners keen to deliver project

Post-Courier, December 01, 2014

By PATICK T WUNDAI

THE joint venture partners in the Elk-Antelope project expect to complete its front-end engineering and design (FEED) in 2016 followed by a final investment decision before engineering procurement and construction begins. Executives of Elk/Antelope joint ventures told industry heavies, financiers and industry professions last Friday that the joint venture partners are determined and committed to the schedule to deliver Papua New Guinea's biggest valued liquefied natural gas project. "As we move towards that decision, we will build off the reputation that PNG has created – a country that can deliver mega projects, most notably LNG projects," InterOil chief executive Michael Hession said. "This has been a wonderful achievement and a credit to the developers led by Exxon and Oil Search. "We will build on the country's stable fiscal regime and on the competitive cost-base that makes the country a new force in the global LNG trade. "So whether it's the rocks, the oil or the gas or the plant and equipment we need, these are exciting times," Mr Hession said. Government favoured operator Total SA managing director Philippe Blanchard said it was a dream come true for Total ten years ago to set foot in PNG, and now that Total is already on the shore, they have grabbed the opportunity with open arms and would never let such an opportunity slip away.

"For Total, it's a big opportunity for being here. We will bring all the exposure including technology; we know gas off takers, we know the financiers, we have been involved in billion dollar projects and we have delivered. "We will bring technologies, and expertise. All these we are bringing into PNG. It's a significant resource (Elk/Antelope). We are here to stay for over 50 years and beyond," Mr Blanchard said. He said though it's a challenging environment, the joint venture partners are daring to beat the challenges to deliver the project. The Elk/Antelope project partners are Total as possible operator, InterOil, Oil Search Limited and National Petroleum of PNG as the State nominee to hold its 20.5 per cent equity in the project. The ElkA/Antelope project is expected to produce over 9.9 trillion cubic feet of gas over 40 to 50 years with a two train facilities with the possibility of adding a third train. Mr Hession further stated, "Elk/Antelope will be another massive nation-building project on the scale of PNG LNG. "We are confident the field will support at least two production trains and possibly more. It will create more than 10,000 jobs in construction and we expect early works to start in 2016," he added.

CEO of Ok Tedi to retire in 2015

Post-Courier, December 01, 2014

OK Tedi Mining Ltd (OTML) managing director and chief executive officer, Nigel Parker will retire effective on the 28th of February 2015. The announcement was made by OTML board last Friday. Mr Parker has been with OTML for eight years during a pivotal time in the company's history that has included dramatic changes to secure the future of the mine until at least 2025. In addition to his business achievements, Mr Parker has been acknowledged by the board for his support and lasting legacy in educating the children of the Western Province as well as his chairmanship of the OK Tedi Development Foundation. Meanwhile, the board also announced the appointment of Musje Werror as the chief operating officer to lead OTML. Mr Werror assumes his role today and will work with Mr Parker on a smooth transition.

OTML chairman Sir Moi Avei said: "It is a matter of considerable pride for me, as a Papua New Guinean, to advise that in the company's first year as a fully-owned State Owned Enterprise, we have appointed our first Papua New Guinean executive leader of the business in Mr Musje Werror." Mr Werror is currently OTML's general manager employee and external relations and has had a long career with OTML in operations, occupational health and safety and community relations.

OTML is a privately held company that operates an open-pit copper, gold and silver mine located in the Star Mountains of Western Province. The company holds a large portfolio of exploration leases in the vicinity of its Mt Fubilan mining operations and is actively undertaking near mine exploration. The company's registered office is located in Tabubil. It also has a representative office in Port Moresby and a marketing and logistics facility in Brisbane, Australia.

Fujian Mawei to build mining vessel for Nautilus

Post-Courier, November 28, 2014

Dubai based Marine Assets Corporation (MAC) has entered into a Ship Building Contract with Fujian Mawei Shipbuilding, a Chinese company for the lump sum turn key Construction of the Nautilus Minerals Seafloor production mining vessel. The ship building is for the Nautilus' Solwara 1 Project off the Bismarck Sea between the waters of New Ireland and East New Britain Provinces. According to *subseaworldnews.com* this week, a signing ceremony was held at Mawei's shipyard for the execution of the shipbuilding contract for the Nautilus Minerals Seafloor production mining vessel. The signing follows the entry by MAC into a five year charter agreement with Nautilus Minerals on the 6th of November 2014. The contract requires MAC to complete the design – construction and delivery of the vessel to Nautilus by the end of 2017. Vessel design will be completed by Sea-Tech Solutions of Singapore. MAC, a marine solutions company based in Dubai, will own and provide the marine management of the vessel. The vessel will be chartered to Nautilus for a minimum period of five years, with options to either extend the charter or purchase the vessel at the end of the five-year period.

The vessel will first serve as the operational base for the joint venture to be formed by Nautilus and the State's nominee, Eda Kopa (Solwara) Limited, a subsidiary of Petromin PNG Holdings Limited to support the operations carried out by the joint venture to extract and transport high grade copper and gold material from the mine site. When completed, the vessel will measure 227 meters in length and 40 meters in width with accommodation for up to 180 people and generate approximately 31MW of power. All of the below deck mining equipment will be installed in the vessel during the build process to minimize the equipment integration to be completed following delivery of the vessel. The vessel is expected to be delivered by the end of 2017. MAC chief executive Robin Reeves stated, "we are very excited and pleased that Nautilus Minerals has entrusted this prestigious project to MAC and grasped the opportunity to work with MAC to conclude the long road Nautilus has travelled to reach this stage."

Somare: Leaders fail to uphold law

Post-Courier, November 28, 2014

By GORETHY KENNETH

FORMER prime minister Sir Michael Somare says current leaders have failed to emulate his and his colleagues' past leadership in upholding rule of laws. Sir Michael told Parliament yesterday that the government he led created a secure platform for PNG's current and future leaders to launch from. "We are in a position where future revenue is guaranteed for generations to come, and it is therefore our responsibility now to ensure that we are diligent in our decision-making processes, for our future generations," he said. "Debate has aired over the media about major decisions my government took regarding the commitment of our people's present and future sovereign wealth. "I refer to the IPIC transaction and the Government's 'back-in' and the acquisition of the 19.6 per cent share in the PNG LNG Project.

"I am compelled to state that all aspects of the transaction were covered by NEC decisions and all expenditure items for the transaction in any given fiscal year were covered by appropriation bills. "This commitment of public monies required the consent of parliament prior to the execution of those major commercial transactions involving the Independent State of Papua New Guinea. "I am also compelled to ask this parliament as to who is the ultimate beneficiary to this transaction. I can only see 'Oil Search'. The State is taking on the risk of a major commercial entity. This is because:

- Oil Search walks away with 1.2 billion Australian dollars, a dilution of share volume and no risk of an imminent take over from shareholders on the ASX;
- UBS holds the shares, in case of a default; and
- Government of PNG bears the burden of the debt by one of the largest companies on the ASX."

Sir Michael said the right investment would have been a direct investment in the InterOil project, where there aren't any "risk capital" to a highly risky proposition by Oil Search Limited. "The Government should have allowed IPBC or NPCP, to simply exercise the States 'back in' rights to own 22.5 per cent direct equity in the InterOil Project, at approximately the same price," he said.

Hela people urged not to buy guns with resource royalties

Post-Courier, November 28, 2014

THE people of Hela Province were urged not to buy guns with government funds or their share of revenues from the resource projects. The commander of police mobile forces (SSD) in the highlands Kauga Maragil yesterday said in Angore, Tari district, that people who owned guns and use them in tribal fights always lived in fear and were always on the run. "Say no to guns, work hard and you'll live a good live. Use project or government money that comes your way to educate your kids," Mr Maragil told a large crowd during the dividend payout of landowner company TT Angore Noa Hai Investment Ltd. He said the firm was able to pay out its dividends because of its management who were locals and always on the ground.

The commander called on the people to socialise with security forces and work together with them to ensure the LNG project continues without any hiccups. He said: "The police and army will always be here with you as long as the gas and oil is here. You don't have to fear us because we all have a common goal to develop the projects." He said the security forces were present to ensure the projects were not disturbed as well as maintain law and order which would immensely help the people. The people of Angore and nearby Tari became the spotlight for tribal warfare over the last month. A raid by security forces triggered landowners in Angore to shut down operations at PDL8 for a day. Mr Maragil was concerned that many so called landowner firms were based outside of Hela Province, leaving the real landowners high and dry.

UNDP: PNG growth undermined by unequal distribution

Post-Courier, November 28, 2014

WEALTH from extractive industries has the potential to boost the well-being of Papua New Guinea's citizens. Yet the country's development could be undermined if resources are not used in sustainable ways, says a report. The new UN Development Program report points out that almost 40 per cent of the country's population continue to live on less than one dollar per day with inequalities on the rise, despite strong economic growth as a result of extractive industries such as oil, gas and mining. Over 25 per cent of children are not attending schools, and two out of three women and girls in the country experience gender-based violence. The 2013 Global Human Development Index

ranked Papua New Guinea 156 out of 187 countries. The new National Human Development Report *From Wealth to Wellbeing: Translating Resource Revenue into Sustainable Human Development* launched yesterday in Port Moresby by Minister for Planning, Charles Abel, MP and UNDP Resident Representative, Roy Trivedy, provides a fresh perspective on extractive industries, brings in global experience and proposes ways to translate economic gains into practical sustainable outcomes.

The report states that extractive activities in PNG have grown exponentially over the last decades and lie at the heart of country's high economic rates. Forecasts show that in 2015 new projects will bring up to 20 per cent GDP growth to national economy. The report states this is a critical time for Papua New Guinea to capitalize on these revenue flows to translate extractive wealth into sustainable and inclusive development outcomes for Papua New Guineans in all provinces of the country. It adds, that "paradox of plenty" – a situation when abundant natural resources contribute to economic stagnation because capital and labour generate increases in tradable exports, but fail to strengthen knowledge, skills and expertise of citizens - is faced by many resource-rich economies. The Report also finds that PNG has accumulated some experience in managing natural resources, introducing number of relevant and novel policies. However, there is still substantial progress to be made towards building strong institutional base for resource management, including development of clear strategy and scaling up the results nation-wide.

Human development report launched

Post-Courier, November 28, 2014

By NELLIE SETEPANO

THE absence of available statistics and factual data has led to the country's human development report being launched after 16 years in Parliament yesterday. The report, titled "From wealth to wellbeing: Translating resources revenue into sustainable human development" was launched by the Minister for National Planning Charles Abel and UNDP country representative Roy Trivedy. The report states that wealth from extractive industries has the potential to more significantly boost the wellbeing of PNG citizens. Yet the country's development could be undermined if resources are not used in economically, socially and environmentally ways. The report according to Trivedy, is published every five years but PNG and the UN agency only consulted two years ago to have the report published.

In a joint press conference by National Planning Minister and the UNDP head, both agreed that there was no consultation with the two institutions and also no government commitment in reporting to the UN agency. Mr Trivedy said the report was published after using available local and global data. He said the timing was right for the launch when PNG was experiencing growth in extractive industries and that the country needs to prepare its institutions for the rough times ahead. Mr Abel agreed that there are underlying issues that had delayed the report over time and there is a need to address the reporting system. He said there is a strategy in place and that is statistics - the National Planning through the National Statistic Office is already addressing the issue of data. See report: www.pg.undp.org/content/dam/papua_new_guinea/docs/Publications/FINAL%20PNG%20NHDR_low%20res.compressed.pdf

UNDP report reveals PNG decline

Post-Courier, November 28, 2014

The United Nations Development Program is warning Papua New Guinea that it risks squandering its resource wealth without delivering real benefits to its people. The UNDP has just released its

National Human Development Report, the first of its kind for 16 years and it makes for bleak reading. PNG has slipped another place in the human development index to be ranked 157 out of 187 countries in the world. UN Resident Coordinator Roy Trivedy stated that there are fears PNG might continue to go backwards unless policies change and talk is translated into action.

UNDP: Call for good management of wealth

Post-Courier, November 28, 2014

The United Nations Development Programme (UNDP) calls for prudent management of extractive wealth to ensure improved human development in Papua New Guinea. The Resident Rep for UNDP Roy Trivedy said this at the launch of the 2014 National Human Development Report at the National Parliament's state function room in Port Moresby yesterday. He said wealth from extractive industries has the potential to boost the wellbeing of Papua New Guinea's citizens. Yet the country's development should be undermined if resources are not used in economically, socially and environmentally sustainable ways. Mr Trivedy says the report provides a fresh perspective on extractive industries, brings in global experience and proposes ways to translate economic gains into practical sustainable outcomes. He said extractive activities in Papua New Guinea have grown exponentially over the last decades and lie at the heart of this country's high economic rates and it is predicted that in 2015 new projects will bring up to 20 percent GDP growth to the national economy.

"Papua New Guinea has tremendous potentials and unique opportunity to translate the resource-led boom that the country is experiencing now into significant improvements in human developments that match the economic growth that is forecasted," Trivedy says. "To do so, though, there is an urgent need to broaden the scope of policy initiative beyond the existing arenas into areas where the potential contribution to sustainable human development can be significantly enhanced for the population." He added. The report finds that Papua New Guinea has accumulated some experience in managing natural resources, introducing number of relevant and novel policies. But there is still substantial progress to be made towards building strong institutional base for resource management, including development of clear strategy and scaling up the results nation-wide.

PNG landowners want better compo from mine damage

Originally aired on Dateline Pacific, Radio New Zealand, 28 November 2014

Landowners in the South Fly region of Papua New Guinea's Western Province want more comprehensive compensation over environmental ruin caused by the Ok Tedi mine.

Transcript

Landowners in the South Fly region of Papua New Guinea's Western Province want more comprehensive compensation over environmental ruin caused by the Ok Tedi mine. Extensive and long-lasting damage to local river systems, including the Fly, from the discharge of mine tailings over decades has been described as one of the world's worst environmental disasters. A South Fly landowner representative, Pastor Steven Bagari, told Johnny Blades local people are paid up to 32 US dollars annually in compensation.

STEVEN BAGARI: To us in South Fly and people of Western Province that are affected by the mine, this is not money, it has no value... to the damage it (mine discharge) has done to our environment, our livelihood, our culture, our heritage and our identity as the people from Western Province and mine-affected villages. The river has only become more like a soccer field. In the next ten years time or so, people will be walking from the north bank to the south bank, with the sediment build-up.

JOHNNY BLADES: So it's really dried up, it's a ghost forest around it?

SB: Yep. It's very difficult for us now to cross from the north bank to the south bank. Because previously the river was deep, we can sail anytime whether high tide or low tide, we can still cross. But today it's very difficult to cross because of the sediment build-up.

JB: And who are you calling for compensation from now - is it the government or is it BHP (BHP Billiton, former owner of mine) because BHP is supposed to be out of the picture now?

SB: BHP exited in 2001 and the state has just taken over Ok Tedi. We're calling on the state, Ok Tedi and the provincial government, to provide a just compensation that's valued at the environmental damage done: not only to us today but also into the future as well.

JB: Do you need to have a new assessment of the damage to get this rolling?

SB: We want a new, scientific report done in South Fly - all over the affected area, covering between the border with Australia in Torres Strait and Papua New Guinea, other side of Western province. It's to be a scientific report done again.

JB: when was the last time that you landowners had talks or meetings with the Ok Tedi operators and the state?

SB: Well, we had our representatives from the village, trustees and reps that represent the people... The affected people of Western province, we feel that the government and the company are taking an illegitimate approach. They are simply getting people from the village who have no idea about mining, who have no idea about government, who have no idea about how the companies are run, and the kind of damage that it can cause to the environment, and giving them a lousy compensation. Our leaders from the village are lured into believing in projects - promised projects and promised better compensation packages and future benefits that we have not seen or felt yet. So they continue to sign the agreements for the mine to continue which some of us, like myself, are totally against.

JB: In the South Fly, is it worse now than it was in the 1990s, for instance? Is the pollution, the environmental destruction worse now?

SB: Yes, it's worse now. Last week, we just experienced... about eight people died in the area called Tiera, Maipani and Sagero in the mouth of the Fly River where cyanide drums were dropped in 1984. Right now mysterious deaths are taking place there, right now as I'm speaking to you.

Letter to the editor

Western people in dire need of services

The National, November 28th, 2014

WESTERN province is absolutely the least compared to other provinces in terms of development. This is the outcome of an inept government of this province. Many outsiders think that Western is far better than other provinces since it's hosting the giant Ok Tedi Mine but that is completely untrue. One who lives in this province can justify that. The national government and OTML together pump millions of kina into the Fly River provincial government but it is the government's inability to effectively and efficiently manage it. The very people that are in the system are the root cause of this province being static and that comprises officers of all rank. Since independence there has been no road links to other provinces and even to other electorates within the province. The only main road in North Fly is the Kiunga and Tabubil highway but I believe that was constructed by OTML. Until today the people of Western still live in dark. There's hardly any electricity leading into villages. Not even a single village and for that matter government stations are no difference. A classic example is Ningerum station where there's no electricity and water supply ever since. All the buildings are from the colonial days and one could envisage its present state. Nearly all rural aid posts are closed as there are no funds to sustain. As a result those from remote parts had to travel hours and hours to the nearest hospital for treatment and in some instances a day or two. This is greatly suffering the people. Western province is in dire need of basic services.

Usu Kya Daebisi, Western

PNG restaurant wins Australia top award

The National, November 28th, 2014

A Papua New Guinean owned restaurant in Australia has won the 2014 Savour Australia Restaurant and Catering HOSTPLUS Awards for Excellence for the best specialty restaurant in Australia. The Bay Village Resort (and Bayleaf Restaurant) being Star Hotel (Cairns) Pty Ltd is a subsidiary of the Star Mountain Group of Companies from Western. Bay Village Resort general manager Andrea Hawken said it was a great honour and a wonderful tribute to the staff of Bayleaf restaurant who had been so dedicated and worked so hard to achieve an award at this level. She said becoming a national winner in Australia was incredible attribute and well – deserved recognition of this great business. The Star Group landowner company – owned by the 12 mine villages around the giant OK Tedi Mine in Tabubil, Western purchased the Bay Village Resort in July this year.

This latest award winning acquisition had now added up to four motels/hotels to its existing two motels in Australia – that is Quality Inn Airport Heritage Motel in Brisbane and Campbelltown Colonial Motor in Sydney and the Madang Star International Hotel in Madang are all self-managed by the Star Group. The Star Group has major investments in Port Moresby with a commercial building in Gordon, 19 residential apartments in Port Moresby and in the aviation industry, a Twin Otter. The board and the management of the Star Mountain Group had undertaken all investments in line with its 2008-2025 diversified investments strategy. The Bayleaf Balinese Restaurant is located in Lake Street, Cairns.

Ok Tedi: No need for tailings dam, Pundari says

The National, November 28th, 2014

ENVIRONMENT and Conservation Minister John Pundari says there is no need to build a tailings dam along the Fly River because damage to the environment had already been done. He said in Parliament during debate on the Mining (Ok Tedi 11th Supplementary Agreement) Bill: “We might have to reconsider a tailings dam going forward. I do not undermine the bill that is before us. I am in support of it. “The environment damage is not a new thing (along the Fly River) for so many years, the damage is there. “I am in total support of a tailings dam, but I just want to see a better way, going forward. “Given the fact that the damage is there, I’m just thinking that if BHP had earlier built a tailings dam, the impact of the damage that is there would probably be different now. “Give that the damage is done, would a tailings dam create a miracle for us? “How many years would it take, even after a tailings dam is built, for natural occurrences to recover? I’m just posing this thought for us? Is there a better way forward with a tailings dam, or without a tailings dam?”

Hidden Valley has caused ‘significant and ongoing sedimentation problems’

Charles Roche, MPI Executive Director via PNG Mine Watch, 27 November 2014

There can be no doubt that the Hidden Valley Gold- Silver mine has caused environmental impacts in excess of permit and approval conditions, mainly due to poor environmental management practices during construction that resulted in significant and ongoing sedimentation of the Watut River. These impacts from Hidden Valley have added to the historical and ongoing environmental impacts from both the Wau/Bulolo Goldfields and more recent workings in the Watut River area. While not at the same scale of impacts from mine-sites elsewhere in PNG, mining related problems in Morobe need to be examined and discussed as part of the national mining industry. An industry that has yet to effectively respond to current impacts, mining legacies and changing community expectations.

The scale of problems from the Hidden Valley mine-site have been exacerbated by the lack of transparency about the impacts and the response from operators and regulators. A lack of detail that leaves communities and stakeholders unsure of the source of and management response to sedimentation and other mining impacts. To date, although the MMJV have conducted a range of studies on the Watut River, many of their reports and plans are still not publicly available – nor were they all made available to the PNG Government for the SMEC Report. Such secrecy and lack of transparency significantly hampers accurate scientific interpretation and only worsens the community perception of the impacts from the project to date.

What is clear is that by commissioning an independent review, DEC were able to quantify the level and number of breaches at Hidden Valley, thereby increasing awareness and public scrutiny. Ongoing assessment of impacts and management response by DEC or other agencies would add significantly to our understanding of the project and increase community confidence in both the operation and regulation of the Hidden Valley mine-site and potentially, the development of Wafi- Golpu. Furthermore, future activities in the Watut River area should be guided by a commitment to maintaining a social license to operate based upon a free prior and informed consent process. The involvement of the community through community advisory councils or similar structure would capture community concerns, guide operations and inform regulatory agencies.

The future of mining in Morobe is uncertain. In some ways MMJV's operations are an improvement on existing industry practice, as evidenced by the use of a tailings dam rather than riverine disposal. On the other hand, MMJV is operating under increased scrutiny and community expectation and needs to implement substantial improvements to existing industry practices if it is to obtain a social license to operate. Regulators also have a vital role in managing the current and potential mining industry in Morobe if it is to contribute to genuine, sustainable development rather than overwhelm communities, agencies, infrastructure and the environment.

While longer-term initiatives that support consultation and consent processes are being developed and implemented, more immediate action could be taken to improve the situation on the ground. Communities should consider the findings of this report and whether a complaint should be lodged to either the PNG or Morobe Governments, or under the OCED Guidelines or made to the signatories to the Equator Principles. Local, Provincial and National Governments could heed the advice of ESAP, which identified the need for further capacity, independent monitoring and increased data collection and site visits by government bodies.

MMJV and its owners, Newcrest and Harmony Gold should act immediately to: (1) address the lack of transparency by making all relevant data publicly available; (2) accurately report on environment and social issues relating to their mining operations, especially in their CSR Reporting; (3) publicly identify a board or decision makers for MMJV; (4) adopt, publish and adhere to suitable guiding policies; (5) implement an effective grievance mechanism; (6) respond to failings relating to OCED Guidelines and Equator Principles; (7) and MMJV owners should appoint independent directors at board level with community and environmental expertise to assist in addressing current inadequacies and lead proactive reform. Finally, it is hoped that by drawing the facts together in a paired documentary and report, that the existing and potential impacts from mining will be recognised and the communities call for a new development paradigm will be respected and supported.

Download the full report – <http://www.watutriver.com/morobe-report/>

Western police wary of outsiders with bad influence

The National, November 27th, 2014

By SIMON NIANFOP

POLICE in Western are wary of criminal elements from outside the province who come in and become a bad influence on locals. Provincial police commander Silva Sika was responding to an armed robbery in Kiunga last week involving a man from Chimbu. He said the man had tried to steal K530,000 from a local supermarket staff member who was on his way to the bank to deposit takings. He said the man confronted the worker at the bank's car park and a fight ensued. The man managed to snatch the money bag inside the vehicle and used a knife to stab at the company employee. The company driver who tried to intervene was injured. The two pursued the man who metres away slipped and fell, dropped the bag and fled. Sika said police arrived minutes later and searched the area but could not find the man. He said the attempted robbery was totally new to the people in Western. "This is the first of its kind and it's not our culture," he said. Sika said police managed to track the man down and charged him with robbery and wounding. Sika thanked the man's family for helping police in his arrest.

Ok Tedi MP: My people were not consulted

The National, November 27th, 2014

Middle Fly MP Roy Biyama says his people, who have been the ones worst affected by pollution of the Fly River, have not been properly consulted regarding the Mining (Ok Tedi 11th supplementary agreement) Bill. He said that during debate on the Bill in Parliament yesterday. "Not one time have I heard that this bill is going to come through," Biyama said. "It is shocking and they should have informed North Fly MP Boka Kondra and me. "I have got concerns that my people are affected by the operations of Ok Tedi and we have not been told. "I don't like this to be like PNGSDP in 2002. As the representative of my people, I should at least have been consulted."

Biyama said there should have been more consultation between those at provincial government level and himself over what was going to happen. "I believe the people will have a lot to say," he said. "We would like to see the Ok Tedi Development Foundation properly controlled, especially along the Fly River corridors. Today, with the dry spell, people are drinking water that has already been polluted. There should at least be a good water catchment. "The foundation is giving big money to companies to build roads but our small people are left behind. "The provincial government was supposed to have worked with us on what was good for our people. "I am part of this government and will support this agreement, but I want to see as much benefits as possible trickle down to my people."

Western backs Ok Tedi bill on mine life extension to continue

The National, November 27th, 2014

WESTERN Governor Ati Wobiro says his people fully support the Mining (Ok Tedi 11th supplementary agreement) Bill. He said that yesterday during debate on the bill allowing for mine life extension to continue. Wobiro commended Prime Minister Peter O'Neill for his efforts in addressing issues of the people of Western relating to the Ok Tedi mine. "I'm totally in support of the 11th supplementary agreement which has now been tabled before this Parliament, which will address a lot of our concerns," Wobiro said. "I'm very pleased that the government is taking a very strong view with regards to addressing the tailings issue. "The people of the Fly River and the whole of Western province have been crying to the government to do something permanent. "As the House knows, Ok Tedi will go on for a long time, may be another 50 years. "It is important that this issue

of the tailings dam be addressed and I'm pleased that the Prime Minister is addressing this through the 11th supplementary agreement." Wobiro said another major issue was that of direct equity in the mine.

Micah welcomes Ok Tedi supplementary agreement

The National, November 27th, 2014

State Enterprises Minister Ben Micah says the 11th Ok Tedi supplementary agreement will benefit the people of Western for many years. He said that yesterday during debate on the Mining (Ok Tedi 11th supplementary agreement) Bill. Micah said Ok Tedi was a "very challenging mine" to operate given its rainfall and topography. "Today we realise that many good things have come from this mine, and a lot of damage as well. Environment and expectations of people in impacted areas add to Western being a difficult province to work in." Micah said he was proud to be part of a government that had increased the life of the mine. "This decision to continue the life of the mine has not been easy. You have to balance the environmental damage against the continuation of the mine," he said.

"Not only are we extending the life of this mine, but this government has made some very fundamental changes to the way other agreements have been done. "This government has changed that style of operation of this mine by remote control and has set the foundation for control of future mines. "History will say this Parliament and the government of Peter O'Neill has addressed a wrong direction. Under this new agreement, our mineral interests will be consolidated. Maybe, ultimately, our landowners will get 60% (of the mine), they may get 100%, but for them to get 2% direct interest or 5%, or 10% is a big step in the right direction. "I've heard from the prime minister that it may be up to 30%. "Provincial government and landowners have direct interest, there is no other developer that is talking about giving this to our country."

Parliament passes OK Tedi bill

Post-Courier, November 27, 2014

By GORETHY KENNETH

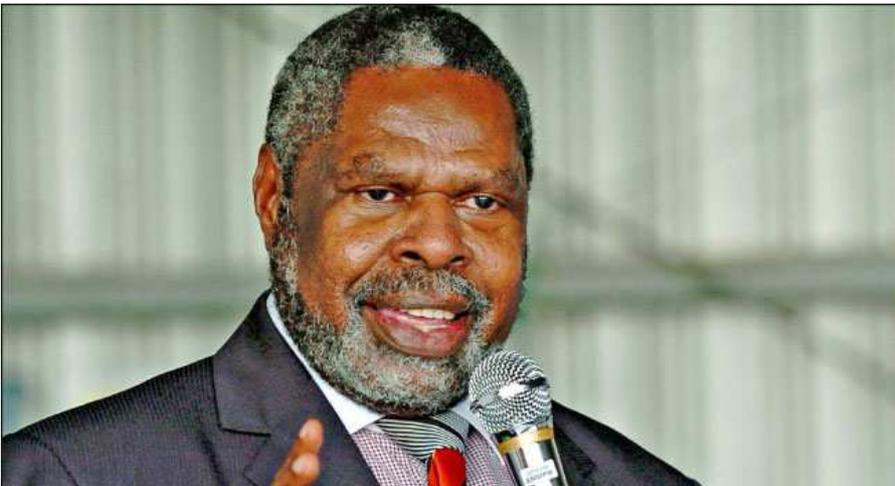
PARLIAMENT has unanimously passed the Ok Tedi Mine Extension (Eleventh Supplemental Agreement) Bill 2014 with support from the Opposition in a 75-0 vote. This effectively approves the community mine continuation agreement and the eleventh supplemental agreement. Prime Minister Peter O'Neill, who introduced the Bill, also announced that all the benefits, including all the funds that are being held by the State through MRA and other agencies, would be transferred directly to the people and government of Western Province. He said the direct shareholding will be well above 18 per cent and that it will be a free carry. Governor-General Sir Michael Ogio signed the Ok Tedi Mine Extension – Eleventh Supplemental Agreement to extend the application of Community Mine Continuation Agreement. The latter is the final and boundary agreement for the purpose of compensation and benefits between parties in the agreement. In Parliament, Mr O'Neill said unlike other mines in PNG, the Ok Tedi mine was regulated under a commercial agreement which was approved by Parliament.

"According to the agreement, it will no longer be necessary for OTML to provide copies of all sales contracts to the Prime Minister for his approval prior to sale. "This is no longer necessary as OTML now has long established buyers and a standard sales contract is used at regular intervals. There is no need for this level of oversight," Mr O'Neill said. The other change is to raise the borrowing limit for the Ok Tedi Development Foundation to K1 million, this is in keeping with inflation and more accurately reflects the cost of projects, he said. The new law also gave parliamentary approval for the community mine continuation agreements. In November 2001, individual community mine

continuation agreements were executed between OTML and the applicable community. There are nine agreements in total. Mr O'Neill said the revised agreement makes two amendments to the principle agreement of 1976 which would improve the administrative efficiency in regulating the mine. "In view of the extension of the mine life and ongoing environmental harm, OTML needed to go back to the communities and revisit the 2001 agreements," he said.

Wabiro: Hilton to manage landowners venture

Post-Courier, November 27, 2014, BY GORETHY KENNETH



ATI Wabiro

ONE of the world's leading hotels – Hilton Hotel has agreed to come to Papua New Guinea to manage a hotel for landowners in preparation for the APEC Summit in 2018. Western Governor Ati Wobiro revealed in Parliament yesterday that the Government had agreed to help the Western Province landowners to build a five-star hotel in Port Moresby and an APEC Convention Centre in preparation for the big event in three years time. Wobiro said this while commending Prime Minister O'Neill on the passing of the Mining (Ok Tedi Eleventh Supplementary Agreement) Bill 2014.

He thanked Mr O'Neill and his Government for news of the direct ownership of equity of shares in OK Tedi that was revealed yesterday. He also thanked the PM for his personal commitment to addressing issues of the people of Western Province, especially issues on OK Tedi mine. "The Government has decided that the landowners of Western Province will build a five-star hotel in Port Moresby as well as an APEC convention centre in preparation for APEC convention in 2018," he said. "We have engaged three international companies to come and build these hotels and also the APEC convention centre. "We stood behind the PM when he took certain decisions on this issue as we were convinced that he was the Prime Minister who would take charge of our concerns."

Prime Minister vows to give Western Province long term fund

Post-Courier, November 27, 2014, BY ADRIAN MATHIAS

PETER O'Neill promises to give this long term funds to Western province at the launching of the K5 million Ok Menga to Telefomin road in Tabubil. WESTERN Province people's long-term fund held under the custody of Papua New Guinea Sustainable Development Program (PNGSDP) in Singapore will be given back to the province once the outstanding court cases are settled. Prime Minister Peter O'Neill said this while responding to Western Governor Ati Wobiro's request to release all dividends held by PNGSDP to Western Province. "We will release every toea back to

Western Province to manage it on reasons of abuse and mismanagement of funds in Port Moresby,” the Prime Minister said because this is specified in the agreement which set up PNGSDP.



Mr O’Neill addressed about 1000 people who turned up to witness the launching of the Ok Menga-Telefomin road in Tabubil, North Fly, on Monday. He said the Government had no interest in these funds, except protecting Western Province people’s interest and rights. Mr Wobiro also told Prime Minister in front of his people in Tabubil that the 19 percent shares in Ok Tedi Mining Limited he had allocated to Fly River Provincial Government and its people, was too low and unacceptable. He told Prime Minister that his provincial government and people of Western Province wanted 36 per cent of shares in Ok Tedi. Mr O’Neill replied the Government would consider doubling the current 19 percent shareholding. Mr Wobiro and North Fly MP Boka Kondra, who is Tourism, Art and Culture Minister, made couple of requests to the Prime Minister, which included:

- fixing and sealing of the Tabubil-Kiunga Highway and declare it as a national road so the cost of upgrading and maintenance can be covered by the national budget;
- the Tabubil-Telefomin road to also connect P’nyang in Olsobip;
- P’nyang Gas to be declared as third LNG and developed in Western Province; and,
- establishment of tertiary institutions in Western Province, which Mr Kondra said the province needs a brain workshop (university).

Mr O’Neill responded in the affirmative, saying the Kiunga-Tabubil highway and Daru town roads will be fixed and sealed next year. “Western Province is a major contributor in the economy of the country,” he added.

O’Neill unveils 80km road to link North Fly, Telefomin

The National, November 26th, 2014

THE Telefomin and North Fly districts in West Sepik and Western will be connected by road. The link is the long-awaited infrastructure for the Telefomin people. Access into the district has only been by air. Their dreams were realised and their prayers answered when Prime Minister Peter O’Neill launched the construction of the Tabubil-Telefomin Road in North Fly’s mining township of Tabubil on Monday. The road will stretch more than 80km from Ok Menga in North Fly to Telefomin. O’Neill presented an initial payment of K5 million to the contractor, Curtain Brothers, to start working. He said the Government had put in K10 million for the road construction with the support of Ok Tedi Mining Ltd (OTML) through the Tax Credit Scheme. “More funding will be given next

year and in 2017 so that our dream of hooking up many missing links inside the country must be realised.

„Our country will soon turn 40 years as an independent state but many places are still remote,” O’Neill said. “But the Government is now starting to link them up. In just two years, it has changed the country, no other Government has ever done that.” O’Neill said the infrastructure sector was allocated more than K2 billion in next year’s budget and this included education and health. Telefomin MP Solan Mirisim was full of praise for the Prime Minister. He said people had waited for the road for more than 30 years and it had finally been delivered. Mirisim used the occasion to make several proposals to the Government which included the start of the Frieda mining project before 2017, if Telefomin could benefit from the non-CMCA funds from OTML and if the percentage of OTML’s Tax Credit Scheme be increased from 1 to 2%. He said the Frieda mining project and assistance from OTML would help change Telefomin in terms of benefits and service delivery.

Ok Tedi: Prime Minister vows to raise shares for Western

The National, November 26th, 2014

PRIME Minister Peter O’Neill has assured the Western provincial government and landowners that the Government will consider doubling shares from the Ok Tedi mine. The assurance came in response to Western Governor Ati Wobiro saying the current 19% shares held by the provincial government and landowners were “too low and unacceptable”. He told O’Neill that his government wanted more than what was given under the benefit-sharing agreement. “Prime Minister, there are four entities for Western that currently hold shares, the CMCA (Community Mine Continuation Agreement) that lives along the Fly River, the non-CMCA communities that live outside the Fly River and the two investment companies with MRDC,” Wobiro said at the launch of the Tabubil-Telefomin Road construction in Tabubil on Monday. “CMCA and non-CMCA is 6% each, we want that to be increased to 12% each. Our two investment companies that we have shares in, we want that increased to 6% each. “We are only asking for 36%. The Government and the rest of the country can have the rest.” Wobiro said his government wanted the money to develop the province’s infrastructure so that it would not have to beg the Government.

He said as long as the province provided the resources, it would take care of the two main concerns. “Thank you for fighting for us in the courts in Singapore, looking after us through the PNGSDP. We have confidence that under your leadership we will reach a conclusion to this court battle. “I want your assurance that when the court is over, all of the dividends in that long-term fund comes directly to the province and nowhere else because that is within the agreement that was signed with our people.” O’Neill said that he would make sure the Government finalised the agreement with the landowners and the provincial government before the end of the year. “We don’t want to manage these funds in Port Moresby because a lot of times the funds are misused,” O’Neill said. “No one or any department would try to control the interest and shareholding of the people of Western. I can assure you today that the funds that are with PNGSDP – the government has no interest in it – we want to give it back to Western to manage it.”

PNG’s Ok Tedi Landowners Unhappy With Reduced Compensation

Operational changes lead to lower payments landowners rely upon

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Nov. 26, 2014) – Traditional landowners in the Fly River area of Papua New Guinea's Western Province are reportedly upset that compensation payments from the Ok Tedi mine have been reduced by around half this year. The landowners are paid money as compensation for the environmental destruction caused by the mine.

Martyn Namorong, a prominent blogger who has worked for Ok Tedi Mining, says changes in the way the mine is run have led to the reduction in payments. It was reported that these landowners mostly rely on the compensation payments to purchase food stuff and basic necessities to counter the otherwise degrading effects of the mines operations within the region.

LNG Landowners unhappy with budget

Post-Courier, November 25, 2014

A GROUP of landowners from the LNG project areas in Hela Province have expressed disappointment on the budget allocation for the Hela Province. Chairman of landowners of Hides PDL 1 John Kaloma and two others expressed dismay over the budget allocation and called on the Government to reconsider and allocate the promised funding for the impact areas of the province. Mr Kaloma said the government had promised during the Kokopo License Based Sharing Agreement (LBSA) in 2008 that it would fund projects such as roads and infrastructures once the first shipment of the LNG gas was delivered. However, he said most of the projects identified during the LBSA were left out in the 2015 budget. "These are the promised equity and project funds for the landowners we are talking about here. "The government promised us during the LBSA meeting but now we came to realise that this are all smokescreens," Mr Kaloma said.

The landowners had been looking forward to the 2015 budget to see if the promised project funds and equity would be allocated but were overlooked. "We are so disappointed and we want the government to come out clear on this issue. "The government should explain whether these funds would be allocated outside of the budget or within the budget. "We cannot continue to hang on fake commitments while our people in the impact project areas continue to suffer," he said. He added that the Government under PM Peter O'Neill and his deputy Leo Dion should by now look into the struggle of the landowners and consider their plight before seeing other provinces. "We gave our land and resources away for a better outcome and yet we are being fooled and dragged here and there. The government should come out clear and explain about our promised equity and project funds," Mr Kaloma said.

LNG Project In PNG's Gulf Province Valued At \$20 Billion

Production from massive gas field due to begin in 2020 or 2021

By Patrick T Wundai

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Nov. 24, 2014) – The Elk-Antelope gas field in Gulf Province will be developed into the biggest liquefied natural gas (LNG) project in Papua New Guinea, its developers say. The US\$20 billion (K50 billion) project will take at least five years to build with construction due to start within 14 months and the first LNG export due in late 2020 or early 2021. The Elk-Antelope LNG project will be bigger by cost and production output, surpassing the current PNG LNG project cost value and gas output with an estimated 9.9 trillion cubic feet (tcf) of gas. It will be operated by the State preferred operator, France's energy giant Total SA partnering with InterOil Corporation and the National Petroleum Company of PNG (NPC) as the State nominee. The project partners, in a press conference with the Minister for Petroleum and Energy Nixon Duban last Thursday at project site, disclosed that the project is eyeing two LNG trains.

InterOil chief executive Dr Michael Hession and Total managing director Philippe Blanchard told reporters that they are focused and committed to delivering PNG's second LNG project which would be bigger than the current PNG LNG Project which has a blown out cost around K50 billion. "This is a major US\$15 billion to US\$20 billion project. We are looking at going into FEED (front

end engineering design) next year and looking at possibly early works to commence as soon as possible. "We want to deliver this project cost effectively," Dr Hession said. Mr Blanchard added, "we are happy Total has joined the project. We will get this project move forward." "Total had invested substantial resources and effort and we are committed and working towards the FEED and final investment decision (FID)," the Total executive said. "We are very much focused on delivering a two-train LNG project in PNG."

Cyanide spill claim worries community

The National, November 21st, 2014

CLAIMS of cyanide spillage from the vat systems at the Sinivit Gold Mine in East New Britain are causing much concern among the local community, provincial government and conservation and health officials. According to provincial authorities, since Canadian developer New Guinea Gold Ltd packed up and left abruptly earlier this year, the vats had been left unattended. That has resulted in theft and vandalism of at least 12 vats in the last few weeks. Provincial authorities said canvas covers placed on top of the vats were removed by people who did not seem to know the serious effects of cyanide. Cyanide, used to extract gold from the ore is extremely poisonous, and the provincial authorities fear the spillage could end up in the main river systems of Kerevat and Nemutka. There are two tonnes of cyanide in storage containers left at the mine site by the developer.

This week, two senior environmental officers from the Department of Environment and Conservation and Sinivit project coordinator with the Mineral Resources Authority James Narum conducted awareness on the dangers and risks posed by cyanide spillage at Riet and Gaulim where the immediate landowners – the Uramot clan – live. Their visit was to inspect the mining area which was neglected but being manned by a handful of security guards, who said they still remained there as they were concerned about cyanide spillage. It is understood that MRA wrote to the Department of Environment and Conservation to follow up if the developer had complied with their still-valid environmental permit. DEC and MRA have given the developer 21 days, effective from last Thursday, to show cause as their environmental permit and operating licence were still valid. The community near the mine site admitted they were aware of the dangers and risks posed by cyanide spillage. Mining activities ceased when landowners stepped up and said the mine was operating illegally and demanded outstanding payments.

State eyes Gulf LNG

The National, November 21st, 2014

By GYNNIE KERO

THE National Government expects Total – operator of the Elk-Antelope joint venture – to come up with a preferred concept for the development of the Gulf LNG plant in the first half of 2015. Petroleum and Energy Minister Nixon Duban said the project cost is estimated at around US\$15-US\$20 billion (K33-45b), almost equivalent to the cost of the PNG LNG project. He yesterday visited the drilling operations near Wabo on the Purari River, Gulf, with executives from InterOil, Total and the National Petroleum Company of PNG (NPCP). Addressing the officials and site workers, Duban reaffirmed the government's support behind the Elk/ Antelope gas fields in Gulf, declaring it to be the country's next LNG project. He said work on the project is expected to start in 2016. "I want to assure the project developers that the government is paying very close attention to this project. "We believe the Elk-Antelope has gas for at least two production trains, which would double the nation's current LNG output.

The project is good news for people in the Gulf region and Papua New Guinea, as soon as Elk-Antelope begins production and the partners earn export revenue and begin paying taxes, we (government) can use to fund schools, hospitals, police and regional infrastructure. “With more than 500 people working on this project in PNG, France, Australia and Singapore, we would then expect Total and its partners to finalise front-end engineering and design in 2015-2016 and for the final go ahead for construction to be given in 2016,” Duban said. The multi-billion dollar project was expected to employ more than 10,000 people during the construction phase. Duban visited other drilling operations in Gulf, including Raptor-1 well site, which InterOil last week announced as a discovery. It is one of many several wells being drilled by InterOil as part of Papua New Guinea’s drilling campaign. InterOil is employing more than 2000 people in the province on seismic and drilling activity and is presently drilling four wells.

LNG owners face hardships

The National, November 21st, 2014

PEOPLE of Komo in Hela, despite the presence of the multi-million kina liquefied natural gas project in the area, are still struggling to improve their living standards, an official says. Thomas Potape, Hela’s Deputy Governor and Komo Local Level Government president, said the people needed better services. “For too long, they have been neglected of their rights to access basic services such as proper healthcare, quality education and better road infrastructure,” he said. “As a result, Komo people continue to struggle on daily basis to sustain their living.” He was speaking as hundreds of people from the Komo-Magarima electorate, gathered to witness the launching of their five-year development plan from 2014 to 2018 to deliver services to the people.

The plan targets 10 priority areas: Law and order, road infrastructure, education, health, agriculture, tourism, electricity, water supply, capacity building and integral human development. School children in traditional attire welcomed Governor Anderson Agiru and public servants. The plan was drawn up after wide consultation with the people. Agiru said the plan needed implementation to be effective because it underpinned development expenditures. “Development plans are a guide for districts and LLGs on how money from grants can be spent on development priorities,” he said. “Development planning is critical at all levels of government. Without planning, nothing can be achieved.” Komo hosts the PNG LNG project, which will generate a substantial amount of revenue for the country over the next three to four decades.

Steamships, OK Tedi to build hotel in Kiunga

Post-Courier, November 21, 2014

STEAMSHIPS, through its businesses Pacific Palms Property and Coral Sea Hotels, in partnership with Ok Tedi Development Foundation (OTDF) will be constructing a hotel in Kiunga in the Western Province. Pacific Palms Property, responsible for developments such as Waigani Central, Windward Towers, Grand Papua Hotel and the Harbourside Development, will be managing the construction of the hotel on behalf of OTDF. It is expected to start early 2015 with the completion in mid-2016, following which Coral Sea Hotels will lease and operate the hotel on behalf of OTDF through its community mine continuation agreement (CMCA). The project, Cassowary Hotel, will have 45 rooms together with a meeting room, restaurant and bar and a shop conveniently located on the outskirts of Kiunga. The Coral Sea Hotels chain has the largest network of hotels in the country and is able to draw from its expertise and offer this partnership to support business in Kiunga.

The signing was done by Steamships finance director Sean Pelling and Ian Middleton, Ok Tedi Development Foundation chief executive officer and witnessed by Middle Fly Trust chairman Robin

Weke, North Fly Trust chairman James Assan, Dr Modowa Gumoi the Provincial Administrator as well as their distinguished persons. Ok Tedi Development Foundation is the legal entity that manages community development benefits from the Ok Tedi mine operations on behalf of the 100,000 residents living in the 156 villages throughout Western Province. It is an exciting opportunity for OTDF and Steamships to partner in a project that will benefit the people of the Kiunga and Western Province. OTDF is committed to realising the development aspirations of the community in the Western Province and through the Cassowary Hotel it hopes to bring more development into the area. OTDF chief executive officer Ian Middleton said Steamships was the preferred partner because it has been operating in the country for more than 90 years and has vast experience in property and hotel investments.

Axiom Mining to start drilling at Solomons Nickel Project

November 20, 2014 by Proactive Investors

Axiom Mining (ASX:AVQ) has mapped out a busy drilling program for the Isabel Nickel Project in the Solomon Islands that will target areas suitable for JORC resource definition and for early mining. As Axiom CEO Ryan Mount said: “We aim to confirm the historical data at this world-class asset collected by global nickel producer INCO and Kaiser Engineers. “Additionally, we see significant potential to increase both the grade and tonnage of the deposit as we extend drilling below the depth of previous sampling into the higher grade saprolite zone.” Drilling will consist predominantly of diamond drilling and excavator pitting to twin and confirm previous test pits and drill holes. Other work will test stratigraphy, bulk density, moisture, internal rock size and distribution and other mining factors within the limonite and saprolite zones. Additional work will test metallurgical characteristics for potential customers and include geological mapping, soil and rock sampling by handheld XRF analyser, and pitting within historical excavations. Baseline environmental surveys have commenced and include terrestrial and aquatic studies, which will meet Solomon Islands regulatory requirements for subsequent development of the deposit.

2015 Work Program at Isabel Nickel

In 2015, Axiom will focus on:

- geological evaluation, drilling and pitting of suitable mineralised zones to current JORC standards to achieve short term development of a proposed direct shipping of ore (DSO) operation and long term development of the total laterite resource for the potential of on-site processing
- development of sales and mining specifications to match customer and market requirements
- preparing for mining and export of bulk samples
- assessment of on-site upgrading processes such as screening and drying.

Axiom is targeting an aggressive start of a Direct Shipping Ore operation within 12–18 months. This would progressively ramp up to two million tonnes per annum.

Isabel Nickel Project

The project is 80% owned by Axiom KB, where KB or Kolosori and Bungusule are the two original customary landowning tribes, who collectively own the remaining 20% interest. The Kolosori tenement covers 49 square kilometres on Isabel Island and is covered by Axiom’s leasehold and prospecting licence. It has historic and non-JORC resources estimated at 159 million tonnes at 1.045% nickel and 0.07% cobalt. Low cost open pit mining can very quickly generate a direct shipping ore that significantly reduces both operating cash cost and capital cost for plant, power requirements and infrastructure. At current nickel prices, this is expected to generate significant cashflow to fund both the expansion of the mine and deliver a return to shareholders.

Letter to the editor

Polluted river a big concern

The National, November 20th, 2014

THE people living along the Lagaip and Strickland River areas are affected as a result of mine tailing discharges by the Porgera gold mine in Enga Province. The affected communities have been fighting hard for 24 years to get a positive answer from responsible state agencies to address the environmental issues affecting the well-being of the people and aquatic ecology. Health impacts and the aquatic ecology are primary concerns of the minister for environment and conservation, and must be looked into and resolved. Howard Peter, Via email

Mining, tax to boost revenue

The National, November 20th, 2014

REVENUE from mining and taxation is projected to beat K1 billion and K1.49 billion contributing towards the government's total revenue of K13.9 billion next year. Acting secretary for Treasury Dairi Vele said the country will capitalise on these revenues, including the K415 million LNG distributions from the National Petroleum Company PNG, in priority areas such as health and education. He said the government aimed to get back to a balanced budget by 2017. On Tuesday, the government tabled in Parliament a K2.3 billion deficit budget. Vele said; "We know we cannot keep running on deficit budgets. We cannot keep borrowing, borrowing, borrowing; we cannot keep on passing on the liability to the next generation." It seemed that in the last two years mining operations have been battling with rising input costs and a weaker kina.

It appeared that in trying to deal with these situations, key projects have been able to calibrate production to achieve optimal mining plans over the past year. Further assisting that process had been some positive assistance provided by the Government through improved security at some of the mines. This has seen a reduction in disruptions hence assisted mines to meet production targets in 2014 and ones expected next year. The oil and gas sector is expected grow at 156% next year due to the first full year of gas production. While peak production has been delayed to 2016, gas production is expected to be well over three quarter of capacity providing a substantial boost to the sector.

Landowners demand K1m compo

Post-Courier, November 20, 2014

By *PATRICK T WUNDAI*

A TRADITIONAL land owning group from New Ireland Province is adamant that K1 million compensation be paid for breaking their traditional yet powerful *gorgor* by an Australian exploration company and the Mineral Resources Authority (MRA) in pursuit of mineral exploration in and around the Anir Island. Anir Island Resources Owners Association (AIROA) chairman Paul Penua Mimfin and AIROA's consultant Joel Suraka told this newspaper yesterday that breaking the *gorgor* is a violation of customary laws that would carry serious penalties. "For a foreign company like Mayur with the assistance of MRA officers to trespass customary land and fishing areas without a concern is a serious crime in our society," Mr Mimfin said. "What makes us angrier is for MRA officers to quietly bring in Mayur without our knowledge even though AIROA has signed the objection form 14 and delivered to MRA officers (named) yet they had the guts to deliberately ignore that and violate our *gorgor*," Mr Suraka said.

"This is a total disrespect to the people who are culturally rooted and custom oriented. If you break the *tabu* or *gorgor* you suffer the consequence. "There is nothing that MRA and Mayur can do to reserve the damage done. Mr Mimfin said AIROA has registered their concern and demand for K1million *belkol* with Minister Byron Chan, MRA and Mayur and expecting a positive outcome. Meanwhile, when this newspaper contacted the MRA officer concerned, the officer denied any violation of the *gorgor* saying "*ol ino putim wanpla gorgor*" (there was no *gorgor*) and referred the call to the managing director's office. The call to the MD's office rang out while an officer who assured this reporter to return calls didn't since Monday.

Bakani: Sovereign Wealth Fund crucial for economic growth

Post-Courier, November 20, 2014

BY MELISSA MARTIN

THE Sovereign Wealth Fund is important to a sustainable economy and development, says Bank of PNG Governor Loi Bakani. Mr Bakani told the sixth research, science and technology conference at the University of Papua New Guinea yesterday that the fund was established to ensure economic stability and effectively manage the countries revenue. The Organic Law on Sovereign Wealth Fund was passed in 2012 by Parliament, due to some procedural issues; it had been amended to be referred back to Parliament which is expected to address it next week. The central bank chief said the sovereign wealth fund is being established as a mechanism to manage revenues and ensure it insulates the economy and the budget from volatility in mineral and petroleum resource revenue. "As such, the budget is subjected to volatility in mineral prices and what happens in the global economy. "It is also established to sustain the macro-economic risk, including the Dutch Disease phenomena – which is when a lot of foreign exchange comes in from mineral resource revenue, the kina or exchange rates goes up (appreciates) and our export sector suffers especially agriculture," he said.

Therefore he emphasized the need to invest more in the agriculture sector now which the current government is focusing on as a key priority area of development. Mr Bakani said on the other hand, it might not happen, when SWF is in place, the Bank of PNG could use the foreign reserves to mitigate any volatile movements in the kina exchange rate. "It can also insulate those kinds of effects from taking place which the government can draw down from the SWF whatever it is required for the development needs for the economy," he added. The importance of sovereign wealth fund which is established by Organic Law under section 212(a) of the Constitution cannot be understated. "It aims to ensure that PNGs natural resources are well managed in a prudent and transparent manner and effectively used. "The overall objectives of the sovereign wealth fund is to support macro-economic stabilization, manage economic boom cycles associated with mineral and petroleum projects, development, vision cycles and the impact on mineral and petroleum revenue on the economy," he said.

Mt Kare: Clan leader disputes mine claims

The National, November 18th, 2014

A WOMAN leader has called on people from outside Mt Kare to stay out of issues concerning the operation of the mine. Agnes Tara from the Terewana clan in Mt Kare, Enga, said the six tribes supported the developer, Summit Development Limited, the Enga provincial government and Government on the mining operation. She said the six tribes had been waiting for 25 years for the mine to start and just recently all the processes had been completed with the landowner identification survey. She was responding to a statement by Tony Mark Ekepa, the chairman of the Porgera Landowner Association, last week who claimed to be from her Terewana clan. Tara said the statement that the matter would be taken to court to stop the mine was totally misleading and meant to

create problems. "To put the record straight, I am from the Terewana clan in Mt Kare. Tony is from Porgera and is the chairman of the Porgera Landowners Association," she said. She said the six tribes disagreed with Ekepa's comments. The tribes are Terewana-Kere, Kamai, Yoli, Pakea, Lyapi and Eli. "I want to thank the Enga provincial government, Government and the developer for finalising everything for the mining to commence," she said. She said all matters had been processed and the genuine landowners identified.

NZ: Chatham mining will 'destroy' rare seabed life

LIAM HYSLOP, stuff.co.nz, 17/11/2014

Phosphate mining should not be allowed on the Chatham Rise as it will damage marine environments, environment groups say. The Environmental Protection Agency (EPA) has started calling final submissions at its hearing over the application by Chatham Rock Phosphate (CRP) to mine phosphates off New Zealand's coast. The Chatham Rise was an area of ocean floor to the east of New Zealand, stretching for 1000 kilometres from near the South Island to the Chatham Islands. CRP's proposal was to mine phosphate nodules in an 820sqkm area approximately 450km east of Christchurch, for which it already has a mining permit. In addition to its mining permit, CRP requires a marine consent under the Exclusive Economic Zone and Continental Shelf Act, which the EPA hearing will decide. CRP also sought to increase its area to more than 5000sqkm from the hearing. Today, Greenpeace, Kiwis Against Seabed Mining and the Deep Sea Conservation Coalition gave a joint final submission.

Lawyer Duncan Currie, acting for the groups, told the hearing the application was "premature" due to the lack of information in many areas. "The Environmental Impact Assessment was far from adequate. "There's a lot of information missing, but what we do know is that this mining will destroy virtually all life on hundreds of square kilometres of the seabed, including rare, vulnerable and endemic species." That could include damage to coral and high levels of toxic materials leaking into the sea, he said. The company had also overstated the benefit of the phosphates to New Zealand, since it will export 75 per cent of the mined phosphates, he said. Barry Weeber, of the Deep Sea Conservation Coalition, said he had concerns about the ship CRP planned to use for mining. "The company that Chatham Rock Phosphate says will do the mining, Boskalis, will itself use a ship that's likely to be flying a flag of convenience – from Cyprus. "Boskalis has a history of breaching environmental consents. If its ship is flagged to Cyprus, as its other ships are, how will the EPA be able to control it in our waters?"

Letter to the editor

Military operation will not solve issues

The National, November 17th, 2014

THE K2 million funds from Hela provincial government for the military to solve the bloodshed will not solve the problem but will make matters worse. We are not at war, so why the military operation? The killings are done by a few young gun men. These trouble makers will escape even before the military are on the ground and innocent lives and properties will be lost or destroyed by the military. I see the military operation as adding more fuel to the fire and a waste of much needed money. The main cause of all these tribal fights is the lack of government services and the physical absence of their mandated leaders. People in most parts of Hela are still in the wild west. They live the life as their ancestors by still having tribal enemies who goes for "eye for eye" culture. They know how to solve their own problems by taking the law into their own hands because there is no government service and no presence of their mandated leaders whose presence would at least ease their

tension or would reserve their taught of causing trouble. The best ways to solve these wars are by arresting murderers and arrange an undercover police MPs must be with them all time, experience the life they live and bring the needed services to them. Tom Kaltia SHP

Nautilus closes in for Solwara 1 deep-sea project

Post-Courier, November 16, 2014

NAUTILUS Minerals Inc, the Canadian based deep-sea explorer and operator of Solwara 1 project, last week announced its third quarter report ending September 30. Nautilus highlighted three major results in the report the company's agreement into vessel charter which satisfies intellectual property condition precedent to the agreement with the State's nominee – Petromin Papua New Guinea Holdings Ltd – and its advanced mechanical and hydraulic assembly of the auxiliary cutter and collecting machine continuing. The operator of the controversial mining project has reported that it has in cash K74.78 million and cash equivalents as at the quarter ending. "Having last month secured the intellectual property rights required by our agreement with the nominee of the Independent State of Papua New Guinea, we are delighted that we have recently secured a vessel charter with experienced vessel provider, Marine Assets Corporation," said Nautilus' chief executive officer, Mike Johnston. "We are now look forward to the signing of the shipbuilding contract," he said. The firm appreciates Eda Kopa (Solwara) Ltd's help.

Gold Ridge: Arsenic Levels In Solomons Mine Tailing Pond 'Safe'

St Barbara says any release into the river must be controlled

WELLINGTON, New Zealand (Radio New Zealand International, Nov. 14, 2014) – The owner of a shut down gold mine in Solomon Islands says arsenic levels in its tailings dam at Gold Ridge are well below relevant standards in Australia and New Zealand. There have been concerns about the tailings dam since a storm shut the mine in April and fears of the impact of the coming wet season. The Solomon Islands government says there is some worry about high arsenic levels and the threat posed by any uncontrolled run off if the dam floods. But the principal of Melbourne based St Barbara, which owns Gold Ridge, Bob Vassie, says while the water is not safe for drinking it is well below that required for safe farm irrigation, liverstock drinking, aquaculture and so on in New Zealand and Australia. But he says any release into the river must be controlled. "You could breed fish in this water, for aquaculture, so to release it into the local river is, in our view, absolutely fine and also avoids the consequence of the dam overtopping in the next rainy season which is upon us now," says Vassie.

Tribal fights pose threat to LNG operations

Post-Courier, November 13, 2014

By ANDERSON KOPONO

TRIBAL fights all over Hela Province are posing a threat on the multibillion kina LNG project. Tari Pori and Komo Margarima districts were declared fighting zones as warring tribes used guerilla tactics, bringing more challenges to the combined joint operations force (mobile squad 4 and 16, 9 and military police personnel permanently based in Tari) as they find ways to restore normalcy. The two districts were declared fighting zones with an initial emergency funding of K2 million from the provincial government for the joint operation force. But the situation on the ground is still tense. Provincial police commander Superintendent Mark Yangen said the fighting had "mushroomed" all over the place, posing a threat to the LNG operation.

From the seven different fights that had been continuing for a year, the LNG project would be threatened because "fighting in three different districts, Pugwa Tani, Pai valley in Tebi LLG of the Tari-Pori electorate, Pureni, Piwa Haro and Alakali in Koroba Kopiago district, Tigibi, Punduaga, Margarima and Nongoli in the Komo-Margarima electorate would further spread to the LNG project area because more recently, men from Pai valley had mistakenly killed an Angore man near the oil head and that would pose a threat to the LNG operations", said Mr Yangen. He said the warring factions are using guerilla tactics to fight each other, making matters more difficult for them to control. "They are playing hide and seek. They come kill then they run into the bush to hide, thus making it hard for police to capture them," said Supt Yangen. Military police personnel will be stationed at Komo and police at the LNG site.

PANG: Trade to undermine Pacific's land system

The National, November 12th, 2014

The Pacific Network on Globalisation (PANG) launched a briefing paper yesterday outlining the complex and dangerous ways that free trade agreements can impact and undermine customary land systems in the Pacific Islands. "Custom land is so central to life in the Pacific Islands that its importance cannot be overstated. "Yet through the eyes of free trade agreements it is seen as a barrier to investment, something that needs to be challenged," campaigner Adam Wolfenden said. The paper has outlined many of the common questions about free trade and what it means for custom land in the Pacific Islands. "Previous attempts to privatise land in the Pacific have been met with a strong refusal by islanders. "What we're seeing now is free trade advocates using these agreements to secure control over the usage of the land, which can in effect mean that custom decisions about land use are undermined," he added.

"We're seeing this in Vanuatu where its Trade in Services commitments at the World Trade Organisation (WTO) mean the government's ability to specifically support and nurture land use for indigenous enterprise, such as local burree owners or other tourist accommodation, can only happen if it gives the same support to foreign investors" Wolfenden said. The briefing paper explains the way that free trade undervalues local foods, determines land use, how foreign investment acts as land-grabbing, and how for some Pacific Island countries foreign corporations can sue the governments in international arbitration. "Free Trade Agreements result in governments making binding commitments on their ability to regulate services and investment. "Often there are unintentional consequences that come from such commitments resulting in unexpected restrictions being made on how land use is determined. "The push for the Pacific Islands to become integrated into the global economy is a push to ask the Pacific to turn its back on the systems and cultural practices that have supported them for generations. "These are the systems that work for the Pacific."

Worry over arsenic at Solomons mine tailings dam

Radio New Zealand, 12 November 2014

Arsenic levels in the tailings dam of the Gold Ridge gold mine in Solomon Islands have authorities concerned as the country enters the monsoon season. The gold mine which was abandoned by its Australian owners, St Barbara, after flooding in April is supposed to be sold to the Solomon Islands government. But the Special Secretary to the Prime Minister and lead negotiator on the government side, Phillip Tagini, says negotiations are on hold and the focus now is on securing the tailings dam hazard before the rainy season starts. "Both parties have agreed that they will pick up that issue, that discussion after a new government is set in place. So we are working together to try and resolve this matter and we hope that we can do that in the next few weeks or months." Phillip Tagini says tests carried out on the Gold Ridge tailings dam show reduced levels of cyanide but a high concentration

of arsenic. He says consultation is being done with local communities before a plan to dilute and drain some of the water in the dam is carried out.

Hela fighting escalates

The National, November 12th, 2014

By PETER EOSP WARI

POLICE have warned that the tribal fights raging in Hela will spread if nothing is done now to contain the situation. Hela provincial police commander Superintendent Mark Yangen said several tribal fights were happening at the same time. He said the tactic used now was different from past tribal fights because of the use of "guerilla warfare" involving "hunting and killing". A man from Angore was killed by the Paipeli tribe in retaliation to the slaughter of three men by the Lineapini tribe last Tuesday. Yangen said police now believe that the Angores had been supplying guns to the Lineapinis and providing logistical support. "Hela is the only province witnessing continuous tribal fights which have affected the communities. Hundreds of people have died, mothers and young girls have been raped and students have been deprived of their education," he said. Yangen said other fights were raging in Tepi Local Level Government between Piwa and Twere. Police have set up camp on State properties to protect government assets. This year alone, he said fights had been continuing at:

- Pugwa, Tani and Pureni in Koroba-Kopiago district;
- Piwa, Haro and Alakali in Tari-Pori district; and,
- Tigibi, Margarima and Panduaga in Komo-Margarima district.

"Police have limited manpower and can not provide security to the 300,000 people of Hela," he said. He said the continuous fights were posing a threat to the PNG LNG project.

Puma Energy eyes modern oil refinery to boost growth

Post-Courier, November 12, 2014

By Patrick T Wundai

GLOBALLY integrated midstream and downstream oil company Puma Energy is planning to build a better and world class refinery for fuelling Papua New Guinea (PNG). Puma Energy, while announcing its plan to expand and invest further into the region, revealed this to the media that the company will invest in measures to create a more modern and flexible refinery at Napa Napa, outside Port Moresby, capable of processing all domestic crude oil and condensate. The rest of the plan will be announced during its official brand launch expected soon. The refinery plans include; upgrading the refinery to manage a wide range of feedstock and recovering more gasoline with less fuel oil production while maintaining a sustainable capacity of 42,000 barrels (bbls)/day; installing 10MW (megawatts) of gas turbine electricity production, additional 280,000m³ new crude and refined product storage; "Bravo" and "Sierra" jetties. The company's investments will help generate jobs, ancillary businesses and other value adding activities amongst others.

Puma Energy chief operating officer, Asia Pacific and Middle East, Rob Jones said the investment plan will transform its operations into a major petroleum hub for the Asia-Pacific region, to refurbish and expand its service stations and fuel storage capacity across the country and its plans to upgrade the company's refinery at Napa Napa. Mr Jones said the company's plans would see significant investment made into local communities to create jobs, build skills and support PNG's economic growth. "Puma Energy has always committed and invested wholeheartedly into the communities in which we operate," Jones said. "By upgrading the infrastructure we will turn the business in-

to a major petroleum hub for the Asia-Pacific region which will bring many important opportunities to PNG. "We are also helping to build PNG's economic sustainability with our graduate recruitment program, by ensuring employees are given world-class training, and developing local service stations as state-of-the-art facilities."

Jones and other senior Puma Energy executives travelled to PNG this week to announce expansion plans and to officially launch the Puma Energy brand into the market at an event attended by senior ministers and industry representatives. The refurbishment of the service station network has already begun to improve the facilities and services offered to customers and Puma Energy has committed to having its fully retail network overhauled by March 2015, in time for the 2015 Pacific Games, which Puma Energy is sponsoring. Jones said the new branding was the start of an extensive program to bring better facilities and service standards to Puma Energy's fuel terminals, retail service stations and aviation capabilities in the country. "Under our expansion and improvement program, Puma Energy will bring new services to the country, such as bitumen, bunkering and LPG," he said. "We will also be bringing our leading global health, safety and environmental initiatives programs to our operations in PNG, which are cornerstones of Puma Energy's global culture."

North Fly MP to face Leadership Tribunal

Post-Courier, November 12, 2014

THE office of the Public Prosecutor yesterday requested the Chief Justice Sir Salamo Injia to appoint a leadership tribunal to enquire into the allegations of misconduct against North Fly MP Boka Kondra who is Arts, Culture and Tourism Minister. This follows an earlier referral by the Ombudsman Commission against Mr Kondra in relation to allegations of misapplication of District Services Improvement Program Funds (DSIP). The subject of the referral relates to allegations that the leader may have misapplied K85,276 from the DSIP funds and District Support Grant (DSG). The funds were allegedly used for unintended purposes and in this case, it was used to pay for office rentals for North Fly Open electorate when MPs are paid electoral allowances which were in-built in their fortnightly salary for accommodation rentals. The leader was also alleged to have misapplied K134,966.62 from DSIP and DSG funds in rental payments for accommodation for himself and for his family in Port Moresby.

He was further alleged to have misapplied K18,200 from the DSIP and DSG funds to service his outstanding 2007 National Election debts. The personal debt came about as a result of the leader hiring a motor vehicle from a company named as Towi Smash Repairs during the 2007 national general elections. Public Prosecutor Pondros Kaluwin said he had perused the file and found that there was sufficient, cogent and credible evidence to refer the matter to an appropriate Leadership Tribunal. Sir Salamo will go through the referral and decide on an appropriate tribunal to hear the allegations against the leader. Mr Kondra's referral follows on the heels of Manus Open MP Ronny Knight who last month had been referred to the Public Prosecutor to decide whether the Chief Justice should set up a leadership tribunal to hear misuse of office allegations against him. Other leaders who have run foul with the law through the normal court system this year include Gulf Governor Havila Kavov, and Komo-Margarima MP Francis Potape who are both awaiting sentencing. A total of 15 MPs are being investigated by police for alleged white collar crimes, including official corruption and misappropriation.

Families of victims killed during Papua New Guinea's Bougainville war finally lay their loved ones to rest By Bruce Hill, ABC Radio Australia, 11 November 2014



Families gather at Buka Passage in remembrance of the Bougainville conflict missing. (Credit: ABC licensed)

In Papua New Guinea, people lost during the decade-long civil war on Bougainville have been farewelled in an emotional ceremony. The families left behind organised a sea burial in the Buka Passage on Monday morning. The bodies of those killed during the Bougainville conflict, which began in 1989, were never recovered and will probably never be found. Relatives of the dead went out into the Buka Passage on a ship to say their goodbyes and throw wreaths into the water. Tobias Koehler, from the International Committee of the Red Cross in PNG, which helped organise the ceremony, said it was an emotional event. "They marched from one place in the city to Bel Isi Park... which is actually a mass grave. They marched up there, there were lots of speeches done, and some of them were very emotional," he told ABC Radio Australia.

The conflict on Bougainville island dragged on for almost a decade - unrest sparked by an Australian-run copper mine which became a battle for independence. Thousands of people were killed, many of them innocent victims. The ceremony was for people whose bodies were never found. "It's a very tragic situation for everybody who lost a relative in the crisis, particularly for those... unable to grieve, who don't have a body [to] bury in their ancestral lands and don't have a place to go to mourn," Mr Koehler said. "It's literally an ongoing, day-to-day trauma where a noise at night, a door opening, might trigger in their mind: is this person coming back right now, so many years after? Maybe he just lived in Solomon Islands and is now coming back. So, there's a real trauma there for those who have to live with this."

The chief from Pok Pok Island, Peter Garuai, was also at the service. He lost a brother in the conflict and said it was good to be able to farewell him even if it was just symbolically. "About 100 to 200 people attended the ceremony (in Buka). It was very emotional, very moving. A lot of women and mothers, they shed their tears," he said. He said the ceremony was a good thing for the people of Bougainville. "It gives them joy, it gives them peace and it gives them reconciliation in their minds, and release from their long wait for their loved ones to come back."

Minister to present in parliament ‘three key policies’

The National, November 11th, 2014

MINING Minister and Namatanai MP Byron Chan is expected to present three key proposed mining policies in the next parliament session this month. These guidelines include sustainable mining development, involuntary resettlement and geothermal out of a list of six keys under the proposed changes to the Mining Act 1992. This follows a consultative meeting held recently between Chan, Chief Secretary Sir Manasupe Zurenouc and State Working Group comprised of senior officials from the Department of Mineral Policy and Geohazards Management and Mineral Resources Authority in consultation with Industry Working Group – PNG Chamber of Mines and Petroleum. The World Bank sponsored mining review looked at reviewing key areas of the long overdue 1992 Mining Act following wide regional consultations last year which includes:

- Mining Act regulations;
- mining (safety) act regulations;
- sustainable mining development policy;
- involuntary resettlement policy;
- mine closure policy; and,
- Geothermal and off-shore mining policy.

Chan urged the State and the Industry Working Group reviewing the 1992 Mining Act to be committed in order for the draft mining act can be concluded on time. “This is so that the government knows where we are in terms of mining policy review and the way forward,” he said. Both working groups said work on the draft mining policy had considerable progress despite minor hiccups with three policies including mining development, involuntary resettlement and geothermal have being completed for the minister to table in Parliament. The remaining three policies such as the off-shore mining, mining (safety) act regulations and mine closure policy would be concluded next March along with the overall Mining Act regulations. Chan said he would present these policies to Parliament prior to the mining conference in Sydney next month to give direction on the government’s mining policies.

4000 members to benefit from contract

The National, November 11th, 2014

FOUR thousand members of the Porgera District Women’s Association (PDWA) will benefit from the cleaning and janitorial services contract with the Porgera Gold mine. The cleaning and janitorial services at the mining were previously provided by Total Cleaning and Household Services (TCHS), a landowner company under a contract that will expire this month. Porgera Gold said the company was in a process of transitioning the cleaning and janitorial services contract for the mine site and camps to the Ipili Wanda Investment (IWI), a business arm of PDWA. “Effective Nov 29 this year, PDWA, a registered non-profit organisation with current membership of more than 4000 women, will be the contractor for the cleaning and janitorial services,” the company said. TCHS last month protested its contract termination and presented a petition, demanding Porgera Gold reinstate TCHS as the sole provider of cleaning and janitorial services to the mining and camp sites.

Porgera Gold executive general manager Greg Walker last month received the petition on behalf of the company but affirmed that Porgera Gold would stick by its commercial decision to award the contract to PDWA’s business arm. “The main issue for me is that the contractor’s employees will not be terminated as the new contractor has offered to take on any of the current employees on the same conditions as they are currently,” Walker said. He said the awarding of the labour hire component of the contract to IWI was a demonstration that the company was committed to encouraging,

empowering, developing and working with local organisations that had a wide stakeholder base that shared the benefits derived from the opportunities with local community groups.

Mt Kare land report on hold

Post-Courier, November 11, 2014

By ANDREW ALPHONSE

A SUCCESSFUL National Court order has put an indefinite stop to parties executing the recently launched land investigation report (LIR) of the Mt Kare gold project. It was obtained last week by Huli landowners of Tari. The Tagali Mt Kare People's Association (TMKPA), the umbrella association of Huli landowners of Mt Kare project, led by secretary Palipe Aku and others had sought the court order to stop the land investigation study (LIS) and LIR from being effected. The group joined the Hela Provincial Government led by provincial administrator William Bando to challenge the LIS and LIR findings tabled recently by the developer, Summit Development Limited (SDL), a subsidiary of Australian-based Indochine Mining Limited.

The defendants in the case are Andrian Abby, deputy secretary of customary lands at Lands and Physical Planning Department, Lands and Physical Planning Secretary Romily Kila-Pat, the State, Summit Development Limited, Mineral Resources Authority (MRA) and the Enga government. In the orders obtained at the Waigani National Court through their lawyer Lakakit and Associate Lawyers, the court ordered that the defendants, its servants, agents or whatsoever are restrained from accepting, registering including gazettal of the LIS and LIR, in relation to the Mt Kare gold project until further orders of the court. They sought orders that in view of the complicated nature of land identification, parties are directed to have the issue resolved through a mediated court ordered mediation and the terms of the draft are to be settled when the matter returns to court. The matter was adjourned to Monday.

K7m to continue Porgera security operation

Post-Courier, November 11, 2014

THE Porgera callout operation will cost another K7 million as Cabinet decided to extend the joint police-army exercise. Prime Minister Peter O'Neill announced that the endorsement to continue operations is "to fully implement the medium and long-term strategies and to address the illegal mining and breakdown of law and order in Porgera gold mine in Enga Province". He said since the Porgera Valley had experienced significant migration through the influx of non-landowners into the valley, the local population of 4000 had increased to about 60,000. "With these new arrivals, there has been a significant deterioration in law and order, causing an increase in illegal mining in the Pogera Special Mining Lease (SML) areas," the Prime Minister said. "The national Government callout to the Porgera gold mine is a Cabinet endorsed joint operation to address criminal activities in the mining township. "While there is still more to be done, the lawlessness has been contained and significant level of normalcy has been restored since the operation commenced."

Mr O'Neill said Porgera Joint Venture had been supportive of these operations carried out by the members of the police and the military. "This issue requires both a medium and long-term intervention strategy to sufficiently address the matter," he said. "Cabinet therefore directed the responsible government agencies at both the national and sub-national levels to collectively implement the activity plan." Cabinet had directed the Treasury Department to release K7,588,400 to ensure the operations are continued. "It is quite important for Cabinet to approve funding for these operations because any withdrawal of these joint forces will only provoke criminal elements to cause massive destruction to mining operations and government service in the area," the Prime Minister said.

Soso: Gold mine way forward

Post-Courier, November 10, 2014

THE Nevera gold mine may be small scale but to Eastern Highlands Province it is a major step forward in the mining industry, says Governor Julie Soso. She was speaking at the signing of the mining lease ML510 between Crater Mountain Limited and Mining Minister Byron Chan last week. She said the mine would benefit the remote areas of Lufa district and Eastern Highlands Province as a whole. Mr Chan said Crater Mountain lease is for five years following a recommendation from the mining advisory council. "The Crater Mountain prospect has been the subject of intensive exploration since the tenement was first granted in 1994. "The exploration program has been undertaken in conjunction with ongoing work in close association with the local landowners," Chan said. He also said the company had submitted a proposal to develop a low impact small scale underground mine project, within its high grade zone (HGZ) at Nevera prospect, located in tenements EL1115 and EL2249 in the Eastern Highlands and Chimbu provinces. The minister said Crater Mountain has spent an excess of \$11 million in their ongoing exploration work programs and committed A\$3.3 million as initial capital cost to get the mine into production.

Fiji approves second bauxite mine

Radio New Zealand, 7 November 2014

A second bauxite mine has been approved in Bua province on Vanua Levu in Fiji. The Minister for Lands and Mineral Resources, Mereseini Vuniwaqa, has handed over lease documents for the new site in Lekutu to the same company that opened a mine in the west of the island in 2011. Chinese-owned XINFA Aurum Explorations Limited says the mining operations at the Nawailevu site will be completed by the end of this month. The mine has produced 1.2 million tonnes of bauxite over the past three years, all of which has been shipped to China. Mrs Vuniwaqa says the government has recognised XINFA's commitment to the people and employment opportunities the mine has created. This week the minister held a public consultation session with the Tikina Naita in Lekutu Bua about the project.

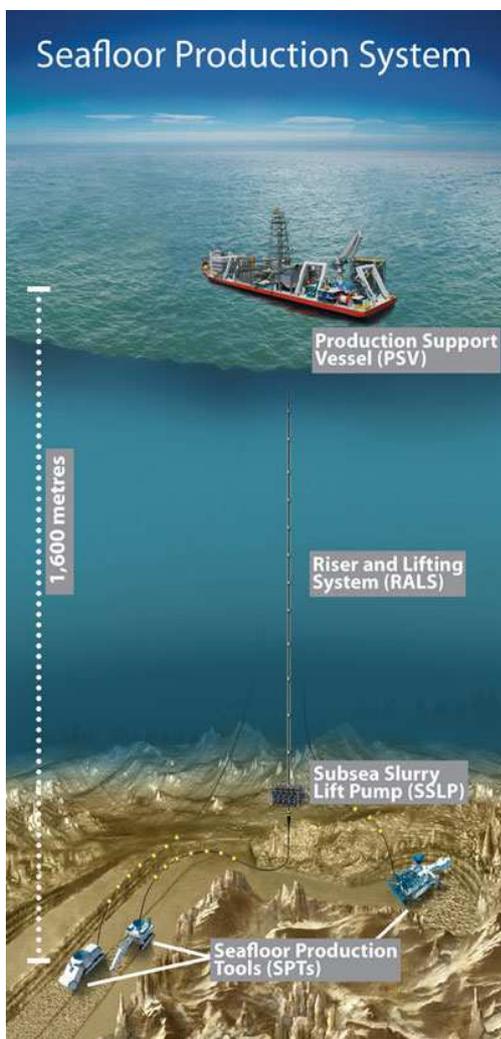
Deep-sea miner Nautilus to charter ship as floating base

Cecilia Jamasmie, Mining.com, November 6, 2014



Computer rendition of Nautilus' floating base.

Canada's Nautilus Minerals is leading the race to open the first seabed mine as the company announced Thursday it will charter a 227-meter-long (745-foot) ship as a floating base for its operations near Papua New Guinea. The Toronto-based company, which plans to mine copper and gold at its Solwara 1 project, said it will charter the vessel from Dubai-based Marine Assets Corp., which in turn plans to sign a contract with China's Fujian Mawei Shipbuilding Ltd. to design and construct the vessel. Following the first payment by Marine Assets under the shipbuilding contract, \$113 million will be released to the seabed miner from an escrow account. The amount was placed there by Papua New Guinea as part of the government's purchase of a 15% stake in the project, located in the Bismarck Sea. The ship will accommodate as many as 180 people and is expected to be delivered by the end of 2017. The ship will accommodate as many as 180 people and is expected to be delivered by the end of 2017, Nautilus said. The Solwara 1 project, located in the minerals-rich Manus basin, was originally slated to begin production late last year, but long-dragged disagreements with the PNG government affected the original timeline. Nautilus, the first yet not the only one exploring the ocean floor for polymetallic massive sulphide deposits, it still expects Solwara to become the first project commercial deep-sea mining in the world.



Nautilus Enters Into Vessel Charter

TORONTO, ONTARIO--(Marketwired - Nov. 6, 2014) - Nautilus Minerals Inc. is pleased to announce that it has entered into an agreement for the charter of a vessel to be first deployed for use at the Solwara 1 Project. Marine Assets Corporation, a marine solutions company based in Dubai which specialises in the delivery of new build support vessels for the offshore industry, will own

and provide the marine management of the vessel. The vessel will be chartered to Nautilus for a minimum period of five years at a rate of US\$199,910 per day, with options to either extend the charter or purchase the vessel at the end of the five year period. The vessel will first serve as the operational base for the joint venture (*Solwara 1 JV*) to be formed by Nautilus and the Independent State of Papua New Guinea's (*State*) nominee, Eda Kopa (Solwara) Limited (*State Nominee*), a wholly owned subsidiary of Petromin PNG Holdings Limited, to support the operations carried out by the Solwara 1 JV to extract and to transport high grade copper and gold material from the Project site, in the Bismarck Sea of Papua New Guinea. Under the terms of the arrangement, MAC will enter into a contract with Fujian Mawei Shipbuilding Ltd., based in Fujian province in south-eastern China, to design and construct the vessel in accordance with Nautilus' specifications (*Shipbuilding Contract*).

The Shipbuilding Contract is expected to be signed by no later than 28 November 2014. A US\$10M deposit is payable by Nautilus to MAC following the payment by MAC of the first installment under the Shipbuilding Contract. A further charterer's guarantee of US\$18M will be provided to MAC by the Solwara 1 JV on the commencement of the charter of the vessel. When completed, the vessel will measure 227 metres in length and 40 metres in width with accommodation for up to 180 people and generate approximately 31MW of power. All of the below deck mining equipment will be installed in the vessel during the build process to minimize the equipment integration to be completed following delivery of the vessel. The vessel is expected to be delivered by the end of 2017. Mike Johnston, Nautilus' CEO, commented, "We are excited to achieve this significant milestone and secure a vessel contract with such an experienced vessel provider as MAC. We appreciate the continued support we have received from Eda Kopa, our joint venture partner, in reaching this milestone and, together with them, look forward to working with MAC and the shipyard in seeing the delivery of our first vessel and making seafloor mining a reality."

Mining to commence at Crater Mountain project in EHP

Post-Courier, November 06, 2014

AUSTRALIAN Mining Crater Gold Mining Limited is set to become PNG's next gold producer following the grant to its PNG subsidiary Anomaly Limited (Anomaly) of the Mining Lease for the Company's High Grade Zone (HGZ) gold project at Crater Mountain, PNG. Following a rigorous technical and environmental assessment process involving the PNG Mineral Resources Authority and Department of Environment and Conservation the Minister for Mining, Byron Chan, signed the Mining Lease, ML510 for Anomaly's HGZ project at Crater Mountain in the Eastern Highlands Province (EHP). Crater Mountain is located 50 km southwest of Goroka in the EHP. Formerly a tier-1 BHP asset, there has been in excess of 14,500 metres of diamond drilling to date, the majority focussed on the Nevera prospect, which hosts the HGZ project. Gold mineralisation at the HGZ is confined to several narrow, highly oxidised veins that will be targeted by the small scale, underground mining operation.

The Company anticipates extracting ~10,000 ounces of gold in the first twelve months of operation. Crater Gold's chief executive officer Greg Starr "the granting of the Mining Lease is a watershed milestone for the Company as we transition from developer to gold producer. "With the mill and gravity concentration circuit already commissioned on site, we can effectively commence mining activities and gold production in the current quarter. The Company is currently finalising a Landowner Compensation Agreement to clear the way for gold production. Cashflows generated will assist in developing our other Crater Mountain prospects. "We appreciate the efforts of the PNG Government authorities who have worked diligently to process the Mining Lease and look forward to reporting on gold production and revenues going forward," Mr Starr added.

New Caledonia Must Protect Nickel Resources: Dang

Benefits of industry could be threatened by foreign interests

WELLINGTON, New Zealand (Radio New Zealand International, Nov. 5, 2014) – A leading figure in New Caledonia's nickel sector has warned against possible outside predators in the industry, which is the territory's economic backbone. Andre Dang, who has been instrumental in developing the nickel plant in the north, made the comment in an interview with the *Nouvelles Caledoniennes* newspaper after being appointed to run the board of the three provinces' joint industry company. Mr Dang says there is a need to secure the territory's nickel resource, saying New Caledonia's stake in companies like Eramet is small. Eramet is the parent company of SLN which runs the territory's oldest smelter in Noumea. He says as a listed company, Eramet could be taken over with catastrophic results for the territory. Mr Dang is also wary of the Chinese involvement with the local Mai group as their plans to build a smelter in Vanuatu could depress prices. He says the nickel ore reserves are not unlimited and it's advisable to produce nickel for as long as possible at a price as high as possible.

International tribunal rejects PNG Government's dismissal of PNGSDP case

Allanah Leahy, EM TV Online, 5 November 2014

Chairman of Papua New Guinea Sustainable Development Program Ltd (PNGSDP), Sir Mekere Morauta, released a statement last Wednesday notifying of a decision made by the International Centre for Settlement of Investment Disputes (ICSID). The ICSID has rejected the Papua New Guinea Government's 16 July application for the dismissal of PNGSDP's case which seeks restitution of the company's 63.4 per cent shareholding in the Ok Tedi mine. Chairman of PNGSDP Sir Mekere Morauta last week welcomed ICSID's rejection of the PNG government's application, allowing the case to proceed. "This is very good news for the people of Western Province," he said. "It means that the second of PNGSDP's court battles to protect its investments is off to a strong start. "The ICSID decision gives the people good reason to hope that PNGSDP will ultimately be able to resume sustainable development in the province funded by the dividends from the mine." The decision is the initial phase of PNGSDP's efforts to reclaim their shares in Ok Tedi mine after they were cancelled following what is described by PNGSDP as a breach of prohibition against unlawful expropriation.

PNGSDP attributes this to the PNG Government's adoption of the Mining (Ok Tedi Tenth Supplemental Agreement) Act 2013 (the "Tenth Supplemental Act"), as well as the Mining (Ok Tedi Mine Continuation) (Ninth Supplemental Agreement) (Amendment) Act 2013. Sections 4(5) and 4(6) of the Tenth Supplemental Act provide:

(5) All references to PNGSDP in the constitution of Ok Tedi Mining Ltd (OTML) and in the Fifth Restated Shareholders Agreement shall, on and from the coming into operation of this Act, be read and construed as a reference to the State.

(6) On and from the coming into operation of this Act, the Charge is void and of no legal effect and shall not create any interest of any nature whatsoever in any share of OTML.

Section 6 of the Tenth Supplemental Act provides:

Notwithstanding anything to the contrary in any Act, the State has all necessary powers to restructure PNGSDP and its operations to ensure that PNGSDP applies its funds for the exclusive benefit of the people of the Western Province.

The PNG Government had previously appealed to the ICSID for the dismissal of PNGSDP's claims, arguing that the claims were without legal merit. The ICSID's rejection of their appeal has thus given Sir Mekere and PNGSDP reason to look forward to the case going ahead. "We welcome

the ICSID decision and look forward to putting our arguments in the next phase of the proceedings,” he said. “The O’Neill Government’s expropriation of PNGSDP’s investment in Ok Tedi, and other actions the government has taken against PNGSDP, have unlawfully and immorally deprived the people of Western Province of the sustainable development benefits to which they are entitled through PNGSDP. “PNGSDP will continue to fight for the rights and benefits of Western Province. We have a legal and moral duty to do so.”

Development, economy and the 2015 Budget

By PAUL BARKER, Post-Courier, October 4, 2014, continued from October 31, 2014

THIS inadequate investment in core human and physical capital, and the decline of respect for systems and public institutions and weakening of governance and accountability across much of the public sector, left a legacy, which even the valuable structural reforms of the Morauta Government, relative fiscal restraint of the subsequent years and valuable initiatives, like belated competition in mobile technology, have not overcome to this day, particularly in the face of strong population growth. Yes, economic growth picked up on the back of these measures, and particularly with the commodity price boom and the subsequent PNG LNG construction, but it remained relatively concentrated in some sectors, urban centres and segments of the community, and the public sector (including most utilities) continued to deteriorate. Have the lessons of the 1990s and the need to avoid (another round of) resource curse been learnt? The Government has certainly identified valid key priorities over recent years, notably the need to restore infrastructure and potentially upgrade, education and health services, particularly in the rural areas, law and order, and tackling corruption, plus recognising the critical role of the private sector, including SMEs.

The Responsible Sustainable Development Strategy, correctly emphasises diversifying the economy (as the extractive industries, notably LNG, provide valued revenue in due course but limited employment and income earning opportunities), whilst safeguarding resources and addressing the population challenge. However, actions speak louder than words. Increased expenditure has indeed been allocated to some of these priority areas, and yes, some deficit and fiscal stimulus measures (including construction/upgrading of public infrastructure) are justified during the current post-LNG construction economic and employment lull, but core lessons don’t really seem to have been taken on board, or the government simply doesn’t know how to address persistent constraints, with corruption joining poor infrastructure and (other) law and order problems, as the lead perceived impediments to business and, along with lack of investment in skills and education, undermining national development.



PRIORITY on infrastructure should be given to restoring all weather access and sound trunk and alternative routes, based upon usage and genuine needs assessments, rather than excessive, superfluous or over-priced urban and peri-urban schemes. Post-Courier file pictures

The Government has sought, constructively, to start breaking down the artificial division between the recurrent and development budgets. Clearly, where a new school is built (as a development activity) trained teachers must also be provided and paid, and school materials issued, on a recurrent basis. However, the recurrent services, including maintenance, training and replacement staff, materials, standards and oversight (including audit) continue to be inadequately funded, whether roads or other infrastructure, education, health, police, social welfare or other basic services, especially away from, but even in, main centres. By contrast, major new projects (some of which might be deemed white elephants or low priority) continue to attract a disproportionately large slice of the Budget, adding heavily to subsequent maintenance (and debt) costs, or to be left simply to deteriorate, alongside so much other infrastructure.

Rather than seriously tackling the weak planning and implementation capacity in the public sector (at national or local levels), the tendency has been to appoint (often unskilled) wantoks and contract tasks out (sometimes to overseas State contractors and too often to crony companies). This may generate activity, but is unsustainable, unless properly managed. Whether tendered or skipping tendering (as with a Lands Department data management project, where the contracted cost has escalated tenfold from K3 million, with the output still awaited) this has seemingly entailed awarding many contracts well above reasonable prices, and above the lowest (reasonable) bid, sometimes entailing with an overseas workforce, and thereby foregoing the employment and wider economic benefit, which is a major purpose for fiscal stimulus. One of the achievements of the last decade was to reduce public debt to manageable levels, but debt levels have risen steeply again in 2013 and 2014 (around 40 percent of GDP, but much more including contingent liabilities etc), and 2015 is once again expected to entail a significant deficit Budget, and not expected to balance again until around 2017/8 as more significant revenue commences from PNG LNG.



With world economies again shaky and most commodity prices, including PNG's longstanding main export earners, gold, copper and oil, and associated revenue already below forecast in 2014, and the cost of finance rising (and potentially squeezing out private borrowing), this is a risky strategy, with a rethink overdue for the 2015 Budget. 2014 was certainly not the time also for Government to make further heavy commercial borrowings for non-priority (and speculative) expenditure, especially with the backlog of outstanding priorities to address. Some continued deficit is inevitable for 2015, barring any extraordinary turnaround, so public funds need to be targeted specifically on need and essential services (including health awareness and disease and crime prevention), quality output, skills development, effective management, maintenance, sustainability and accessibility, capacity and accountability, and establishing more suitable conditions for diverse private sector bu-

business and investment (embracing smallholder farmer to large enterprises, especially those complementing small businesses).

Clearly some additional funds will be required to complete facilities for PNG's hosting of at least the 'mandatory' sports in the Pacific Games, but expenditure for facilities are already excessive in relation to the country's crying development priorities, so great restraint is required now; (caution must be taken with respect to hosting major events, which worldwide tend to entail great financial and economic loss, and diversion of expenditure from priorities). Likewise priority on infrastructure should be given to restoring or upgrading all weather access and sound trunk and alternative routes, based upon usage and genuine needs assessments, plus affordable public transport schemes, rather than excessive, superfluous or over-priced urban and peri-urban schemes. The current K10 million per district grants, controlled substantially by the local MP (and seemingly withheld from Opposition MPs) is an unsatisfactory and wasteful system in most cases (as highlighted in the Auditor-General's recent report). District populations range from 35,000 to 200,000 people and by area.

This amount is excessive to be wasted, but inadequate for many genuine development projects. Some allocation to districts and LLGs is required for operations, but project funds must be linked to planning and implementation capacity and accountability, and greater input given to management and capacity building, notably through restored regional IPA colleges, and strengthening the watchdogs and support to civil society to oversee implementation. Lands need to be tackled head-on. Corruption related to lands headed the list of malfeasance which substantially undermined investment, in an INA business survey, followed by the chronic supply and tenders process. The Government has committed itself to revoking SABLs, which jeopardise food security and genuine agriculture (and other) investment, as well as entailing land-grabbing, abuse of the rights of customary landowners and triggering extensive deforestation. But government has taken no action to revoke the SABLs or support the efforts of customary owners.

Porgera JV urged to stop recycling contracts

Post-Courier, November 04, 2014

The Management of the giant Porgera gold mine in the Enga province has been urged to rescind its decision to give one landowner contract to another landowner group. Laigam Porgera MP and Chief landowner Nixon Mangape made the call when condemning the management of Porgera Joint Venture in removing a cleaning contract from one landowner group to another landowner group. Mangape said the decision made by the management is irresponsible as it will create problems within the landowner grouping. He said the recent peaceful protest was an indication that the management has created disunity among the landowners.

"It is unbecoming of a major international company like PJV to recycle contract between landowners. The company should look at a new contract to serve the interest of the landowners as partners in the development than removing one contract and giving it to another group. This is a divide and rule tactic by Barrack to create confusion and disharmony among the landowner groups. The management's decision is unacceptable and I call on the management to rescind the decision and award a new contract," he said. The Member further called on the management to publish the number of contracts given to the seven major clans and 24 sub clans that collectively own the land on which PJV is operating.

Australia to be largest LNG exporter

Post-Courier, November 03, 2014

PERTH: Australia is expected to become the world's largest exporter of liquefied natural gas (LNG) within four years. An HSBC report has found that LNG is likely to contribute significantly to economic growth and overtake coal as the nation's second biggest export behind iron ore. The gas boom is set to kick off from next year as LNG export volumes rise 70 per cent in 2015/16 and by an average of 42 per cent per year to 2018. "Australia is set to overtake Qatar to become the largest exporter of LNG in the world," HSBC's Downunder Digest said. "LNG is now set to be a major driver of export growth over coming years." HSBC economists expect a sharp boost in volumes will come from seven new projects being built around the country. These will contribute around 0.7 percentage points to GDP growth each year for the next three years.

"Although the LNG plants are largely foreign-owned, so profits from the plants will go abroad, the economy will be supported by growth in tax revenues, as LNG exporters pay both corporate tax and state royalties," HSBC said. The gas will be supplied to countries such as China, Japan, Korea, Taiwan and India. The 70 per cent boost in LNG exports next year is expected to be driven by Western Australia's Gorgon project and the QCLNG project in Queensland. But the ramp up could have a negative effect on the domestic gas market, as supply is diverted from local provision to export facilities, the report found.- *AAP*

CEO: Yandera exploration progressing well

Post-Courier, November 03, 2014

MARENGO Mining Limited, the developer of the Yandera Mining project said that the company remained focused and on target for its economic copper resources for its Yandera deposits. In a quarterly reported released last week, the company said that the new management team recognises that new and better resources are required to elevate the Yandera deposit to one that is economically robust. "In order to obtain that objective, the Company has decided to implement the following stages over the next three years: in stage one, the company is focusing its efforts on understanding new ideas and pursuing potential new discoveries through training, comprehensive data and field reviews, mapping and sampling of new areas, and potentially exploratory drilling. In stage two, the company plans to follow this with a larger scale mapping and sampling program to continue to define new drill targets. Chief executive officer Peiter Britz in the report stated, "the new targets will be prioritised and drilled after completing drilling and field studies while stage three is intended to be used for proving up new resources and completing an updated Resource model and potentially finalising an updated feasibility study."

Mr Britz also said, "in order for the management team to increase confidence in our geologic understanding, we have implemented an intensive training course for the geologic and environmental staff. This initial program is now complete and included staff members visiting various North American explorations and mining projects and undergoing an intensive training program. Benefits derived from this program are already being realised in the generation and capture of new ideas throughout the project. A broader training program is being developed and will begin implementation in the New Year," the CEO added. On the corporate and financial report, Mr Britz said there has been a Shareholder Approval of US\$10 million (K25.1 million) financing by its Major Shareholder together with its wholly owned subsidiaries, Marengo Mining (PNG) Limited and Yandera Mining Company Limited. The companies signed a financing agreement (Debenture Agreement) with its major shareholder, Sentient Executive GP IV, Limited for the General Partner of Sentient Global Resources Fund IV, L.P. (collectively, Sentient).

Mt Kare: Hela provincial govt, landowners fight land report

Post-Courier, November 03, 2014

By ANDREW ALPHONSE

THE Hela Provincial Government (HPG) and the Huli landowners of the Mt Kare gold project have opposed the recent land investigations report (LIR) on the mine, which is situated on the border of Hela and Enga provinces. The HPG and Tagali Mt Kare Peoples' Association (TMKPA) have jointly filed National Court proceedings last week at the Waigani National Court in an attempt nullify the LIR findings filed by land consultant Victor Gabi and presented to the Enga Provincial Government (EPG) last week by Summit Development Limited (SDL), a subsidiary of Australian based company Indochine Mining Limited. The HPG, led by Hela provincial administrator William Bando and the Huli landowners, led by respected Tari businessman and interim chairman of TMKPA, George Tagobe, have filed court proceedings as plaintiffs to seek legal actions on the much publicised LIR, which they alleged is biased and full of loop-holes. The HPG and TMKPA called on the relevant government agencies like the Mineral Resources Authority (MRA) not to recognize the LIR as the study was presented to the Enga Provincial Government and administration by SDL without the knowledge and presence of any Huli landowners or the HPG.

TMKPA public affairs officer Michael Parali yesterday produced court documents they filed to nullify the LIR. He said the original LIR carried out by social scientist and former University of Papua New Guinea academic Vincent Warakai and presented to both provincial government representatives in Mt Hagen in July must be used as the valid and legal LIR of the Mt Kare gold project. Mr Parali said the HPG and Huli landowners of the Mt Kare project through its umbrella association, the TMKPA, believed that the developer did not take into account that the majority of the landowners in the Mt Kare project are Hulis. Another landowner leader from the Enga side of the project, Mr Simon Kambe, is the third plaintiff in the court proceedings as he claims that genuine and customary landowners from Huli side, especially the Heli Aka clans, have been denied their customary land rights ownership of the project in the current LIR. Andrian Abby, deputy secretary at the Department of Lands is the first defendant, Romily Kila Pat, Lands Department Secretary, is second defendant, the State is the third defendant, Summit Development Limited is the fourth defendant, Mineral Resources Authority is the fifth defendant and Enga Provincial Government is the sixth defendant.