

**Pressespiegel – 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>

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***News Release***

Fiji Ministry of Information

Suva, Fiji, Feb 28, 2011

**FIJI LEASES LAND FOR CHINA BAUXITE MINING OPERATION**

The Ministry of Lands and Mineral Resources continued issuing land lease documents yesterday as government progresses plans for bauxite mining in Bua. At Lovonidalo settlement in the district of Navakasiga, minister Netani Sukanaivalu presented another set of lease documents to Aurum Exploration (Fiji) Limited which will allow for the construction of a wharf. The 60 acres of land which belongs to the Mataqali Nalutu will be used to construct a 800 meter wharf where bauxite ores will be shipped directly to melting plants in China for processing. Mr Sukanaivalu issued both a surface and foreshore lease to company official Basilio Vanuaca in the presence of the mataqali Nalutu. Also present at the handing over ceremony this morning were ministry officials, acting permanent secretary for Lands and Mineral Resources Filimone Kau and Commissioner Northern Lieutenant- Colonel Inia Seruiratu. Lieutenant- Colonel Seruiratu also handed over a cheque of \$101,930 as premium and lease payment to the mataqali Nalutu.

Another cheque of \$275,000 was presented to the vanua Navakasiga and vanua Lekutu as compensation for the loss of fishing rights at Galoa Bay, the proposed construction site for the new wharf. Under the Land Use decree and Land Use Regulations, government as administrators of these lands will now set up three separate trust accounts for the vanua Navakasiga, vanua Lekutu and the mataqali Nalutu. The composition of these trust accounts will be finalised by the Prime Minister after receiving nominations from villagers. The Commissioner Northern will be one of the trustees who will play an advisory role for the landowners under the arrangement. Apart from the income earned from lease and premium payments, other direct benefits include improved infrastructure and better access to health services and education for this rural community. Bauxite mining works is expected to start in April with the issue of a mining lease to the company.

## **SOLOMONS GOLD MINE RELOCATES VILLAGERS IN AREA**

*Australia's Allied Gold builds houses for the displaced*

By Denver Newter

HONIARA, Solomon Islands (Solomon Star, Feb 28, 2011) - Land owners in the Gold Ridge area North Central Guadalcanal have started moving in to their new permanent homes under the relocation package carried out by Allied Gold Mining. Some of the families have moved in December last year while others moved in last month with more families to move in once their homes are completed according to the site supervisor Kenneth Pata. Construction of the new homes started last year after Allied Gold took over from Australia Solomons Gold (ASG) and pumped in millions of dollar for the relocation exercise. Reports said the landowners have been excited to move into their newly built homes allowing them to enjoy new facilities provided by the company. Allied Gold built the new homes under the relocation agreement before it commences full scale mining operations.

Mr. Pata said most of the landowners have commended the company for providing the new housing facilities. "Two relocation sites have now been completed and landowners started move in to the houses," he said. The two completed sites are Bubulaki and Ravua. Construction have now moved to a new site. Most of the homes have between two to three bedrooms including kitchen, showers, and laundry. Pata said given such a good homes he encouraged the landowners to take pride of them, take greater care and used them wisely. The cost of constructing the new homes have cost Allied Gold so much because of the cost of sourcing the materials from overseas and the transportation.

Pata also commended the landowners for their support during the construction stages. "I liked to thank the people in the Gold Ridge area for allowing us to work on the project to assist them in the welfare," Pata said. Construction is currently underway with more homes and other facilities to be constructed and completed. The relocation exercise is expected to be completed this year. Most of the landowners have to be relocated to allow the full mining work to operate without much disruption. Allied Gold is expected to see the first flow of gold bar in March.

*Solomon Star:* <http://www.solomonstarnews.com/>

## **Ramu: DSTP case judge to visit site**

The National, February 28, 2011

By JAYNE SAFIHAO

THE three-week trial of the Ramu NiCo Management deep sea tailings placement (DSTP) system ended last Thursday. Trial judge David Cannings will visit the Ramu NiCo refinery at Basamuk Bay, the site of the DSTP system, and allow for submissions by the developer and those opposed to

it in three weeks time. The substantive argument of whether the law allowed for nuisance to be caused to the marine environment and the science involved in the sum baseline studies, which included the study of ocean currents, marine species and corals, segmentation and upwelling, turbidity and toxic level of the tailings, were two of the main concerns raised. Principal plaintiff Louis Medaing, representing the Tong and Ongeg clan, landowners of portion 109 and 110 and Basamuk, had been questioned over his heritage after the four initial plaintiffs withdrew their case against Ramu NiCo last year.

However, another 1,081 people from as far as Bogia and Karkar Island have registered as plaintiff with Tiffany Nonggorr of Nonggorr Willam Lawyers as their counsel. State counsel Steven Davis, a private lawyer, and Ramu NiCo's Charles Scherri QC, Ian Malloy and Goiye Mileng of Kua Asi and Possman Lawyers, questioned the validity of the plaintiffs' authority signatures, claiming they were forgeries. During the trial, marine scientist and various fields of study took the stand basing their arguments on several reports concerning consequences of the DSTP, recommendations based on the findings, the likely possibility of nuisance as a result of the tailing disposal and the options of an alternate disposal system.

Scientists who took the stand were Dr Tracy Schimmeld, an oceanographer and the lead scientist in the Scottish Association of Marine Scientist (SAMS) report and currently retained on contract by the PNG government to conduct further studies on upwelling for the next 12 months; Dr John Luick an oceanographer; Dr Phil Shearman an ecologist responsible for the Lutheran church report; Gavin Mudd, a mine waste specialist, who argued that land-based tailings disposals were best for monitoring purposes; Philip Tower, a marine chemist; Stuard Johns, a specialist in environment and social impact studies; and Ian Hargraves, a marine scientist and oceanographer. Environment and Conservation secretary Dr Wari Iamo was summoned to give evidence while pipeline engineer Dr George Shou, of US-based Brass Engineering, argued that the 135km slurry pipeline from Kurumbukari mine to the Basamuk refinery and into the sea was made from the best quality and technology available. Both parties return to court on March 16 to make oral presentations.

### **Moran landowners want K200m**

Post-Courier 28.2.2011

Moran landowners in Southern Highlands are calling on the Government to pay up close to K200 million in Memorandum of Agreements and other funds committed under the LNG project. In a petition delivered to Deputy Prime Minister Sam Abal on Friday, the landowners want the government to settle the payments to allow for work on the Central Moran and West Moran petroleum project to go ahead. "Moran is producing 80 per cent of the country's oil and the government has ignored this very fact. The government should know that MoA funds are for the existing projects and such funds should be released as soon as possible to the respective project area landowners," the 30 clans in the Moran area said in their petition.

"It has come to our understanding that the Government has been making empty promises and could not honour their commitments. Moran Oil has been and even now producing and contributing to the country's revenue and the Government has done nothing for the very impact project area landowners," they said. In their petition, a copy obtained by the Post-Courier, the landowners said they want immediate release of K100 million in outstanding MoA funds, the immediate release of K35 million under the Umbrella Based Sharing Agreement, and K50 million under the Licensed Based Sharing Agreement. They also want all ministerial commitments to be paid, a review of the central moran petroleum development agreement and K5 million in reimbursement for the development levy for north west Moran. They have given the State seven days to pay the money.

## **Simberi: Group halts ops on mines in NIP**

Post-Courier 28.2.2011

By JORGE RUMAROPEN

The Simberi Mine Area Association (SMAA) has put a stop to the operations of two open pit mines after the group claimed the developer had failed to comply with roles and responsibilities as stipulated in the signed 1996 MOA. The association planted two plants (gorgor) in the pigiput and so-lowar pits bringing the operations to a stop since last Monday. The gorgor is a traditional sign of “no go” used by the people. They claimed that under its proposed agreements the landowners have not been participating in spin-off benefits. According to the SMAA’s Director Sola Maris and officer Simeon Lavoso, there is a lot of non-compliance to almost all regulatory requirements. Environmental damage remains a subject of much concern among other issues including infrastructure development and other landowner benefit issues.

They said the string of meetings held over the years to draw the attention of the company to negotiate and implement proper operational approaches have all been to no avail. “Allied Gold had failed to honour most of its commitment and obligations. There should be capital substitutes for the loss of gold and the damages caused. We see no parallel development AND benefits after four years of company operation,” they said. Both men added that the May 2010 report from the Government agencies, mobilised by the Prime Minister’s department to conduct investigation into the company’s compliance to regulatory requirement, has indicated a gross non-compliance to the laws of the land. And the Government has a duty to make a decision to this formal report to protect its own laws. SMAA also highlighted that it’s not only them that is calling for the de-licensing of Allied Gold but affected areas outside the mining lease area are also expressing the same sentiments.

The member for Namatanai Open Byron Chan, in one of the meetings had expressed support over the SMMA’s stand citing that Allied Gold has worked out of the laws. Chan said SMAA is conforming to the MOA but the problem lies with the company. He added that SMAA has been cheated and the company is capitalising on their lack of understanding and experience. “Simberi’s problem is not for Simberi alone but is also for Namatanai and New Ireland as a whole and the company has knowingly cheated the people,” Chan said. The Namatanai JDP&BPC is fully supportive over the move as revealed in the meeting and is committed to assist SMAA with K100,000 when the account opens. With a week-long meeting recently, SMAA is now prepared to draw up resolutions to be presented to all stakeholders.

## **Bougainville: Rebel hits out against mine talks**

Post-Courier 28.2.2011

By GORETHY KENNETH

BOUGAINVILLE’S feared rebel Me’ekamui hardliner Chris Uma has lashed out at the Autonomous Bougainville Government and the Panguna landowners for talking about the mine re-opening before addressing outstanding issues. Mr Uma, who still has a big following in Bougainville said this was not the time to talk about the mine re-opening but speak on issues at hand. He said the responsible authorities should address the issue of compensation, and sorting out all other outstanding issues before speaking of re-opening of the mine. Mr Uma claimed all authorities concerned have erred in their move to progress the talks on the mine re-opening because the “paitman” or rebel fighters had been left out of the talks so far. “We the fighters and I am speaking on behalf of all of us from Buin, Kieta and Buka are not happy with the current talks on the re-opening of the mine,” Mr Uma said angrily.

“We should address the problems we faced during the crisis and the outstanding issues. “We should not go straight to opening the Panguna Mine. “Lives were lost, damages done and we can’t ignore these things and pretend that we are okay. “Bougainville is not yet normal, there are still issues we

still have to sort out first. “Things like compensation, I also want the mine pit measurement looked at and people compensated fairly for the damages done to this hole. “We have to address and settle this before we can start talking about mine re-opening.” Mr Uma was claiming that they were deliberately left out of the meetings but said if this continued they’ll be just happy to fight as they were fighters without real jobs.

### **Bougainville: Landowners keen to start mine talks**

Post-Courier 25.2.2011

By Fabian Gatana

THE six Panguna mine lease area landowner associations will address outstanding grievances with the Autonomous Bougainville Government in preparation for the re-opening of the Panguna mine. An agreement is expected to be signed with the National Government before the end of November this year if outstanding issues such as compensation, the drawing down of mining powers to the ABG Government and the review of the Bougainville Copper Agreement are addressed by the National Government. These decisions were reached in a consultative meeting between the Panguna landowners association, ABG vice President Patrick Nasiria and Minister of Bougainville Affairs Fidelis Semoso on Tuesday this week. The meeting was held to seek ways to revive Bougainville’s economy, which has suffered immensely. While explaining the island’s weak economy, Mr Semoso told the meeting that the National Government, the ABG Government, the Council of Elders and the people of Bougainville were committed to move Bougainville forward and the re-opening of the Panguna mine was the most feasible way to revive the economy.

### **Ramu: More studies for deep sea dump, court told**

Post-Courier 25.2.2011

By ROSALYN EVARA

FURTHER studies are to be carried out into the deep sea tailings placement system the National Court in Madang was told yesterday. This was revealed by the principal author of the Government Commissioned SAMS (Scottish Associated Marine Science) Report Dr Tracy Schimmiel when she took to the dock to give evidence as a state witness in the court proceedings on Tuesday. Dr Schimmiel said the studies were set to commence in April 2011 to April 2012 and not December 2011-April 2012 as had been indicated in an affidavit which she had sworn on December 31, 2010 and which was filed on January 7, 2011. Dr Schimmiel had made this revelation after the State’s lawyer from Stevens Lawyers had sought leave from the court for the evidence to be amended and be given.

The Scottish scientist said the state had recently decided to engage SAMS to carry out further studies on four main areas which she stated for records as being upwelling in Basamuk, tailings behaviour, review of the Environment Management Plan and to come up with specific guidelines for Ramu NiCo (MCC) Limited on the DSTP. She said these areas were stated in the terms of reference of the studies which had been finalised last week. The court heard the study would be headed by a Professor Toby Scherrman who was part of the team which had previously been engaged by the government to carry out the initial studies to provide general guidelines on DSTP. It heard a multi-disciplinary approach was being taken toward the study and this meant there would be a number of specialists on the team and hence would ensure all necessary facets relating to DSTP are covered.

It heard that the data necessary would be obtained by the team from moorings which it would be deploying at various sea levels (from shallow to a depth of 500meters) coupled with satellite imaging. The moorings would be removed every three months to not only allow the team to see the data but to also service the moorings over the 12 months the study is carried out. With issues of the State’s capacity to effectively monitor the DSTP being brought to the fore by the lawyer represent-

ing the principal plaintiff Louise Medaing and 1000 others, Tiffany Nonggorr the court heard steps had already been taken to address this issue. Dr Schimmield told the court that the team would also comprise PNG officers from the Department of Environment and Conservation and Mineral Resources Authority.

She said a total of five cruises would be done and on one, these officers would be brought on board so that they will not only be taught how to collect the data from the moorings but also how to service them so that the knowledge not only stays in country but they will also then be able to write their own guidelines for the DSTP system thereafter. The court heard there are plans to engage two PHD students from the University of PNG in these studies. Two other witnesses were also called to the dock in Tuesday's proceedings to give evidence for the respondents.

## **World Bank backs marine dumping of mine waste in Papua New Guinea**

Papua New Guinea Mine Watch 24.2.2011

The World Bank has stepped in to support the dumping of toxic waste from the Ramu nickel mine into the seas off Papua New Guinea after the European Union decided to pull its funding. A World Bank review in 2003 said categorically that marine dumping should not be used in areas such as coral reefs that have important ecological functions or cultural significance or in coastal waters used for subsistence purposes, but that does not appear to be troubling the World Bank today. The World Bank is funding the efforts of the chief scientist supporting the Ramu nickel mine's waste dumping plans, Tracy Schimmield, and is paying for oceanographic studies, monitoring of the tailings as they pour out of the waste pipeline a review of the mine's Operational Environmental Plan and the training of local staff to monitor the dumping.

This funding from the World Bank, which will be directed through the Scottish Association of Marine Science, comes despite the fact indigenous landowners are challenging the Ramu nickel mine's waste dumping plans, which they say will cause inevitable harm to their seas, coral reefs and subsistence lifestyles. The landowners application for a permanent injunction to stop the waste dumping is part-heard in the National court but this has not dissuaded the World Bank from intervening in support of the waste dumping. The bank is also funding Schimmield and SAMS to draft site specific guidelines for the Ramu dumping and that at the Lihir gold mine. Schimmield's work for the PNG government assessing the impacts of marine waste dumping at the Misima and Lihir mines in 2009/10 was funded by the European Union, but they have decided not to fund any on-going work specific to the Ramu nickel mine and its marine waste dumping.

Schimmield gave evidence in court this week, where she appeared as a witness for the mine owners, that while the impacts of the waste dumping could not be accurately predicted she supported the mine being allowed to dump its waste into the sea so the impacts could be assessed. The World Bank has not offered any assistance to the indigenous landowners challenging the waste dumping plans, a fact reflected in the weight of lawyers in the courtroom for the waste dumping trial. While the mine owners and regulators had six lawyers at one end of the bench, including a Queens Council from Australia, another lawyer from Brisbane and four lawyers from Port Moresby, the landowners were represented by a single lawyer based in a Provincial town.

(<http://ramumine.wordpress.com/2011/02/24/world-bank-backs-marine-dumping-of-mine-waste-in-papua-new-guinea/>)

## **Miner improves district infrastructure**

The National, February 24, 2011

THE people of Central New Ireland in Namatanai have every reason to be happy and smile about. For more than 20 years, the people had not seen improvement in government infrastructure such as public servants' housing, electricity and police establishments at the Konos government station, which had led to low working morale and productivity from public servants. On Feb 15, however, the people and public servants at Konos feasted, danced and sang joyful hymns in celebration. The special occasion was the launching of 17 houses, a police station and a brand new 100 KVA generator for Konos public servants. More than 1,000 men, women and children turned up to witness and celebrate the achievement. The renovation of the infrastructure was implemented as per the Simberi Gold Mine project public investment programme under the memorandum of agreement (MoA).

The MoA commits the Mineral Resources Authority (MRA) and the government to renovate and improve the facilities at the station. The development cost a total of K980,000. MRA managing director Kepas Wali, Namatanai MP Byron Chan, representatives from important government departments including treasury, commerce and industry and national planning and monitoring and Simberi Gold Mine Ltd (SGML) attended the event. Wali said the launching was a clear demonstration that the government was committed to honouring its MoA commitments that it had made in all mining projects. "Now we can see real benefits for communities impacted by the activities of SGML. "This is the national government coming good on its commitments by bringing real development to doorsteps of people," Wali said.

Chan, on behalf of Governor Sir Julius Chan, praised MRA and the government stakeholders for fulfilling their commitments under the MoA. "I recognise and acknowledge the efforts and achievements of the government as seen here in Konos station," Chan said. Konos LLG president Soka Toligai expressed gratitude and appreciation towards the government for realising its commitment through the PIP projects administered by MRA. Community relations manager for SGML Howard Lole said the company was grateful to be part of a significant milestone for the people of New Ireland.

## **REGIONAL ORGANIZATION TO GUIDE SEABED MINING**

*Geoscience Commission to draw up legislation*

MELBOURNE, Australia (Radio Australia, Feb. 24, 2011) – The Pacific Geoscience Commission is to help the Forum Island nations to become global leaders in sea-bed mining. [*PIR editor's note: The [Pacific Islands Applied Geoscience Commission \(SOPAC\)](#) is an inter-governmental regional organization based in Suva, Fiji that promotes sustainable development in the countries it serves. Member countries include Australia, Cook Islands, Federated States of Micronesia, Fiji, Guam, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. American Samoa, French Polynesia and New Caledonia are associate members.*]

A new four year project announced by the Commission will help the 15 Forum Island countries address everything from seabed mining legislation and environmental controls to on-the-job training. The Pacific is expected to be the first region in the world to begin commercial seabed-mining. Project leader Akuila Tawake says the dangers of starting mining without proper legislation are huge, particularly for the environment and fish resources. Mr Tawake says the project will help countries draw up legislation to manage mining and provide training for Pacific citizens.

Radio Australia: [www.abc.net.au/ra](http://www.abc.net.au/ra)

## **Deep sea mining concern voiced**

Post-Courier 23.2.2011

A leader in the Duke of York Islands in East New Britain Province has again raised worries over deep sea mining operations that will be carried out in the New Guinea Islands region. Chief Jack Ephraim said this type of mining was the first of its kind in the world and PNG was being used as a guinea pig in the name of economic development. "However, our leaders should take the lead and come out to our level and show some transparency by bringing the concern of the people to the forefront," he said. Mr Ephraim said his people had been very reliant on the sea for their sustenance and he urged leaders in the region not to be blinded by money but to consider the livelihood of future generations. He said the only leader in the region who had raised concerns on deep sea mining was New Ireland Governor Sir Julius Chan. "However this is a concern for the whole region, thus our leaders from the region should stand together and raise our concern," he said. He added that there had been no clear cut awareness as to the benefits and the disadvantages of seabed mining.

## **O'Neill: Landowners' participation crucial**

Post-Courier 23.2.2011

By MOHAMMAD BASHIR

Finance and Treasury Minister Peter O'Neill yesterday said a meaningful participation by landowners is crucial if the liquefied natural gas project was to progress smoothly. The Government therefore made a number of very important Umbrella Benefit Sharing Agreement (UBSA) commitments during the landowner development forum in Kokopo in July 2009, he said. Mr O'Neill said the National Executive Council has given its approval in May 2010 for the Ministerial Commitment of K115 million to be paid to various landowners groups. "In the 2010 Supplementary Budget I handed down in November last year, the Government allocated K170 million to meet the UBSA and the Licence Based Benefit sharing Agreement (LBBSA) commitments in line with our desire for a timely commencement of the PNG LNG project," Mr O'Neill said.

He said the Department of Petroleum and Energy has a system and process, authorised by law, which identifies and approves landowner groups from the project areas through which these funds are to be channelled. "Because of a lot of disputes and infighting among landowner factions, no funds have yet be paid to anyone," Mr O'Neill said. "If landowners want to receive these funds, they must resolve their differences. If individuals think landowner groups identified are not the rightful recipients, they have every right to file a dispute in court for a resolution." The Treasurer was responding to allegations by several landowner groups that payments were earmarked for companies owned by people not impacted under the PNG LNG project. "These commitments were made before I become Treasurer and Finance Minister but I want to ensure the government and landowners work together to deliver the PNG LNG project which is vital to our future," Mr O'Neill said.

## **LNG: SHP takes legal action against Esso, state**

The National, February 22, 2011

By SAMUEL RAITANO

THE Southern Highlands government has sought legal action to prevent payment of development levy by Esso Highlands Ltd via the state to provinces that were not directly producing gas for the LNG. The National Court has accepted the submission by the provincial government which named the Esso Highlands Ltd and the state as first and second defendants. This results from the Umbrella Benefits-Sharing Agreement (UBSA) signed in Kokopo in which the state and Esso Highlands had been seen to have deviated from, in relation to the payment of development levy which was originally agreed and meant for the province(s) that directly owned gas fields. Development levy is dif-

ferent from MoA and seed capital grants. According to court documents, SHP and Western were the only two provinces entitled to the development levy under the UBSA agreement in relation to the LNG project because they owned the gas fields.

Other provinces impacted by the LNG were entitled to MoA and seed capital grants but were not covered under the agreement to receive development levies. The state, who has acted as the custodian of development levies, will appear alongside Esso Highland for alleged intentions to misallocate the funds. The National wanted further clarification on the nature of the case but counsel for the plaintiff declined to release any information saying that Southern Highlands Governor Anderson Agiru issued specific directions not to disclose any information on the proceeding. The hearing on this matter continues in March.

### **Ramu case before court**

Post-Courier 22.2.2011

By *ROSALYN EVARA*

THE trial into the Ramu Nickel Deep Sea Tailing Placement system resumed yesterday morning for the third and final week at the Madang National Court before resident judge Justice David Cannings. The first witness who is expected to be called into the witness box to give evidence on the matter for the respondents in the case is Dr Tracey Schimield from the Scottish Association of Marine Science (SAMS). Dr Schimield was the head of the SAMS team which was engaged by the National Government with funding by the European Union to carry out studies on the DSTP. Last week the Secretary of the Department of Environment and Conservation Dr Wari Iamo was summoned to the National Court and taken to task by the lawyer representing the 1000 plus plaintiffs in the case by Tiffany Nonggorr of Nonggorr and Williams Lawyers.

Dr Iamo was quizzed mainly on his role as Secretary as stipulated by the Environment Act and how the permits, especially for the construction of the DSTP were approved. He told the court that given his position he had a duty of care to manage the country's resources and that in any decision making, he always sought to strike a balance in terms of development and sustainability issues. He told the court that he had taken into consideration all views which had been raised in relation to the Ramu NiCo (MCC) Limited's Environmental Impact Study, which he said had been widely circulated for comments, before determining the environmental approvals and permit conditions. This includes that the DSTP be constructed at a depth of 150 metres.

His response was raised by various persons from various government departments including Fisheries on the toxicity levels and its impact on sea life, particularly the tuna spawning grounds. Other concerns raised were the fact that studies had also highlighted that underwater tidal currents and sediments could be transported over a large area and the bay houses some organisms with health benefits. The latter drew a lot of objections from various counsels for the respondents but was allowed by Justice Cannings. In relation to questions asked by Mrs Nonggorr on risk assessments by MCC, Dr Iamo said when MCC had presented to them the technical design on the DSTP, one of the permit requirements was that a risk assessment be prepared and that it should identify all risks and means by which they would be managed through the life of the project. Dr Iamo told the court that based on the information provided, DSTP was the best option and the risks would not be known till there is impact.

When questioned on whether the operation of the DSTP could commence before Mine Waste Management Plan is approved, Dr Iamo said this could not happen unless and until authorities are satisfied and he added that to date this has not been given the nod yet. Meanwhile the plaintiffs, headed by Louise Medaing have instructed their lawyer to file contempt proceedings against MCC for dumping. This is after one of MCC's experts namely Dr James Wang revealed to the court that con-

struction of the DSTP ended on December 8 and that they had tested it using dirt. Dr Wang had told the court that they had tested the DSTP system using dirt from KBK and when asked by Mrs Nonggorr what sort of soil had been used, they indicated laterite soil as most of the top soil had been gone. Mrs Nonggor told reporters that the plaintiffs were concerned with the metals in the soil which has already been dumped in the sea. She said while the court had permitted MCC to construct the DSTP and test, the latter was to be done using ordinary dirt and not laterite soil as it contained all the metals the landowners were trying to prevent the company from dumping.

### **‘Bright future for a revived Panguna’**

The National, February 21, 2011

By SINCLAIRE SOLOMON

A RE-OPENED Panguna mine will produce around 170,000 tonnes of copper a year and half a million ounces of gold. Given that prices of both metals are high it would be a welcome addition to the Bougainville Copper’s Rio Tinto stable. BCL chairman Peter Taylor acknowledged this during an interview on Radio Australia, but added that it would be at least three-five years before the mine could be operating again. He said that a lot depended on the permitting because it was as good as starting again. “There will be a new regime. I expect by the time it opens Bougainville itself will be administering the mining regime, rather than the national government, but none of that legislation is in place yet, none of the regimes there, so its going to take time to do that. “The company itself will have to do a feasibility study that is acceptable to lenders.

“That typically takes about a year and it’s a very expensive process so we don’t want to commit to that until we know what the new mining regime will look like; what the tax regime will be, what the royalty regime will be, compensation and so on. “We need to have all those in place before we can do that study. “So while the time frame might be around the three to five year mark, when we get started on it is a question I can’t answer because I am not the only one involved. “There are the landowners, the Bougainville government and the national government to be considered.” On the question of what sort of progress Taylor would regard as “positive” this year, he said it would be formally start the negotiation process. He said this was feasible, even likely, because the Bougainville reconciliation process was progressing well among the landowners.

### **Bougainville Copper stands ready to talk with investors**

The National, February 21, 2011

By SINCLAIRE SOLOMON

BOUGAINVILLE Ltd’s door is open to talks with investors, including the Chinese, about the possibility of reopening the Panguna mine in the Autonomous Region of Bougainville, BCL chairman Peter Taylor said. “The company has the legal rights to the lease and to the infrastructure, so anybody who is interested in getting involved will have to deal with the company and our door is open to that,” he told a Radio Australia programme. Taylor was responding to a question by presenter Jemima Garrett that Prime Minister Sir Michael Somare recently had talked privately about the possibility of re-opening the mine with Chinese investment rather than with Bougainville Copper Ltd. He said he had not been approached about any plan for the Chinese to open the controversial mine in the autonomous region of Bougainville which was closed in 1988 after it became the spark which ignited a 10-year civil war.

Taylor was asked: Does Bougainville Copper have something to worry about in terms of Chinese interests wanting to take over Bougainville copper? “Well, as I said, there is nothing necessarily wrong with Chinese investment in Bougainville Copper. “There’s been no formal approach to the

company directly from Chinese interests or from Sir Michael or President Momis with a plan to include the Chinese but as I said I am willing to listen to any proposition. “At the end of the day the investors in the company will have to decide whether they want a partner or not.” The Chinese already have substantial investments in two upcoming mines in PNG, both in Madang - the K1.3 billion Ramu nickel and cobalt mine and the nearby Marengo Mining copper and molybdenum prospect at Yandera.

Taylor told the radio programme that he wanted to see Panguna landowners and the Bougainville government take an equity stake in the mine, alongside the PNG government and the majority shareholder Rio Tinto. He said he expected to meet Bougainville president John Momis in Sydney early next month to discuss this. Taylor said he was confident, from the company’s side, the mine could be re-opened, but added that the ultimate decision rested with the landowners and the Bougainville government. He told Radio Australia that nothing was off the agenda for talks aimed at re-opening the controversial mine in the Autonomous Region of Bougainville. “My approach is to allow the landowners, or in fact encourage the landowners and the Bougainville government to set the agenda,” Taylor said in an interview with presenter Jemima Garrett. “I would expect that there would be shared ownership in the mine with the landowners and the government.”

He said he was willing to talk to opponents of the mine as well as supporters. “I am confident that as far as the company is concerned it can be done (re-opened), that it can be done economically. “The real issue is whether the landowners at Panguna and the government want the mine re-opened. On the opposition, he said he did not think any major infrastructure project, whether mining or otherwise, opened without some people objecting to it. “It is always a balance between what I might just loosely call the economic gain and benefits you can get from these sorts of projects and the social disruption that is inevitable.” Taylor said his approach to negotiations would be to invite everybody to the table. “We’ve got quite a way to go in terms of working out the regime under which the mine will re-open. “As far as Bougainville Copper is concerned, the invitation is there for all interested parties to be there at the table to put their points of view to all of the people around the table and, hopefully, we’ll be able to work out a workable compromise.”

## **Exploration licence renewed for Mt Kare landowners**

The National, February 21, 2011

By JASON GIMA WURI

MINING Minister John Pundari announced last Friday to Mt Kare landowners his decision to renew their exploration licence (EL) based on recommendations by the Mining Advisory Council. The government early this month granted the renewal of the term of EL 1093 on Mt Kare to Summit Development Corp. The EL was first granted on Aug 28, 1994 to Madison Enterprises Ltd, which is currently in liquidation. The national court ordered liquidator James Cruise of Deloitte Tohmatsu as the administrator of Madison’s assets. In response to the minister’s announcement of the renewal, the landowners raised a number of issues pertaining to EL 1093. Two of the primary issues raised concerned the issues of free-carry equity (and how soon the company was going to take, to go into feasibility) and alluvial mining leases for the landowners.

Pundari said that there were two important conditions, among others imposed by himself as the mining minister on the renewed licence. “The EL holder was required to take the exploration project into feasibility within the next two years, and the EL holder was not to trade the licence (sell or transfer interest in the licence) within this term of the licence.” Pundari said the other condition related to the alluvial mining interests for landowners. “The law provides for landowners to apply for alluvial mining leases over ground that is the subject of EL. “The landowners, therefore, should look at and consider how they could benefit from extracting alluvial gold,” Pundari said.

He stressed that landowners participating in the alluvial mining in Mt Kare was important as there was also the free-carry 10% interest that the state and the EL Holder are aware of. “The interest would crystallise on development and production. “The interest was provided for in an agreement entitled ‘heads of agreement’ executed between Kingsgate Consolidated Ltd and Union Pacific Pty Ltd dated July 16, 2010,” he added. Pundari also told the landowners that during the exploration stage, no landowner company could claim to carry this interest on behalf of landowners as no discovery had yet been made or announced.

### **Petromin acquires petroleum licence**

Post-Courier 18.2.2011

By MOHAMMAD BASHIR

Petromin PNG Holdings Ltd is the first wholly owned Papua New Guinea company to acquire a petroleum prospecting licence (PPL) and is the largest tenement holder on shore in its short history. With smart and innovative tactics, Petromin intends to use proven technologies to aggressively explore in the ocean. Petromin already has 13 mining exploration licences and operates the only existing underground mine in the country at Tolukuma in Central Province, which has made a huge turnaround and started making profit from 2009 to 2010 from a near collapse. Among over 10 applicants including some very big players, Petromin was granted PPL 345 for the Bismark Basin which is on the Pacific Ring of Fire. Petromin’s chief executive officer Joshua Kalinoe described the occasion as historical while Petroleum and Energy Minister William Duma called it a milestone. “This is an historical moment because it will enhance Petromin’s future economic prospects,”

Mr Kalinoe said at a small ceremony at its new office complex at Taurama where Mr Duma delivered the licence. Mr Duma said Papua New Guineans must own their own resources as enshrined in the national goals and directives principle put together by the founding fathers of the country. “Our very own oil and gas company (Petromin) has come a long way in its short history in midstream and upstream and is competing with multinational companies and has acquired this licence on its own merits and I am very proud and ready to support it as long as I am minister in charge,” Mr Duma said. He said Papua New Guinea was a country with massive mineral and hydrocarbon deposits which were undervalued and underexplored. PPL 345 covers both the ocean and land and with a K2 million exploration budget, Petromin will be taking an innovative approach by exploring the ocean first.

“We at Petromin do things a little different. We are not conventional as we want to be innovative as smart people with smart business innovation and it is motivation for us,” Mr Kalinoe said. Mr Duma said the industry was an expensive business with no guarantee that investors will discover oil or gas during exploration and drilling. He said one will require US\$13 to US\$14 million to mount one drill with no guarantee of a find. With the value of resources in the country, Mr Duma believes Petromin can take its place as a major petroleum and mineral company in the country like Petronas in Malaysia and Pertamina in Indonesia. Current tenements held by Petromin are scattered between Central, Morobe and Oro provinces.

### **Ramu: Experts say no baseline study for Basamuk**

The National, February 18, 2011

By JAYNE SAFIHAO

THE resounding question of whether or not a thorough baseline study of the Basamuk area was conducted or not prior to, and during, the environmental study revealed that there was none. These and other questions raised in relation to sedimentation and upwelling were spelt out yesterday in the courtroom by Tiffany Nonggorr of Nonggorr and Williams Lawyers. The scientist who took the

stand today representing the developer Ramu Nico management were: Philip Tower, a marine chemist; Dr George Shou, an engineer with BRASS Engineering, a Canadian company; and Stuart Jones, an environment and social impact scientist who has an honours in geography and a bachelors in geology.

All admitted that to an extent a baseline study was not properly conducted which included, the sum total of every scientific data and the various living organisms within that particular area. Jones spoke at length on the strong possibility of upwelling during the monsoonal rainy seasons, of which were currently being felt, was likely with the current strong northwesterly winds. With reference to the Scottish Association of Marine Scientist report, he said that there needed to be a continual 12-month period of monitoring done. Shou brought a 500ml plastic coke container of slurry into the court room to show the court what slurry would look like in the 350km pipeline and then, in layman's language, he explained the processes of the extraction of the nickel, laterite and other minerals in stages to the waste removal.

Shou, however, admitted that due to a 'judgment error' previously made by miscalculations the piping of the Misima mines eventually broke causing the spill that occurred in September 2004. With leading questions still unanswered by a straight "yes-or-no" answer regarding the question of stringent monitoring and toxicological effects to the marine environment the court was adjourned yesterday afternoon to 9.30am today. Secretary for Environment and Conservation Dr Wari Iamo and others who were supposed to take the stand yesterday will do so this morning.

### **Ramu: Scientists argue over sea tailings**

The National, February 17, 2011

By JAYNE SAFIHAO

SCIENTIFIC explanation on the effects of the deep sea tailings placement (DSTP) by MCC-Ramu NiCo in Madang is continuing in the week-long trial with a panel of marine, ocean and environmental experts defending their findings. Experts who had taken the stand included ecologist Dr Phil Shearman, environmental engineer Gavin Mudd, oceanographer Dr John Luick for the plaintiffs and Ian Hargraves, a consultant marine scientist and oceanographer for Ramu NiCo. Since last week, arguments focused on whether or not:

- Toxicology levels in the ocean could affect the marine life and coastal villages depending on the ocean currents;
- An on-land disposal system would be viable, taking into account the added costs involved;
- There was a prior system of monitoring in existence which could be relied and trusted on to ensure safe practices; and
- Sedimentation from the slurry would cause destruction to marine life.

From the evidence provided, the court was told that the government-approved environmental plan 1999 had none of the diagrams drawn to scale giving a false impression. It was also revealed that more assessment and data collation had to be carried out. Department of Environment and Conservation secretary Dr Wari Iamo and his technical advisers would take the stand this morning. National Court judge Justice David Cannings also refused to accept into evidence an affidavit filed on behalf of the plaintiffs by a Helmish Medaing. The affidavit by Medaing of Tugyag village in the Rai Coast district addressed issues other than nuisance, which was the main issue raised by the plaintiffs.

Counsel Ian Molloy for Ramu NiCo and Davis Steven for the state objected to the use of the affidavit on the bases of relevance and further that the issues related to contempt proceedings arising from the DSTP case which would be prejudicial to Ramu NiCo and the other alleged contemnors. Can-

nings upheld the reasons for the objections and rejected the affidavit. Following the ruling, Tiffany Nonggorr for the plaintiffs withdrew two other similar affidavits filed by Louis Medaing Jnr and Gimal Baguga. The plaintiffs' two remaining landowner witnesses residing on Karkar Island did not make it to court yesterday. The parties, however, agreed for the remaining witnesses to take the stand on Monday. Ramu NiCo started giving evidence yesterday with the state to follow suit. The trial is now into its second week.

### **Nautilus' 2nd project site**

The National, February 16, 2011



THE Canadian mining company Nautilus Minerals has identified a second potential development project in the Bismarck Sea in Papua New Guinea. Nautilus chief executive Steve Rogers said the success of the initial drilling at Solwara 12 means the company had taken a big step forward towards building a portfolio of projects in the Bismarck Sea, adding to its existing Solwara 1 deposit. A statement from the company said a deepwater exploration drilling campaign carried out at the Solwara 12 prospect discovered intersections of mineralisation at all five drill sites. The company said it will conduct further drilling at Solwara 12 to establish a resource. The government awarded Nautilus the world's first deep-sea mining lease last month to develop its copper-gold project by searching for mineral deposits in the seabed of the Bismarck Sea.

### **PNG LOSING \$1.5 BILLION YEARLY TO GOVERNMENT FRAUD**

*It also collects only half of taxes due*

By Todagia Kelola

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Feb. 16, 2011) – In Papua New Guinea (PNG), the country loses about 50 percent of its Government budget directly to fraud. That's about 4 billion kina [US\$1.5 billion] a year and on top of that Papua New Guinea fails to collect more than half of the taxation revenue that is due to it. That's from acting Deputy Police Commissioner Fred Yakasa yesterday when officially opening a workshop on Proceeds of Crime Act. The "Proceeds of Crime Act" allows the police and Public Prosecutor to trace all monies including properties that were found to be fraudulently gained or stolen, effectively preventing the suspects from using these monies while (they are) under investigations. This law was enacted in 2005 as part of PNG's preparedness on the global war against terrorism but it could also be applied in domestic situations like misappropriation, fraud and robberies. This was revealed in a workshop which began on Monday and will run for a week and will end this Friday.

Mr. Yakasa, in his opening remarks, was very direct and told the participants that they hold the key to changing the course of PNG's history. "PNG has the wealth to provide each and every one of us with first world quality of life. Where does that money go? It disappears into the pockets of corrupt public servants, it disappears into real estate properties in Australia, Vanuatu, into bank accounts in Singapore, it disappears in the form of minerals and timber in foreign ships that foreign businesses have bribed our politicians to avoid paying for. "Papua New Guinea does have the wealth to provide each one of us with health care, good roads, schooling and a good standard of living but are we going to have to work hard for it," he challenged the participants. He said the levels of financially motivated crimes have risen over the past 15 to 20 years while at the same time the living standards of the people have fallen.

"What you are about to learn is the newest method of preventing and attacking financially motivated crimes. The traditional process of investigation, arresting, charging and prosecute has failed us. "Criminals know that if they can get their hands on money, their chances of being caught are slim, the chances of being prosecuted slimmer and the chances of the money being taken off them zero until now," he said. The Proceeds of Crime Act provides the means to change all these and he challenged the participants to gain as much from the workshop and go out and implement it in their respective organizations. The workshop is being run by an anti-money laundering assistant team of the Department of Attorney General of Australia. Participants came from the Public Prosecutors Office, National Fraud and Anti-Corruption directorate, Police, Auditor Generals office, Department of Justice and Attorney General, Investment Promotion Authority and Financial Institutions.

## **CANADIAN COMPANY TO MANAGE FIJI GOLD MINE**

*Cambria Geosciences says prospects good*

By Shalveen Chand

SUVA, Fiji (Fiji Times, Feb. 16, 2011) – In Fiji, a Canadian company has been contracted to assist in managing Tuvatu Gold Mines. [*PIR editor's note: [Tuvatu Gold Mines](#), discovered in 1987 on the island of Viti Levu, is a young caldera with large gold deposits. It is located about 35 kilometers away from the [Vatukoula Mine](#) and is currently operated by [Lion One Metal Limited](#).]* According to Lion One, the company mining the high grade gold in Tuvatu in the Nadi highlands, Cambria Geosciences, mobilized a field team to the site on January 15 to initiate a program of surface mapping, trenching and core re-logging and re-sampling of 7,500 to 10,000 meters of the total 60,000 meters of core.

The company in a statement to Trading Markets said, first phase field program would focus on both new and previously identified targets recognized during management's and Cambria's comprehensive review of historic data that began in August 2010. In addition to several high-grade targets identified at depth and along strike from the existing lodes that comprise the existing resource base, this review, along with ongoing mapping and prospecting programs conducted by our local geologists, resulted in the discovery of several near surface drill targets that are the focus of the current trenching and surface mapping programs, the company said. The company said an environmental baseline study has been initiated and permit applications have been submitted to the Mineral Resource Department and the Environmental Review Agency of Fiji to initiate the dewatering process. The company stated that dewatering is expected to commence in April. The gold ores found at Tuvatu are said to be of high grade.

*Fiji Times Online: <http://www.fijitimes.com>.*

## **BANK REPORT: CHINA'S PACIFIC TRADE SKYROCKETS**

*Australia New Zealand Bank reports trade at \$1.5 billion*

MELBOURNE, Australia (Radio Australia, Feb. 15, 2011) - A new report from the Australia New Zealand (ANZ) bank shows China's trade with the Pacific has exploded over the past decade, growing from \$US180 million in 2001, to more than US\$1.5 billion in 2010. The ANZ says Pacific imports from China have grown by 34 percent a year, for the past decade. That growth has seen China's share of the Pacific import market reach 12 per cent putting it ahead of New Zealand for the first time. Pacific exports to China, mainly minerals and logs from Papua New Guinea and Solomon Islands, have grown 30 percent a year. The ANZ say trade is recovering from the global financial crisis. It expects increasing integration with China to continue unabated.

*Radio Australia:* [www.abc.net.au/ra](http://www.abc.net.au/ra)

## **FIJI REGIME CONFIDENT MINING WILL PRODUCE BILLIONS**

*Mining proceeds growing each year*

WELLINGTON, New Zealand (RNZI, Feb. 15, 2011) - Fiji's interim government says it believes the mining sector can generate billions of dollars over the next 40 years. Fiji will hold its first ever mining symposium at the end of February to prepare for an expected boom in the industry. The interim Minister for Lands and Mineral Resources, Netani Sukanaivalu, says the value of mining exploration works was averaging about a million US dollars over the past 15 years. But he says in 2008 it increased to 15 million dollars, then it grew to 30 million in 2009 and says further growth is expected. "We're looking at more than a billion dollars per annum for the next 30 to 40 years. For inshore mining we have gold and copper, we have magnetite, we have bauxite, and we have zinc. And also at the moment we have three companies that are exploring our deep sea mining." Netani Sukanaivalu says the mining symposium will host discussions on the needs of the sector, how to prepare the country for growth and the need to revise the Mining Act.

*Radio New Zealand International:* <http://www.rnzi.com/>

## **Landowners petition for K88m Hides debt**

Post-Courier 16.2.2011

Landowners' demand payment before work gets underway in the Hides PDL1 area

By MOHAMMAD BASHIR

Hides PDL1, which will provide 70 per cent of the gas to the multi-billion kina PNG LNG project, has not fulfilled an outstanding Government commitment that may derail progress of the project. A petition received by the Government team led by Deputy Prime Minister Sam Abal who went to pay K16 million to disgruntled Hides 4 landowners is being looked at. The Hides PDL1 leaders put the figure to a total of K88 million in outstanding commitments which they want settled before any work is undertaken in their area. Prominent Hiwa leader and Trans Wonderland Ltd (TWL) managing director Larry Andagali delivered the petition in Hides last Friday to Mr Abal. Memorandum of Agreement (MOA) funding proposals totalling K65 million and K29 million in Business Development Grants, they say is still outstanding. While the leaders say they played a pivotal role in seeing the Umbrella Benefit Sharing Agreement (UBSA) in Kokopo and the Licence Based Benefit Sharing Agreement (LBBSA) in Hides through and will continue to support the project, they want all government commitments honoured.

The petition called for all MOA projects to be funded and the BDGs committed under the UBSA and LBBSA to be paid as a matter of priority. The petition stated in part that the actual State undertakings under the revised MOA signed on May 24, 2004 include Tari-Nogoli-Para-Komo road which has become a project road and should not be funded. The Kulu Puba road (K10m) has not

progressed to date which will open access to block 1640 and Tari airport has been a general Hela issue under the provincial government. Kulu-Yaluba-Fugwa road (K10m), Koroba Kopiago road (K25m already to JDP&BPC and government to use discretion on additional funding. Hiwanda Pureni Togia road (K10m) while upgrading of vocational school to be replaced with Juni Secondary School (K10m), Law and order project (K5m), rural electrification (K10m).

The petition stated that the project must commence construction before any LNG activities take place in PDL1 area. They want a one off payment of LNG Mitigation projects whereby K45,000 downpayment was made in December 2008 and the balance to be paid forthwith. The leaders are also unhappy that the restructure of Hides Gas Development Corporation, the landowner umbrella company has not been finalised and they have threatened to form another one through which those funds will be channelled through. The petition was signed by Mr Andagali, Hewabe Ogobi, Thomas Kabalua, Malu Ango, Kango Halibu, Pabe Laya, Hamuli Amaya, Andrew Anagali, Tali Marako, Topi Hibulu, Obera Pebe, Olabe Gabua, Malingi Hungi, Pukale Teke, Hele Lemago, Hiwi Kebali, David Eloyo, Pipi Moya, Paul Kamia, Alex Andane, Atai Ebago, Hikiri Hagua, Jamies Diwi, William Bando, Tayabe Matialu, Jim Horia, Simon Tamita and Tali Marako.

### **PNG VILLAGERS DEMAND \$26 MILLION FOR REFINERY SITE**

Landowners say payment is part of promised \$108 million

By Jeffrey Elapa

PORT MORESBY, Papua New Guinea (The National, Feb. 15, 2011) – In Papua New Guinea (PNG), landowners from Napanapa in the National Capital District (NCD) blocked off access leading to the InterOil refinery outside Port Moresby yesterday in protest over the non-payment of 70 million- kina [US\$26 million], a portion of the 286 million- kina [US\$108 million] promised to be paid as land compensation. The villagers also demanded that they sign a memorandum of agreement (MoA) with the company. More than 50 people including women and children claimed they were forcefully removed by police with warnings against a repeat blockade.

Acting NCD metropolitan commander Superintendent Jim Namora last night said he was not aware of the forced removal of the villagers. It was understood that some of the protesters, especially men, were arrested but later released following requests by InterOil. The resource developer could not be reached to confirm these incidents. A visit by The National to the site late yesterday afternoon found some of the villagers and their families still camped near the blockade. They had chopped down a tree and placed it in the middle of the road. They said the blockade had resulted from the government's failure to pay them the 70 million- kina [US\$26 million] approved by the prime minister on Nov. 4 last year.

According to a letter sighted by The National, the Prime Minister had written to Petroleum and Energy Minister William Duma and Finance Peter O'Neill on Nov. 4 last year to settle the 70 million- kina [US\$ 26 million] owed to the landowners. This did not happen and the landowners issued a seven-day notice which lapsed last Friday. They then resorted to blocking off the road, denying traffic access to and from the refinery plant. Landowner spokesman Moale Haira claimed that the landowners had not seen any benefits in the 12 years that InterOil had been in operation. He said a provincial lands court had granted them ownership of the refinery land and they should be paid accordingly. Work at the project site was progressing normally yesterday.

## **Remote villagers see first vehicle**

PC 15.2.2011

By DAVID MURI

AROUND 5000 people of Lake Campbell in the remote Mt Bosavi LLG area of Southern Highlands have seen a car for the first time since civilization, in a heartbreaking ceremony last week. Despite millions of kina being generated annually from the vast oilfields in neighbouring Kutubu, Moran and Gobe, the people there are still living their primeval lives and enjoy every moment of it. The outlying area is located in the middle of dense jungles and rivers shares borders with the Western and Gulf provinces and Nipa Kutubu and Komo Margarima electorates of Southern Highlands. The area is administratively divided and is run by the Nipa Kutubu and Komo Margarima electorates. Last Wednesday, a district delegation led by Nipa Kutubu MP Philemon Embel and administrator Robin Pip, flew into the area on a chartered plane and made several presentations to the local communities. Mr Embel presented an ambulance to the Lake Campbell rural hospital during his visit to the area. Administrator Robin Pip said the vehicle was shipped from Western Province to a logging camp and driven to its destination on a rough road built by RH logging company as there was no road link.

## **Gold mine sacks 30, shuts down**

Post-Courier 15.2.2011

By *Yehiura Hriehwazi*

EDDIE Creek mine, located between Wau and Hidden Valley mine yesterday shut its gold processing plant and terminated 30 staff. The small-scale gold mine was originally owned by geologist Trevor Neal who sold it to Niuminco Ltd and managed by local identity Mr Arthur Jones. Mr Jones and his company directors could not be reached for comment yesterday. However, a spokesman for the sacked workers told the Post-Courier yesterday that they were all given termination letters and asked to leave the mine at 6am yesterday. The reason given for the plant shut-down and termination, according to the workers, is that the company was going into a "restructure". "We refused to move out today because we want the company to pay us our 10 months salaries and give us three months accommodation in Lae. We also demanded the company to pay us cash, but the company said it will pay electronically into our bank accounts. "As of 6pm, we checked but there is nothing in our bank accounts," the spokesman said. He said the company was producing about 2kg of gold per day. The peak period was in October, November, December and January. "This month production was very low due to low vein belts," said the worker. He said all the workers would travel to Lae this morning and consult a lawyer for a legal suit against the company for loss of jobs and for compensation. He said they would also meet with the Labour Department and lodge their complaint against the company.

## **Hidden Valley has tailings dam**

Post-Courier 15.2.2011

By *YEHIURA HRIEHWAZI*

Hidden Valley is the only operating mine in PNG with a tailings dam which contains all its wastes from the mill. The dam is an engineered tailings storage facility which holds all the processing residue and none of it is discharged into the Watut River catchment as previously thought. The mine operator, Morobe Mining Joint Venture, is committed to spend up to K100m on the dam and its associated activities. The Hidden Valley waste management system is unlike Ok Tedi mine which pumps its treated tailings directly into the Fly River system and the Porgera mine which discharges its wastes into the Strickland River. A team of PNG media representatives visited the Hidden Valley mine at the weekend and observed that all the waste from the mill through-put is pumped into the tailings dam where toxic substances like mercury and cyanide are neutralised and the water is re-

cycled back into the milling process.

Hidden Valley and its nearby Hamata mine recorded a combined production of 53,000 ounces of gold and 382,000 ounces of silver in the December quarter of 2010. The processing mill is at Hamata and ore from Hidden Valley, which is on a higher elevation, is transported to the mill via a 4.5km over-land pipe conveyor which reduces reliance on diesel-powered truck haulage in the mountainous terrain. Hidden Valley mine manager Mark Mitchell admitted to dumping waste rock (not tailings) into the river system in the early stages of construction, which increased the sedimentation in the Watut River. This, is combined with earth from natural land slips and the high number of alluvial miners using water-pumps and pipes and excavators, caused flooding that destroyed food gardens.

The company admitted to the increased level of non-toxic sediment (suspended solids) and had been paying compensation to the affected people. Mr Mitchell noted some complaints from the social media regarding agreements signed by villagers who collected compensation money. He said this would not be the first and last time villages collected compensation and genuine complaints would be investigated and appropriate payments would be made. He said surface rock that is stripped before mining would be not be dumped in the river system anymore as in the early days but would be placed in engineered waste dumps which had greatly reduced sediment levels in the Watut River. He said a number of sampling devices have been stationed along the Watut River which provides real time readings on metal contents in the water through satellite and were being monitored by three independent analysts simultaneously in Brisbane, Canberra and Melbourne.

## **PLANS TO REOPEN BOUGAINVILLE MINE DRAW CONCERN**

*Aussie academic warns of multiple problems*

WELLINGTON, New Zealand (RNZI, Feb. 14, 2011) - An academic has sounded a note of caution in discussions over the potential re-opening of the Panguna mine in the autonomous Papua New Guinea province of Bougainville. A meeting is planned for next week in Arawa to discuss landowner issues in the upcoming review of the Bougainville Copper Agreement. [*PIR editor's note: Panguna mine began its operations in 1966 as Bougainville Copper Limited (BCL), but was closed down in 1988 following an uprising by the Bougainvilleans.*]

Bougainville's President John Momis says the bulk of the people in the province want the mine to be reopened, and that his government is working to ensure equitable sharing with landowners. But Ted Wolfers, Professor of Politics at the University of Wollongong [in New South Wales, Australia], says that addressing landowner equity is just one of a number of complex issues: "Because not only have you got landowners involved, you've got state ownership of a proportion of Bougainville Copper Limited (BCL); you've got to convince BCL or whoever takes it over to invest huge sums of money in restarting the mine and you've also got a court case pending in the United States over what is seen as some of the things it allegedly did wrong in the early stages of the conflict." *Radio New Zealand International*: <http://www.rnzi.com/>

## **Chinese group in PNG LNG talks**

Post-Courier 14.2.2011

By MOHAMMAD BASHIR

Talks are under way for a second investor to develop the balance of the Hides gas under the ExxonMobil led PNG LNG project. The new investor is a Chinese company and Prime Minister Sir Michael Somare and several senior ministers are understood to have already held talks with the company's representatives. While the government is tight-lipped on releasing any information about

this new investor, at least one senior minister confirmed the prospect of a second developer to develop the balance of the PNG LNG project on condition of anonymity. Under the initial PNG LNG project agreement, 6.5 trillion cubic feet (tcf) of gas was to be developed by ExxonMobil. In later and more recent correspondences, the figure 10.5 tcf have been commonly circulated, attracting the ire of various landowner leaders like critic Simon Ekanda. As a result, the 26 clans of Tuguba who have brought the PNG LNG project ownership issue to the National Court which is now pending Alternate Dispute Resolution (ADR) want the government to pay them K1 billion in Business Development Grants (BDG) to meaningfully participate in the project.

They say the alternate developer (Chinese) is willing to pay K1 billion as BDG to them because they (investor) would be here for energy security and not for the money. "ExxonMobil and its partners are here for the money but the new developer will be here for energy security and there is no need to worry about the markets and customers the PNG LNG project has already tied down in agreements," Mr Ekanda said. He said oil was a known commodity used by the Tuguba tribe in the past to trade with other Highlanders for salt, pandanus nuts, shells and even pigs. A government team led by Deputy Prime Minister Sam Abal last week went to Hides 4 (PDL7), the site of the closed conditioning plant and paid a total of K16 million in outstanding BDGs and ministerial commitments. Other ministers include Arthur Somare, Governor Anderson Agiru, Francis Potape and others.

**Momis: Don't sell Bougainville**  
By GORETHY KENNETH

Post-Courier 11.2.2011

BOUGAINVILLE President John Momis has appealed to all Bougainvilleans not to "sell their birthright" to the outside world. Mr Momis also wants all Bougainvilleans and PNG to be reminded that the newly established Autonomous Bougainville Government (ABG) is the only legitimate government in place, with the responsibility to promote a collective interest of the people of Bougainville. Mr Momis' appeal comes after reports of "so called tycoons" from all over the world making attempts some already here on Bougainville under the pretext of joint ventures with locals or "given payment" to them to do business in the region. And the businesses detailed range from scrap metal, education, mining, agriculture, tourism, plantations, trade stores and many more ventures they claim to be impact projects for Bougainville. Mr Momis alluded to Africa having a failed state because people did what they wanted eventually leading to that.

He said Bougainville does not want to go that far especially with what is happening right now. Certain "tycoons" who claim to be legitimate coming into Bougainville have to be screened and Bougainvilleans have to be very careful in dealing with this lot as it will undermine the ABG if care is not taken. "Bougainville I am begging please, don't ever sell your birthright to an outsider," Mr Momis stressed in his statement during conference at Kubu. "Whether you like it or not, this is your legitimate government. We are at the mercy of this animal we created. "ABG is our legitimate Government. People can criticise us, it doesn't matter as long as yumi yet ronim long save blong yumi ... there is only one legitimate government on Bougainville and it is the ABG. ABG has the responsibility to promote a collective interest of Bougainville. "People all over the world are coming to Bougainville - whether they are investors from US, China, Japan, Australia – if they are genuine, they have to be transparent and come through the front door."

**Frieda has potential to become big mine**

Post-Courier 11.2.2011

Highlands Pacific has announced a 79 per cent increase in estimated mineral resource tonnage to 1.9 billion tonnes at its Frieda Horse Ivaal Trukai (HIT) open pit copper-gold project which reaf-

firms Frieda as one of the world's premier copper-gold porphyry assets available for development this decade. The resource upgrade prepared by Xstrata Copper will be used as part of the US\$122 million Bankable Feasibility Study (BFS) that Xstrata must complete by January 2012 to retain its 81.82 per cent interest in the project. Highlands is free carried to completion of the BFS. A further Frieda resource update is expected in mid 2011 as part of Xstrata's BFS work.

Using a cut-off grade of 0.20 per cent copper, the HIT deposit is estimated to contain 1,900 Mt of copper mineralisation at a grade of 0.45 per cent copper, 0.22 g/t gold and 0.70 g/t silver. This equates to 8.6 Mt (18.6 billion pounds) of contained copper, 14.3 M oz of gold and 46 M oz of silver. The new resource is constrained by an updated economic pit shell calculated with current modifying factors. Separate to the HIT open pit constrained deposit but within the Frieda district area are a further 270 Mt of inferred copper resource at the Koki deposits, together with mineralisation that extends below the proposed HIT open pit and its surrounding areas (namely Ekwai).

The Nena deposit is not part of the HIT open pit and at this stage is 100 per cent owned by Highlands with Xstrata having an option to include this in the Joint Venture by paying Highlands US\$10.8 million by January 2012. Highlands Pacific managing director John Gooding said yesterday: "As the pre-feasibility study in November demonstrated, at a production rate of almost 250,000 tpa of copper and 380,000 ozpa of gold in its first eight years, Frieda has the capacity to be one of the largest, lower operating cost copper projects in the world.

### **Plans to reopen Bougainville copper mine**

The National, February 10, 2011

By ISAAC NICHOLAS

THE Bougainville copper mine maybe be reopened in the next two to three years, ABG President John Momis said. "My view is that for the re-opening of the mine, the bulk of the people on Bougainville want the mine to be reopened." Momis said in an interview with The National on Tuesday. "We want empowerment. Political power without economic power is nothing. Bougainville copper mine must open under a new regime." He said the ABG was working together with various landowners to form an umbrella association to start talks on the future of the mine. Momis said this when responding to Panguna landowners who claimed they were not consulted by the ABG president in making approaches to the prime minister for the PNG shareholding interest in Bougainville Copper Ltd (BCL) to be transferred to ABG. "This accusation against me by somebody who claims to represent landowners of Panguna is misrepresenting my position and a deliberate effort to mislead the public," Momis said.

"Everybody knows that of all the leaders I have been the most consistent one who has defended and protected the rights of landowners. "The Bougainville Initiative was my effort to fight for equitable distribution from the development of Panguna mine. "In that statement, I was reflecting the concerns of landowners and young workers for the government and BCL to review the Bougainville Copper Agreement and that must be reviewed every seven years." Momis said BCL and the national government had failed over a 14-year period. "The North Solomons' government in 1991 told the national government that it was sowing the seed of a bloody revolution. "I merely predicted. "I read the sign of times and I was trying to alert those in power, my words of warning fell on deaf ears." Momis said he had absolutely nothing to do with mothers, aunties and sisters marching to the Pink House (BCL head office).

Momis was one leader who consistently raised issues of detrimental effect of mine cause on the environment especially Jaba River and total lack of equity that the agreement gave to the people of Bougainville and landowners. "We could have come up with good things if landowners listened to

us and not take up arms.” Momis said he wrote to the prime minister to ask him as they had been discussing before he became president to transfer 19.06% of PNG shareholding interest to ABG. He said the ABG was a legitimate government that would ensure equitable sharing by landowners and people who shed blood to have a fair share in the shareholding. “I represent the people and I have a duty and responsibility to talk with the national government to transfer shares as we have consistently shown, we will equitably share.” He said the self-appointed spokesman and absentee landowner Lawrence Daveona must not make false accusations.

### **Bougainville: Momis blasts critics**

Post-Courier 10.2.2011

By *GORETHY KENNETH*

PANGUNA still remains a very sensitive issue for Bougainville, Papua New Guinea and the rest of the world but cannot be delayed or dragged. And the sooner an agreement is reached, the better. Autonomous Bougainville Government President John Momis lashed out at the two dailies for not including his response on reports this week about his alleged bid hitting a snag and especially his meeting privately with Prime Minister Sir Michael Somare on the issue of Panguna mine. It was reported this week that President Momis had encountered resistance from the Panguna Landowners Association over his efforts to obtain PNG Government support for the re-opening of the Panguna Mine. They claimed Mr Momis’ personal representations to Prime Minister Sir Michael Somare so far had been made without their official endorsement.

But Mr Momis denied that was not the issue but remained optimistic that his administration, the Mining Division (ABG) and the ABG leaders were working hard to address the issue singling out the effort put in by the ABG on the mine issue. Mr Momis also lashed out at individuals from the Panguna Landowners Association who allegedly put out this statement in the paper for not factually putting out the right information. The reports irked Mr Momis who eventually said he did not trust any of the papers anymore. He said he was aware of certain individuals who were also pushing their own agendas on the matter. “I don’t trust the National, I don’t trust the Post-Courier. They have their own agendas. We have to start our own newspaper,” Mr Momis said. “Panguna is a sensitive issue, we can’t procrastinate. The sooner we have an agreement, the better. “But in any case we will not submit to any fool,” Mr Momis said. He will be making a proper statement to the people of Bougainville today.

### **Ramu: Nonggorr joins fight against tailings pipe**

The National, February 10, 2011

THE plaintiffs’ legal team fighting the proposed deep sea tailings pipeline (DSTP) was given a further boost with the inclusion of Dr John Nonggorr. Nonggorr led five landowner plaintiffs – Caspar Angua, Martin D Yagau, James Singai, Kamanang Namur and Paul Kamang – through their evidence. In court yesterday, they were all cross examined by lawyers for Ramu NiCo and the state. According to an email update from Tiffany Nonggorr of Nonggorr William Lawyers yesterday, the five landowner plaintiffs “all stood up to the pressure well and made statements at the end to the effect that they did not want their land and sea destroyed by DSTP”.

Lawyers for Ramu NiCo and the state also indicated that they did not want to cross examine landowners Bill Koi and Simon Sil and witnesses Mark Arongo and Dr Richard Pyle, a deep sea reef specialist and ichthyologist. The affidavits of the four witnesses were then all tendered to the court and received into evidence without the witnesses going into the box. At 1.30pm yesterday, the judge delivered a lengthy written decision on the plaintiffs’ application to join a further 998 landowners as represented plaintiffs in the proceedings. The request was granted, bringing the total number of

landowner plaintiffs to 1,081 in the proceedings. Today, the plaintiffs would continue the case with the start of the scientific evidence by ecologist Dr Phil Shearman, oceanographer Dr John Luick and marine geochemist Dr Gregg Brunskill. Hearing would begin at 10am.

### **Ramu: Court orders landowner removal**

Post-Courier 10.2.2011

THE Madang National Court has ordered the removal of Nunki Sirako and Laen Sirako— two landowners from Basamuk allegedly represented by Louis Medaing, the first plaintiff in the Ramu DSTP case against the Chinese developer of the multi-million kina nickel project. The Court also ordered that the plaintiffs provide original authorities to the court by yesterday afternoon for inspection. Mr Medaing claims to represent the Tong Clan and the Ongeng Clan from Raikos as the first plaintiff of the Ramu Nickel Deep Sea Tailing Placement litigation, including Nunki and Laen Sirako. Photocopies of the authorities were provided to the Court last October.

Lawyers representing the company which is the first defendant, had filed a notice of motion last month seeking the removal of the Sirakos as plaintiffs from the proceedings, and to order the plaintiffs to make available original copies of the authorities to be examined by forensic experts to determine their authenticity. The Sirakos claimed they had never signed any authority, although they were approached by Mr Medaing, and that it was never their intention to be dragged into this proceeding. Meanwhile, Justice David Cannings had also confirmed that the DSTP trial had commenced on February 8. The plaintiffs' lawyer Tiffany Nonngorr also indicated to the court yesterday that they would be filing another application for more people to join the case as plaintiffs.

### **Landowners say commission hearing was waste of time, money**

The National, February 10, 2011

LANDOWNER groups from Wafi-Golpu in Mumeng say that the special Land Titles Commission hearing in Lae was illegal and a waste of time and money. The groups were devastated after they were issued with a copy of the National Gazette No G14 dated Thursday, Jan 20, 2011, where among others, the national executive council (NEC) through the Acting Governor General, Jeffrey Nape, revoked the appointments of the three special LTC commissioners. The appointment of special LTC commissioners, Robert Nonga Irun, Lawrence Benson Wada Titimur and Richard Amol Cherake, were revoked and the hearing ceased as of the date of the publication of the Gazette. The decision by the NEC had overrode the previous decision it made and published in the National Gazette No. G190 of Nov 15, 2008.

The revocation now means that the special LTC commissioners and the hearing is suspended to await further advice from the government. The government had earlier appointed the three incumbents as special LTC commissioners to conduct hearing to determine genuine landowners of the lucrative Wafi Golpu gold mining project. More than 21 landowner groups had been presenting themselves at the special LTC hearing conducted at Bumbu since 2009. The other three notice in the gazette were the appointment of members of the National Agriculture Quarantine and Inspection Authority, appointment of non-ex officio member of the Coffee Industry Corporation and revocation of acting appointments and appointment of departmental heads.

Unlike other groups, the Hengambu Landowners Association and Yanta Development Association, were against the hearing from the beginning. The two groups had stood by the decision of a Provincial Land Court of 1985 where legitimate landowners were already identified. Appeals by other groups to the National and Supreme court were quashed in support of the provincial land court decision. They thanked the NEC and called on other groups to respect the decision and cooperate with

the government and the developers, Morobe Mining Joint Ventures, to allow the project to go ahead. "We are all from Mumeng, and we will all benefit one way or the other," they said.

## **MINING ISSUES TO BE AIRED AT MOROBE, PNG HEARING**

Landowner rights, environmental impacts among topics

By Frank Rai

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Feb. 10, 2011) – PREPARATIONS are well underway to stage a Morobe Mining Forum in Lae later this month to discuss mining issues affecting the province. The forum is organised by the Morobe provincial government and is planned to be staged at the PNG University of Technology's Duncanson Hall. Morobe MPs including Governor Luther Wenge, government officials, mining officials, company executives, local community members, leaders, scientific organisations and stakeholders will participate. The purpose of the forum is to gauge views by way of debating and discussing issues concerning mining operations in the province. Many issues have been raised currently on the operations undertaken by Morobe Mining Joint Venture (MMJV) by affected communities with their outspoken Bulolo MP Sam Basil.

Huon Gulf MP and Minister for Health Sasa Zibe said yesterday that all Morobe MP's, local leaders and interested parties should come together and debate issues ranging from landowners, conservation and environment and benefit sharing agreement. Mr Zibe said other issues in relation to mining practices employed by developers, regulations and legal frame work would also be discussed at the forum. "The outcome of this forum is to bring all known and perceived problems and issues to the table and encourage mediation process between all parties through which solutions would be found that concern local landowners, national and provincial government and the developer," Mr Zibe said.

He added that he decided to propose the forum because he believed that there were workable partnership with investors rather than going through court battles. "Morobe people and leaders must stand together on this issue. Mining is here to stay but we as a province must lay the ground rules for companies to come and operate," the minister said. Mr Zibe said that his people were set to be affected once the Wafi mining which shares the electorate with Bulolo electorate operates. The minister said he was hopeful that amicable solutions would be found for current dispute between all parties involved in the Morobe Mining Joint Venture (MMJV) through mediation after the debate and forum.

## **CANADA MINER DENOUNCED FOR PNG RIGHTS ABUSES**

*Mine workers accused of rapes*

WELLINGTON, New Zealand (RNZI, Feb. 10, 2011) - The independent organization [Human Rights Watch](#) says the Canadian government's stance on issues around the conduct of [Barrick Gold International in Papua New Guinea](#) (PNG) is indefensible. This follows the move by the Canada-based miner, which operates the Porgera gold mine in PNG's Enga province, to sack five employees at the mine over abuses against villagers, including reported pack rapes. Dozens of women say they were beaten, tortured or raped by members of the mine's 450-strong private security force in abuses dating to 2008. Human Rights Watch's Chris Albin-Lackey says Canada's government has resisted exercising any oversight over its corporate citizens abroad. "So one thing that absolutely has to happen is if Canada is going to derive so much wealth from the activities of those companies working all around the world, it has to acknowledge some basic responsibility to oversee the way they're acting in places like Papua New Guinea where the local governments just

aren't up to the task of doing the job and don't seem particularly interested even if they were. Police are investigating the alleged attacks, while Barrick Gold has also started an internal investigation." *Radio New Zealand International*: <http://www.rnzi.com/>

## **PNG goldmine acts over allegations of torture and rape**

Lindsay Murdoch, Sydney Morning Herald, February 10, 2011

DARWIN: The operator of the multibillion-dollar Porgera goldmine in Papua New Guinea has sacked five employees over an alleged pattern of violent abuse against villagers, including pack rapes. Scores of women say they were beaten, tortured or raped by members of Barrick Gold Corporation's 450-strong private security force in abuses dating to 2008. One woman told how she and three other women were raped by 10 security personnel, one of whom forced her to swallow a used condom that he had used while raping the other victims. The alleged rape of a 26-year-old woman, who was collecting native vegetables near the mine, occurred last month after Barrick had conducted an internal investigation into alleged abuses and only days before the company issued a statement announcing improved security to protect villagers near the mine. Because the woman resisted, her genitals were repeatedly burnt with a hot rod, said the Porgera Alliance, a non-government organisation.

Three girls aged 14 were allegedly raped last July. Victims told investigators from Human Rights Watch that after being arrested for illegal mining, guards gave them a choice of submitting to gang rape or facing fines and possible jail. "The women that Human Rights Watch spoke to said they feared reporting abuses to authorities given the fear of retribution, the threat of punishment for illegal mining and the social stigma that affect rape victims around Porgera," the US organisation said in a report. The Porgera mine is in Enga Province, in a remote part of PNG's restive highlands. It has sparked controversy in the past over its discharge of waste into the nearby Porgera River and accusations of extrajudicial killings by security personnel. The mine has produced more than 16 million ounces of gold, worth more than \$US20 billion at today's prices, and accounted for about 12 per cent of PNG's total exports over two decades.

Responding to accusations by Human Rights Watch, Barrick Gold said it had sacked employees and was upgrading security at the mine after an internal investigation. "Our deepest concern is for the women who may have been the victims of these alleged crimes," Barrick said in a statement released at its headquarters in Toronto. The company said further dismissals and other disciplinary action may occur pending the results of a police investigation. A company spokesman told the *Herald* that all of those sacked were PNG nationals. The spokesman said as well as the five sacked employees, eight former employees have been implicated in the allegations. Human Rights Watch has also warned that small-scale and illegal miners around Porgera are being exposed to mercury poisoning when they attempt to separate gold from ore-bearing rock.

A local doctor said many of the miners were "zombies" by the time they reached hospital and added that "some will recover, some will not". Human Rights Watch recommended a public health survey of communities around Porgera to determine the extent of the exposure to dangerous levels of mercury and to identify an appropriate response to the problem. Barrick's security force arrested 45 people panning gold in the area in a sweep on January 29. Barrick took over Porgera in 2006 from Placer Dome, the Canadian company that opened the mine in 1990. The mine is expected to continue producing gold until at least 2023.

## **Ramu: Plaintiff's make their case for a permanent injunction**

PNG Mine Watch 9.2.2011

The Plaintiff landowners in the Ramu mine waste dumping case in Papua New Guinea have presented in court a summary of their case for a permanent injunction to restrain the mine from dumping 100 million tons of waste into their seas.

The plaintiffs say:

1 In or around January 1999 Ramu Nickel Ltd (a subsidiary of Highlands Pacific Ltd) lodged an application for a Special Mining lease for the Ramu Nickel project and lodged the Ramu Nickel Environmental Plan 1999 on 12 February 1999 for this project with the Department of Environment and Conservation. The Environmental Plan was done by a consultant group called NSR Environmental Consultants Ltd.

2 The Plan proposed by way of tailings management marine dumping of the mine waste at a depth of 150m, 400 m from shore. The plan stated that these tailings would move down a gradual slope through canyons and eventually come to rest at a depth of 850m-1200m. It was estimated that the tailings would cover in excess of 150 KM<sup>2</sup> of sea floor

3 On 21 March 2000 the Department of Environment and Conservation approved the Ramu Nickel Environmental Plan 1999 under the Environmental *Planning Act (repealed)*, and issued the Environmental Plan Approval. The approval provided for also the approval of a deep sea tailings placement system for the disposal of mine waste in principle only. The ultimate approval was contingent on conditions, one of which was:-

*“the results of further oceanographic studies to determine with greater accuracy, the base of oceanic upwelling in the vicinity of the DSTP outfall at Basamuk and a recommendation on whether the proposed depth of the DSTP outfall should be varied”* (Aff Louis Medaing 24 September 2010).

4 According to the Ramu Nickel Environmental Plan 1999, the First Defendant will dump 5 million tonnes of hot tailings into Astrolabe Bay each year for the life of the mine which is estimated at 20 years, totaling 100 million tones of tailings, more if ore comes from elsewhere. The dumping will be at a depth of 150m, only 400m from shore.

5 The tailings will consist of mainly sediment and fines which will contain among other substances high levels of heavy metals including but not limited to manganese, chromium, nickel and mercury. It will also contain levels of ammonia and sulphuric acid. The Defendant will additionally dump waste rock and soil directly into the sea at Basamuk Bay during the construction and life of the mine as well as raw sewerage from 2500 people.

6 Because of concerns as to the environmental effects of these tailings and waste disposal, in late 2000 the Evangelical Lutheran Church of Papua New Guinea commissioned the Mineral Policy Institute to undertake an independent review of aspects of the Ramu Nickel Environmental Plan 1999 as compiled by Natural Research Systems (herein after referred to as “NSR”) by 3 marine scientists and an ecologist. This was motivated by concerns for the well being of the Madang Community and an underlying desire for both development and environmental protection in Madang province.

7 The fundamental findings of the reports were that NSR had compiled a well presented but false case for the discharge of mine tailings via a submarine pipe into Astrolabe Bay and that

further that there can be no doubt that disturbance on the scale of a Submarine Tailings Disposal operation will have significant biological impact.

8 Despite the further oceanographic studies never being done – in November 2007 Dr wario, the director of the Environment issued an environmental permit which allowed the construction and dumping of the waste as planned.

9 Due to massive community outcry as a result of this permit, in 2008, the Government of PNG commissioned a review of Deep Sea Tailings in Papua New Guinea from the Scottish Association of Marine Science. This report was finalized in May 2010, but was only summarized to the public in December 2011 but never officially released.

10 Both the Shearman Report and the SAMS report found that should there be upwelling, which appears likely from the prevailing onshore current at depth, it is inevitable STD material will not simply be deposited over a clearly demarcated area of the seabed. Instead some fraction will enter the ocean over a range of depths and will be transported as patches of turbid water well out of the source area. These ‘turbidity plumes’ will spread out horizontally from the descending tailings plume and are likely to be more extensive in this project than at the Misima mine where as the tailings are denser. Turbidity plumes are likely to form small scale eddies that could maintain their chemical identity (hence high concentrations of tailings) over tens if not hundreds of kilometres. These patches will be anything from tens of metres to tens of kilometres in diameter. When this occurs, the potential for ecological damage over the wider Astrolabe Bay region will greatly be increased towards the North West and up to Madang and as far as Kar Kar Island. This will clearly have significant biological impact, including on adverse impact on both shallow and deep water fish (p22, 43, 46,75 Shearman report and Page 131 Final SAMS report)

11 The situation the Plaintiffs found themselves in was that the government was allowing the First Defendant to go ahead with its proposed deep sea tailings disposal plan despite:-

- a) There being in existence a credible and independent report compiled by 4 individual reputable marine scientists that essentially finds there will be a lot of environmental harm if the tailings dumping goes ahead and that the Environmental Plan of the First Defendant is fatally flawed,
- b) That if the tailings sea dumping goes ahead it seems almost inevitable that tailings will be deposited and carried over a large area as far as Kar Kar island
- c) That the oceanographic studies have never been done to determine the extent of upwelling
- d) Objection by the National Fisheries Authority to the dumping as it will endanger fish resources
- e) Well known findings by the World Bank Extractive Industry Report in 2003 that “*Submarine Tailings Disposal should not be used until balanced and unbiased research, accountable to balanced stakeholder management, demonstrates its safety. Whatever the outcome of the research, STD and riverine tailings disposal should not be used in areas such as coral reefs that have important ecological functions or cultural significance or in coastal waters used for subsistence purposes.*”(annex “LS25A” aff Louis Medaing)
- f) The Government having now received BUT not made available for public consultation the report it commissioned in response to community concerns on deep sea tailings disposal
- g) PNG being a party to the Coral Triangle Initiative which mandates strict limitations on sedimentation from off shore development escaping into coral seas

- h) The land disputes not being finalized and no proper consultation with landholders or disputing claimants, effectively depriving them of proper consultation and negotiations over their land, and
- i) There being in existence alternative means of tailings disposal that would not pose such an ecological risk.

12 The Plaintiffs therefore commenced these proceedings seeking injunctions and declaratory Orders. The main thrust of this action is a case by way of nuisance against the miner seeking a permanent injunction to prevent destruction of the Plaintiffs' marine environment.

13 Both the miner and the government have failed to conduct the proper studies to ascertain whether or not this marine tailings dumping will have an environmental impact. The miner has sought advice from undergraduate degree geologists to ascertain the environmental impact of the dumping – rather than expert marine scientists. The miner has been aware for 11 years of the need for further oceanographic studies but has simply failed to conduct them

14 The government has also been aware for 11 years of the potential disastrous effects of the dumping but to date has failed to carry out the necessary investigations. They have not conducted the necessary oceanographic studies and have NEVER produced an impact statement of the deep sea and the food chain as a result of the tailings potentially resting at depth and smothering everything in their toxic path.

15 The plaintiffs will present

(a) Testimony by numerous landowners of the coastal areas of Madang Province as to their usage of the sea and their customary riparian rights, and their concerns as to the impacts of the marine dumping

(b) Expert testimony from 6 doctoral scientists as to the likely and probable effects of the marine dumping of this mine waste, which is significant and permanent adverse biological impact, including but not limited to

1. An Oceanographer
2. A Marine geochemist
3. A Marine Ecotoxicologist
4. An Environmental Engineer
5. An ecologist
6. A Ichthyologist

(c) Government and [private reports as to the potential;] adverse effects of the dumping

(d) Evidence to show that there will be in any event no real and lasting benefit to the people of Papua New Guinea from the Ramu Nickel mine – and certainly no benefit warranting the destruction of such a valuable environment.

(e) Evidence to show that the government in Papua New Guinea has failed to comply with its obligations under the Constitution and the Environmental Impact to allow only sustainable development of resources in the interests of future generations.

16. The dumping of mine waste into Astrolabe bay will cause massive adverse Environmental impact and the Plaintiffs will prove to this Court that the only option open is to permanently injunct this devastating nuisance.

## **FIJI GOLD MINE PRODUCTION UP 77 PERCENT**

*Outlook for rejuvenated mine 'favorable'*

Elenoa Baselala

SUVA, Fiji (Fiji Times, Feb. 9, 2011) – In Fiji, the Vatukoula Gold Mines Limited ([VGML](#)) has continued to increase production since its recommencement in May 2008, registering a yearly increase of 77.2 per cent in 2010. While this was still below the levels attained prior to the temporary closure of the mine in December 2006, the Reserve Bank of Fiji (RBF) said the outlook for the industry looked favorable. This as high world market prices for the commodity and the increased productive capacity of the VGML continue to sustain local production. Domestically, the Fiji economy is projected to grow by 1.3 per cent this year following a slight expansion of 0.1 per cent forecast in 2010. In 2012, the economy is anticipated to advance further by 0.8 per cent. While visitor arrivals, gold production and consumer spending picked-up further towards the end of 2010, lower sugar and cane output and subdued investment activity was also evident during this period.

"The tourism industry performed exceptionally well last year as reflected in the 17.6 per cent annual growth in visitor arrivals cumulative to October, the RBF said. Furthermore, provisional estimates from the industry suggest that 2010 is the new record year for tourism, with arrivals exceeding 600,000. Last year, the cane and sugar industries were adversely affected by frequent mill breakdowns, which restrained the harvesting and delivery of cane to the mills and a relatively shorter crushing season. Consequently, both cane and sugar production declined in 2010 by around 20.9 per cent and 21.5 per cent on an annual basis." The global economic growth projections have been revised upward as recovery in advanced, developing and emerging market economies advances.

The International Monetary Fund (IMF) now expects the world economy to grow by 4.4 per cent in 2011 from the 4.2 per cent envisaged earlier. A further 4.5 per cent growth is projected for 2012. The upward revision was because of general improvements in global financial conditions and stronger-than-expected consumption activity in the United States and Japan during the second half of 2010. Nonetheless, the uneven recovery pace continues with China and India on the lead. Downside risks to the recovery remain, especially on the uncertainty of the Euro area crisis, high commodity prices and the possible overheating in emerging markets.

Fiji Times Online: <http://www.fjitimes.com>

## **PNG'S OK TEDI MINE REPORTS \$2 BILLION IN REVENUES**

*27 percent increase reflects higher copper, gold prices*

MELBOURNE, Australia (Radio Australia, Feb. 9, 2011) – The Ok Tedi mine in Papua New Guinea has announced a huge revenue boost of more than US\$2 billion in 2010. The mine's management says the 27 per cent increase in revenue (from 2009) was a result of high copper and gold prices. It says it has remained within the top three PNG gold producers, despite a fall in total gold production by 6 per cent compared to 2009. The management says it has paid over US\$633 million in dividends to other PNG interests. PNG's Fly River Provincial Government and landowners each received about US\$18 million dollars. The Ok Tedi mine started operations in 1984 and has since been the single largest contributor to PNG and the Western province governments. The mine still plans to close operations by 2013 but a feasibility study may see it remain open till 2022, depending on approval from both the PNG government and mine affected communities. Radio Australia: [www.abc.net.au/ra](http://www.abc.net.au/ra)

## Revenue boost for OTML

National 9.2.2011

The National, February 9, 2011

MINING giant Ok Tedi Mining Ltd has posted its financial statements ending the fourth quarter of last year with K5.1 billion in full year sales revenue – an increase of 27% from 2009 – reflecting higher copper and gold prices. The financial report stated that the full year copper concentrate shipments were 9% higher than 2009 with no river constraints. The export shipments of copper-gold concentrates were 24% higher in the fourth quarter (168,731 tonnes) than in the third quarter with 136,228 tonnes. This result was mainly impacted by lower head grades of copper (2%) and gold (6%), and also by the 16-day industrial action taken by union workers in April that resulted in a 9% lower mill throughput. Total gold production of 15.6 tonnes was 6% below the 2009 production rate, however, OTML remained within the top three of PNG's gold producers.

OTML also realised for this period that the average copper price was US\$3.68 (K9.65) per pound, compared to US\$2.44 (K6.40) in 2009. The report said net cash generated before dividends was up by 96% compared to the previous year, mainly due to higher metal prices and volumes shipped. Dividends paid were K1.687 million which included K1.387 million for the benefit of PNG interests. OTML payment of mining royalties were 40% higher than 2009, with the Fly River government and the mine area landowners each receiving K46.8 million. The mining company had also paid out a total of K920 million in taxes last year. The report stated that the state was finalising feedback on the detailed mine closure plan submitted in December 2009 and advised OTML that a response would be given this month. The Inmet share buy-back is expected to be completed by the end of last month with OTML buying back Inmet's 18% shareholding for a lump sum payment of US\$335 million and cancel the shares.

## Satellite image shows toxic pollution from Hidden Valley mine

PNG Mine Watch 8.2.2011

A stunning satellite image graphically shows the toxic pollution of the Watut river system caused by the Hidden Valley mine in Papua New Guinea. Local landowners are suing the mine's owners, Harmony Gold and Newcrest Mining, for alleged negligence in allowing the pollution of the rivers with material containing heavy metals and acid forming rocks.



The landowners say Harmony and Newcrest were fully aware of the problems that have caused the pollution and could have prevented it if they were not so determined to get into production as soon

as possible. The landowners say that according to the mine Environmental Plan, the mine was to construct stable waste dumps using fresh rock, but when sufficient rock could not be sourced on site, rather than delaying construction and importing suitable material the mine just carried on regardless, knowing the waste dump facilities would not be stable. This failure was then compounded when greater than expected amounts of overburden had to be removed to get access to the gold ore. This meant much more waste rock and overburden, which was contaminated with heavy metals, iron pyrites and other acid forming compounds, had to be stored on site.

Again, instead of delaying construction and the start of production so the waste dumps could be properly constructed and then expanded to take the additional material, the landowners say the mine company carried on regardless. The landowners say the inadequately constructed and overloaded waste facilities failed on several occasions, leading to massive amounts of waste rock and overburden escaping into the Watut river. To make matters even worse, the landowners say the mine failed to construct two promised retaining dams as also set out in its environmental plan. This exacerbated the sedimentation problems even further as there was nothing to stop run-off caused by heavy rainfall entering the river system.

The landowners say they rely on the river for water for their livelihoods, for alluvial gold, for washing, drinking, cooking, irrigation, and cleaning, for fish and crustaceans for protein, for plant life for eating, for transportation, for its aesthetic value, for traditional agricultural practices and for cultural needs. But despite knowing the importance of the river to the landowners and the implications of not constructing the waste dumps correctly and removing massive amounts of overburden, the landowners claim *“the defendants attitude was to get into production as soon as possible to contain costs rather than remedying the dumping and erosion problems”*. As a result of the heavy sedimentation in the river and the contamination with heavy metals and acid forming rocks, the landowners say there have been *“gross impacts on the Watut river system”*.

These impacts include: a massive build up of sediment causing pollution; dieback of vegetation throughout the river system; acid forming compounds entering the river and causing damage to all life in the river including plant life, fish and crustaceans and humans; changes in the course of the river; the death of fish and prawns; widespread destruction of benthic macroinvertebrate communities; severe aquatic habitat degradation; deprivation of the Watut River water for bathing, washing, cooking or drinking; deprivation of access to alluvial gold; skin diseases and sores; loss of transport on the river; loss of houses and village areas; loss of gardens and cash crops; and loss of the ability to use gardens in the future. The Hidden Valley mine began operations in 2009 and reached commercial levels production in May 2010, once the overburden had been removed. Ore was initially stockpiled until the processing plant was commissioned in September this year.

### **Bougainville: Panguna leaders warn Momis**

The National, February 8, 2011

LANDOWNER leaders in Panguna have slammed requests by the Autonomous Bougainville Government for the PNG shareholding interest in Bougainville Copper Ltd to be transferred to ABG. Chairpersons of six Panguna mine lease associations said in a joint statement yesterday that they were lost for words over ABG President John Momis' direct approach to Prime Minister Sir Michael Somare without consulting them. The six mine lease associations were set up by the ABG. Chairpersons Chris Damana, Michael Pariu, Bernadine Kiraa, Therese Jaintong, Tarcisius Karuai and Jude Sirinai said in a first-ever gathering in Buka in late November last year, it was agreed that as a major partner in the BCA review process, Panguna landowners would have a stake in the national government's 19.06% shareholding in BCL.

“As part of our consultations on the benefits sharing arrangement (BSA) with other BCA review stakeholders, the issue of shareholding in BCL is crucial to people in the six mine lease areas. “We have planned for each of the six leases to have a proportionate shareholding in BCL, with ABG taking up a majority of the shares on behalf of the people of Bougainville including ex-combatants.” The leaders advised the president to consult Panguna landowners before approaching the prime minister. “He must be careful with his direct approach as some of us still remember his pre-crisis (1987) Bougainville initiative and the number of demonstrations that he organised where our ignorant mothers, sisters and aunties were used to demonstrate in front of BCL’s pink palace.

“We also believe that he played a part in the Bougainville crisis and, to date, he has not come out publicly to explain the part he played just before the crisis with the launching of his Bougainville initiative.” The landowners said since taking office in June last year, Momis had not met with them or with the interim executives of Panguna Landowners Association. “We just want to be consulted in everything to do with our mine lease areas. This is our plea to our leaders,” the statement read in part.

## **LNG: Politics may stop payment**

Post-Courier 8.2.2011

By MOHAMMAD BASHIR

With one more week left for the Government to pay millions of kina in outstanding BDGs, MOA funds, Ministerial commitments and infrastructure development grants as directed by cabinet, concerns have been raised that political interference by Hela leaders will put back the progress. After a special National Executive Council (NEC) meeting a week back, Prime Minister Sir Michael Somare appointed Deputy Prime Minister Sam Abal to oversee all LNG landowner related issues and directed all millions of kina in outstanding commitments to be paid in two weeks. While workmen at Hides 4 Conditioning Plant have been allowed to get back to work, Hides PDL7 Umbrella Company Chairman Chris Payabe said: “We allowed them to go back to work based on the Government’s commitment but we are hearing that certain Hela leaders are trying to divert funds to other organisations to suit themselves.”

He said monies due to Hides 4 landowners should be paid to the umbrella company, Hides PDL7 Umbrella Company Ltd and not any other unrecognised bodies. “In the petition we gave to Don Polye and James Marape, we specifically asked for K10 million in BDG for plant site and K36 million for the wellhead and NEC has endorsed that. We will not accept payments to any other companies besides our umbrella company,” Mr Payabe said. Chairman of Hiwa Koma tribal land-group ILG No. 9025 and Hides PDL 1 Peoples Association Inc. Andagali Kurubugo said the Hides Gas Project has been in operation for the last twenty years. “We know who is who in our area and we know who gets the Hides royalty and MOA funds. “Now those who got the BDG by getting Court Orders or by threatening the State and the developers and their shareholders shall be given the mandate to form the Hides ILGs at the expense of those who have missed out,” he said.

Mr Kurubugo said for fairness, the State and developers have a duty to pay those whose BDG submissions were overlooked as well as all their MOA project submissions and other claims for various expenses, which were promised to be paid immediately after the signing of the UBSA and LBBSA Agreements. “We, the members of the Hiwa Koma tribe paid for our own expenses to attend the UBSA in Kokopo and we also borrowed money to attend the Hides LBBSA agreement and to pay for our MOA and BDG submissions. Our creditors are after our necks. Many creditors who have given K50,000 to landowners want to be repaid K500,000 or more. We cannot keep on borrowing for the sake of creating a peaceful environment for the State and the developers to come and do their business on our tribal land,” he said

*Letter to the editor***How important is our environment?**

Post-Courier 8.2.2011

Supporting D Iyampon's letter on 24/01/11, I would like to also share my opinion. Firstly I don't know why we (NGI's) are so quiet about the current granting of mining lease to Nautilus. It is sad to hear our own people being so happy about royalties and employment opportunities. This shows clearly that we do not care about the environmental impacts the undersea mining could bring about. Remember this is the first of its kind in the world therefore we can not really predict the environmental impacts. I'm worried about the environment. We can enjoy the benefits today but what about the future.

If our seas were to be contaminated, where would you go fishing and what will happen to our beautiful reefs. Let's not be greedy and shortsighted. We can rely on tests, scientists' findings and assurances from the company but remember, no one can control nature. The Government has granted the lease maybe because it is afraid of legal action if it tries to stop the company at this stage. What about us (NGI's), are we just going to sit and wait to see the result and complain or are we going to do something. A concern from me but if you do not agree with the above, then just wait and see, only time will tell. weso@amot.barike

**SOLOMONS LANDOWNERS THREATEN GOLD MINE OPENING***Compensation, scholarships, not addressed*

HONIARA, Solomon Islands (Solomon Star, Feb. 7, 2011) – In Solomon Islands, plans by [Allied Gold](#) which operates the Gold Ridge Mining Limited ([GRML](#)) for its first gold pour next month may be delayed after threats from landowning groups in Central Guadalcanal. This is due to a number of outstanding issues which both the government and the company have yet to address. The council of landowners last week issued a statement saying several outstanding issues that needs to be looked at includes compensation payments for loss of timber trees, review of land rentals, scholarship scheme, increase in royalty and transfer of land title. Two meetings were believed to have been held last week between the parties concern. But no details were available on the outcome of the meeting. According to the secretary to the council, Charles Tani, the first meeting with the government was to enable the two parties to reach a common understanding on the outstanding issues.

The council has said that there is an urgent need to negotiate and resolve these outstanding matters as failure to do so may negatively impact the planned first 'gold pour' next month. While in another separate meeting early last week between GRML and the council both parties acknowledged that there are "a number of outstanding issues of concern to both parties which need to be resolved." Attempts to get GRML General Manager yesterday were unsuccessful yesterday. While comments from Allied Gold Chairman Mark Caruso are being sought. Allied Gold last year took over from Australian Solomons Gold ([ASG](#)). Months after its takeover, a reconciliation ceremony was held with the communities in the area. Following the reconciliation ceremony a ground breaking ceremony followed and was held at the main factory site. This had kicked off work to revive the entire operations. Towards the end of last year heavy machines arrived and work on refurbishing the processing factory resumed. Resettlement work has also been undertaken with the construction of new homes for landowners.

Last week the company said it is approaching the commissioning of its first gold bar in the coming weeks that will see Allied lift its group production to 200,000ozpa and deliver robust additional cash flow allowing them to take advantage of their expansion and exploration opportunities in the

country. At Gold Ridge the AU\$150 million [US\$152 million] 120,000ozpa fully-funded redevelopment is on time and on budget, Allied Gold said. Committed and incurred expenditure on the project is at 85 percent and the remaining SB\$20 million [US\$2.5 million] budget incorporates a number of operational and commissioning costs. Mining commenced in November 2010 and as at mid-January approximately 130,000 tons of ore was on the ROM pad. Plant commissioning is imminent and first gold is due in the March quarter. At Gold Ridge exploration in the quarter focused on grade control and will move towards pit extensions and new opportunities in the March and June quarters. But with the threats from landowners, it is still uncertain if the commissioning of the first gold pour may eventuate. Solomon Star: <http://www.solomonstarnews.com/>

## **Independent scientific review slams Nautilus's environmental plan**

PNG Mine Watch 7.2.2011

An independent scientific review of the environmental impact statement (EIS) for the proposed Nautilus Minerals Solwara 1 seabed mining project in Papua New Guinea concludes the statement is completely inadequate and that the mining will result in severe and prolonged environmental impacts. The review, which can be downloaded below, was completed by Professor Richard Steiner, a member of the IUCN Commission on Environmental, Economic and Social Policy. Nautilus's Solwara 1 mine will dig gold and copper deposits from deep-sea hydrothermal vents which, says Prof Steiner "support one of the rarest and most unique ecological communities known to science". Prof Steiner says the mining activity will "destroy an extensive patch of productive vent habitat, including tens of thousands of vent chimneys, killing virtually all of the attached organisms". Although the EIS accepts "the extent of the impacts to vents and other seafloor habitats directly mined will inevitably be **severe** at the site scale," and "it may be many years before development of chimneys returns to pre-mining condition", Prof Steiner says the analysis is still seriously inadequate.

*The EIS does not present sufficient information with which the PNG government can effectively judge the project's expected impacts. The EIS is judged as not fit-to-purpose. Many risk contingencies are poorly analyzed, some are not analyzed at all, and many of the baseline studies necessary to understand potential impacts have yet to be completed. The report concludes that "it is likely that the project would result in severe, prolonged, and perhaps region-wide impacts to a globally rare and poorly understood biological community, and it is clear that the EIS does not adequately assess many of these impacts. Further, the benefits to local people or the economy of PNG seem disproportionately low compared to the scale and risk of the project".*

The PNG government granted Nautilus a license for the Solwara 1 mine on January 14.

Read the Executive Summary from Prof Steiner's below or download his [full report](#).

### **EXECUTIVE SUMMARY**

The Solwara 1 project proposes to commercially exploit gold and copper deposits associated with deep-sea hydrothermal vents at a depth of 1,500 in the Bismarck Sea off Papua New Guinea. As the Project would represent the first large-scale, human-induced, site-specific disturbance to the deep ocean basin anywhere in the world, it must be considered with exceptional deliberation and caution. Scientists only first discovered these deep-sea hydrothermal vents and their exotic chemo-synthetic ecosystems in 1976, and these extraordinary ecosystems remain poorly understood today. Deep-sea hydrothermal vents, found along mid-ocean ridges and back-arc basins (such as the Manus Basin in the Bismarck Sea), support one of the rarest and most unique ecological communities known to science. Organisms derive their energy from sulfide chemicals in hot (350 C), mineralized vent fluids rather than directly or indirectly from photosynthesis as in other biological communities, and/or from endosymbionts in their tissues. Most species discovered at vents are new to science, and the vents support communities with "extremely high biomass" relative to other deep-sea

habitats. Some scientists suggest that such deep-sea hydrothermal vents systems may be where life first evolved on Earth.

The proposed Solwara 1 mining project would destroy an extensive patch of productive vent habitat, including tens of thousands of vent chimneys, killing virtually all of the attached organisms. The EIS states that: “The extent of the impacts to vents and other seafloor habitats directly mined will inevitably be *severe* at the site scale,” and that “it may be *many years* before development of chimneys returns to pre-mining conditions (emphasis added).” And mining is expected to alter venting frequency and characteristics on surrounding seafloor areas as well, thus affecting the ecological communities of a much broader scale than just the mined site. Although the Solwara 1 EIA / EIS makes a significant contribution to deep-sea vent science, it is clear that the EIS does not present sufficient information with which the PNG government can effectively judge the project’s expected impacts. Thus the EIS is judged as not fit-to-purpose. Many risk contingencies are poorly analyzed, some are not analyzed at all, and many of the baseline studies necessary to understand potential impacts have yet to be completed.

For instance, studies of the taxonomy and genetic relationships of macro-invertebrate species found at Solwara 1, South Su (upstream about 2 km), and Solwara 8 (downstream about 45 km) have not been completed, and thus the degree of genetic variability and endemism of organisms between sites is not yet known. It is likely that several rare and endemic (found only at the site) macro-invertebrate species that are yet to be described by science exist at Solwara 1. As a result of the 2007 study at the mine site, “at least 20 new species have been added to the species list at active vent sites.” This is a high rate of discovery of species new to science, and species encounter rates of the studies predict that there are likely many more species yet to be identified at the site. Such species would likely become extinct due to the mining project, even without having yet been identified or described. This alone constitutes an unacceptable risk. Bioethics dictates that resource development should not knowingly put species at risk of extinction, be they well-known charismatic macro-fauna (tigers, gorillas, whales, etc.), or poorly known deep-sea invertebrates.

While Nautilus conducted extensive studies of the deep-sea *benthic* (bottom dwelling) communities at the site, no systematic study was conducted on the deep-sea *pelagic* (water column) community that would be impacted immediately overlying the seafloor. Further, there was an inadequate assessment of risks associated with sediment and waste rock disposal, toxicity of the dewatering plume to deep-sea organisms, effects of increased light and noise in the deep ocean environment, and potential accidents on seafloor equipment or surface vessels. Regarding impacts to the *nearshore* ecosystem, one of the greatest risks from the project is the potential loss of tow or power of an ore shuttle barge in route to Rabaul (the EIS projects 3-9 barge trips per week, with 6,000 tons of toxic ore onboard each transit), or of one of the 25,000 ton bulk ore freighters (3-6 trips per month from Rabaul), and the barge or freighter then drifting ashore spilling its toxic cargo and fuel onto the coastal reef system. Yet, this risk was not considered at all in the EIS. Much of the EIS is simply too general in nature to determine impacts, and many of the mitigations proposed rely upon Environmental Management Plans and procedures that have yet to be developed by Nautilus, and thus the effectiveness of these cannot be judged at present.

It is likely that the project would result in severe, prolonged, and perhaps region-wide impacts to a globally rare and poorly understood biological community, and it is clear that the EIS does not adequately assess many of these impacts. Further, the benefits to local people or the economy of PNG seem disproportionately low compared to the scale and risk of the project. While the Project could gross almost \$1 billion USD in its 30-month lifetime, it expects to provide only \$41 million in total taxes and royalties to the government, a \$1.5 million development fund, and a few dozen jobs at most to PNG nationals. Given the above concerns, *it is respectfully recommended that the government of PNG not approve the project on the basis of this EIS.*

## **Ramu: Landowners cry foul**

Post-Courier 7.2.2011

By FRANK RAI

landowners from the Basamuk Refinery plant in the Rai Coast area of Madang province have cried foul over the lack of business spin-offs provided by developer, Ramu Nico Management (MCC) over the last few years. Chief executive officer of the Sibiyag Clan Augustine Baimur told Post-Courier yesterday in Lae that landowners protected business spin-offs have been ignored by MCC. Mr Baimur said there has been a growing repugnance by the local landowners of the Basamuk Refinery area over issues relating to the manner and style that MCC was doing business with landowners. "A list of primary business spin-offs reserved for landowners pursuant to the 1999 Local Business Development Policy which transpired during the earlier formation of Ramu Nickel project had not been initiated." Mr Baimur said the clan's total support for the development of the project was fading because MCC has forced prominent landowners to shift trust and willingness to cooperate with MCC due to the treatment on business spin-offs. The CEO said several matters were to be resolved including the release of seed capital, registration of clan groups, allocation of business spin-off and MCC should refrain from dictating funds allotted for landowners.

## **Pacific Niugini discovers top gold at Garaina**

The National, February 7, 2011

PNG mineral explorer and Australian Stock Exchange-listed Pacific Niugini has made a new gold-silver-base metal discovery in its Garaina tenement between Gulf and Morobe, a company statement said yesterday. The mineralisation of the new discovery made during the company's first reconnaissance programme appeared to be relatively homogeneous and related to the same intrusive event as other world class deposits such as Hidden Valley. Hidden Valley is owned and operated by Morobe Mining Joint Ventures (MMJV), a 50:50 joint venture of Harmony Gold and Newcrest Mining Ltd. The area has had limited modern day exploration. Previously, a successful initial field mapping programme confirmed historical grab sample results and the discovery of outcropping mineralisation. Gold assays up to 4.5g/t were reported in outcrop and creek float samples.

In addition to rock chip sampling, several shallow trenches were manually excavated, also returning significant results. The initial field programme at Garaina was focused on the Kusi prospect in the central portion of exploration licence (EL) 1614. The Kusi prospect was defined by a magnetic high with consistent gold, silver, copper, lead and zinc occurrences. Pacific Niugini was now focusing on delineation of drill targets. Pacific Niugini is exploring for gold and copper in PNG through its 100% held subsidiary company where it holds five exploration titles covering 3,961sqkm.

## **Revealed: how deep-sea mining could destroy the 'cradle of life on earth'**

Ramu Nickel Mine Watch 4.2.2011

*In November Mine Watch reported on scientists fears about the impacts of deep-sea mining off the coast of Papua New Guinea. Below is the full article from The Ecologist on which that report was based.*

*By Tom Levitt*

As Papua New Guinea gives go-ahead to a Canadian mining company to dredge its coastal seabed for minerals, critics say environmental assessments have been inadequate, local objections ignored and new species of life could be extinct before they have even been discovered. Deep-sea hydrothermal vents systems may be where life first evolved on earth

It was perhaps only a matter of time before mining the deep seas took off. Following in the footsteps of deep-sea fishing and drilling for oil it has been lurking in the minds of exploration companies like Nautilus Minerals, which is behind a major project in Papua New Guinea (PNG). The idea of digging up the seabed one mile beneath the ocean surface to extract mineral-rich deposits such as copper and zinc first emerged in the 1960s. An initial flurry of interest in the 1970s was put off by low metal prices and UN regulations (1) that exist on exploiting resources in international waters. □ But with rising demand from China and India for rare earth metals like copper, and deep-sea surveys having now found concentrations of minerals four to five times those on land, it has returned but this time in the ‘unregulated’ territorial waters of PNG, conveniently close to the Asian markets. □ □ □ Ecologists say the PNG government is allowing Nautilus to go ahead with the first ever commercial deep-sea mining project without properly considering the environmental impacts or local opposition. Nautilus investors include the mining giant Anglo-American which is ignoring indigenous opposition to a gold and copper mine in Alaska.(2)

### **‘Cradle of life on earth’**

As well as being metal-rich, the volcanogenic hydrothermal deposits which Nautilus plans to mine are home to a unique ecosystem that is still largely unknown to scientists since being discovered in the late 1970s. Initially, the deep sea was thought to be full of soft sediment and little else but the discovery of hydrothermal vents on the seabed, which produce the deposits, revealed a completely novel ecosystem, unreliant on photosynthesis. □ □ ‘It’s the cradle of life on earth,’ explains Dr Rod Fujita from the Environmental Defense Fund and author of studies looking into deep-sea mining, ‘and the only one that does not depend on sunlight. There are species there that are found nowhere else on earth. It’s not like any land habitats we are used to; in fact you have to have your perspective altered to appreciate this deep-sea world,’ he says. □ □ The mining process in PNG will take the top 20-30m off the seabed at a depth of 1,500m and lift it up to the surface before transferring it by barge to processing sites on land. ‘You will destroy fauna just by lifting the land,’ says deep-sea ecologist Professor Paul Tyler, from the National Oceanography Centre at Southampton University. ‘It is possible you might mine at a distance [from the hydrothermal vents] but by mining close by you will affect the flow and the vents might switch off and then all the animals die – you lose a huge biomass.’

### **‘Flimsy’ environmental report**

Nautilus has attempted to fend off these criticisms by publishing an environment assessment, co-produced by a respected deep-sea biologist Dr Cindy Van Dover. In it they admit the impact to vents and seafloor habitats will ‘inevitably be severe at the site scale’ and that they will take ‘many years’ to recover. However, other ecologists say the assessment is ‘flimsy’ and fails to give a full account of the potential damage mining will cause. Professor Richard Steiner, from the University of Alaska cites the incompleteness of classification of species found at the sites and an inadequate assessment of the risks associated with sediment and waste rock disposal. He also cites the effects of increased light and noise in the deep ocean environment and the toxicity of the dewatering plume [the process of removing water from the mined deposits] to deep-sea organisms, which will not be able to differentiate between food and junk sediment. Of particular concern are the hundreds of thousands of tonnes of waste that will be produced by the mining process, which Steiner compares to that of a ‘giant underwater tractor’ and which will be pumped onto deeper sea beds nearby. Dr Fujita said the physics of water as well as weather and currents made it difficult to predict or contain any spill and that deep-sea mining had the capacity to produce pollution that could travel across into international waters.

### **Exploitation or financial gain?**

‘I don’t think the project would be allowed to proceed anywhere else in the world based on such a poor analysis of risks,’ says Steiner. The USA is known to have similar deposits off the coast of Washington as has Canada but mining is not thought to be imminent. Dr Fujita suggests Nautilus is just the latest overseas mining giant to take advantage of lax regulations in the country. ‘In PNG they have a poor record of mining on land resulting in lots of poor conditions and that bad record and lack of oversight is now moving from land to sea,’ he says. Only this week the PNG government was accused by Greenpeace of allowing rampant logging and failing to respect the rights of indigenous groups who depend on the forests. Nautilus has reportedly suggested the country would benefit by more than \$200 million from the mining but Steiner says the benefits to local people or the economy of PNG were likely to be disproportionately low compared to the scale and risk of the project. ‘While the project could gross almost \$1 billion USD in its 30-month lifetime, it expects to provide only \$41 million in total taxes and royalties to the government, a \$1.5 million development fund and a few dozen jobs at most to PNG nationals,’ he said.

Prof Steiner is also acting as a science advisor to Mas Kagin, a group formed in 2008 to give a voice to coastal indigenous people in PNG oppose any commercial mining. The group says it depends on the coastal waters for their ‘livelihood, culture and way of life’ and has a right to oppose the seabed mining. In a campaign video community groups from two provinces expressed their fears. ‘When we first heard that Nautilus was going to mine the seabed using technology that had never been used anywhere else it felt as though we were becoming a science lab...and our very lives part of an experiment to test this new technology,’ it says. Nautilus conducted workshops with local villages to explain its proposals but rejected calls to set up a permanent citizens advisory council. The company also declined to respond to concerns raised in this article but has previously said it took great pride in ‘leading the mining industry into the deep ocean’.

### **Opening the floodgates**

It has estimated several billions tons of copper could be extracted from seafloor sites around the world. Dr Tyler acknowledges that the deep-sea has ‘not even had its surface scratched with what it might contribute to the economy’ but fears PNG’s decision to approve Nautilus mining plans will ‘open the floodgates’ before proper assessments have been made of the impact. China is known to be seeking to mine similar deposits in the South-West Indian Ocean. ‘Deep-sea fishing is a good example. We can ring alarm bells but there is no regulation of it. If I had my way the whole area of deep-sea would become a protected area and people who want to exploit it would have to apply to a body who can ensure that they were doing a proper environmental analysis before they were allowed to exploit it. At the moment there is no requirement at all and we end up looking at the damage done,’ he says.

Steiner agrees and says there is too much wrong with the PNG project: ‘the way this first deep-sea mine proceeds will set the tone for all others, and this is a very, very bad start’. He argues investment in reusing copper and gold made more sense than continuing to pay mining companies to take bigger risks in an effort to dig up more. ‘The global economy simply does not need the gold or copper that would be recovered at these deep-sea hydrothermal vents. We know how to recycle and reuse much of the copper already up out of the ground, run through the economy, and discarded in waste dumps. It is a unidirectional waste of resources, energy and money. And we know better.’

#### Footnotes

1. <http://www.isa.org/jm/en/home>
2. [http://www.theecologist.org/News/news\\_round\\_up/465497/alaskan\\_fishermen\\_to\\_fight\\_mining\\_giant\\_at\\_its\\_own\\_agm.html](http://www.theecologist.org/News/news_round_up/465497/alaskan_fishermen_to_fight_mining_giant_at_its_own_agm.html)

## **Over 1,000 further landowners apply to join Ramu mine case**

Ramu Nickel Mine Watch 3.2.2011

Over 1,000 indigenous landowners in Papua New Guinea have applied to join 75 of their compatriots in a court battle challenging plans by the Ramu nickel mine to dump 100 million tons of waste into their seas. MCC, a Chinese State owned corporation, has invested heavily in the mine construction but is being prevented from starting production by a court injunction, obtained by 75 local landowners, who claim the waste dumping will cause inevitable environmental damage and negatively impact on their subsistence lifestyles. There are now a further 1,000 landowners, from all along the coastline where the dumping is planned, who have applied to join the proceedings in support of the original plaintiffs. A court trial to determine whether the proposed dumping is unlawful and should be permanently stopped is due to start on February 8 in the National Court. Papua New Guinea is one of the few countries in the world that still allows the marine dumping of mine waste - a practice that has been outlawed in China and Australia, where MCC's junior partner Highlands Pacific is based.

## **Ramu landowners case to go before Madang National Court** Post-Courier 3.2.2011

By MOHAMMAD BASHIR

THE NATIONAL Court in Madang yesterday ordered the removal of Nunti Sirako and Laen Sirako, two Basamuk landowners purportedly represented by Louis Medaing, the first plaintiff in the Ramu DSTP case and ordered that the plaintiffs provide all original authorities to the Court by 2pm Feb 3 2011 for inspection. Meanwhile, presiding judge Justice David Cannings confirmed that the trial was to commence from February 8, 2011 in Madang National Court. Mrs Tiffany Nonggor, lawyer for the plaintiffs indicated to the Court that she will be filing another application for more people to join the case as plaintiffs. Louis Medaing claims to represent his families of the Tong Clan and Sawang families that make up the Ongeng Clan in the Raicoast District of Madang Province as the first plaintiff in the Ramu NiCo deep sea tailing (DSTP) litigation, altogether 75 individuals includes Nunti Sirako and Laen Sirako.

The authorities were provided to the Court in early October 2010 in the form of photocopies. Posman Kua Aisi lawyers, representing Ramu NiCo, the manager of Ramu Nickel project and the first defendant in the case filed notice of motion seeking the removal of Nunti Sirako and Laen Sirako as plaintiffs from the proceedings and to order the plaintiffs to make available original copies of authorities to be examined by forensic experts to determine their authenticity. In supporting the applications, the first defendant filed two affidavits by Nunti Sirako and Laen Sirako deposing that they never signed the authority although they had been asked to by Louis Medaing Junior to sign and it was never their intention to be dragged into this proceedings. In addition, there was also an affidavit by Mr Paul Wood, a Sydney based forensic expert giving his preliminary assessment after reviewing the photocopies of authorities as available now. The applications are supported by the second and third defendants, being the State and Department of Environment and Conservation. According to Mr Paul Wood, the signatures of Nunti Sirako and Laen Sirako as appeared in their affidavits appear to be distinctively different from the questioned signatures in the authorities provided by the plaintiffs.

And that upon preliminary examination of the remaining signatures in the Authorities “reveal significant number of unlikely coincidences in the manner in which letters are constructed or abbreviated as well as in the structure of terminal strokes.” And that “these coincidences are more than I, as an expert in this field would expect to observe between signatures and handwritings written by separate individuals.” Mr Wood expects the originals to be produced for further cross examination. Justice Cannings considered that the affidavits be accepted at face value given that there is no

counter evidence before the Court. He then ordered the removal of the tow from the list of persons on whose behalf the first plaintiff was acting, Justice Cannings further ordered that the plaintiffs make available all original authorities by 2pm today for inspection at the Court by the defendants. Ramu NiCo commented that they will decide on the next step after sighting the original authorities.

### **Industrial park planned for Gulf**

The National, February 3, 2011

By ANCILLA WRAKUALE

GULF will see the development of an industrial park project that will cater for all the resource project activities in the province like the PNG LNG Project in partnership with Inter-Oil and Energy World International. Gulf Governor Havila Kavovava revealed this at a media conference yesterday. Kavovava said extensive studies such as social mapping and environmental studies are underway in projected impacted areas to establish snapshots on the likely impacts and other issues to allow for equal participation from the people. “We hope the industrial park would help Gulf citizens and PNG at large,” said Kavovava. He said PNG is blessed with vast resources and these resources should be used to industrialise PNG. Gulf has established a business arm called Gulf Oil and Gas Company (GOGC) which is solely responsible for resource development projects in the province. GOGC chief executive Mark Baia said they were doing checks and balances to ensure that everyone was included in the projects and that relevant studies and awareness were conducted before the implementation.

Baia highlighted that once everything came into place, they were also looking at developing key such as airport and deep water port facilities and housing infrastructure. He said they were looking at improving cash economy such as local coffee processing and coconut production for the people. Also yesterday, two consultants who would be engaged in carrying out marine and ecological studies in the impacted areas around Ihu, Baimuru and Kikori were commissioned. Prominent marine biologist Pochon Lili said he was honoured to be included in the project and that it was vital the studies should be conducted to set baseline and data on what was on the ground.

### **Think-tanks focus on managing LNG risks**

The National, February 3, 2011

By JULIA DAIA BORE

A SPECIAL meeting, described as “history in the making” comprising government bureaucrats and two judges of the National and Supreme Courts, was held yesterday that while the multi-billion-kina liquefied natural gas (LNG) project is still in its infancy, landowner disputes, squabbles and related issues already numbered more than 60 court cases. The meeting was called to deal with these cases. They were currently being dealt with by the mainstream court system and also at the alternative dispute resolution (ADR) hearings. One such case would go before the Waigani National Court this morning. ADR chairman Justice Ambeng Kandakasi told yesterday’s meeting that it was necessary for bureaucrats “to work as a team” to ensure any risks were managed. Matters should be attended to in their infancy rather than left to fester until they were major issues which could get out of control, Kandakasi said. The meeting was organised by concerned government departments including attorney-general, petroleum and energy, commerce and industry and finance and treasury, the law and justice sector and the judiciary.

Also in attendance was Justice John Kawi, who had thoroughly dealt with similar dispute resolution mechanisms relating to the Ok Tedi mine (before becoming a judge). The general consensus reached yesterday was that all government institutions must strive to work as a team to achieve the government’s ultimate aim of shipping the first gas by 2014. They agreed that there was a need to

have a ‘think-tank’ team within the government right up to the policy makers. “This exercise is to guarantee the risk management of the more than K40 billion (US\$17 billion). “If we can adequately take care of the risks from the beginning, then everything else should flow smoothly,” Kandakasi said. “This is history in the making and this will shape our nation for the future of our children and their children. “So, put on your thinking caps and let us be very involved,” he said.

## **AGREEMENT SIGNED IN SECOND PNG GAS DEVELOPMENT**

*PNG’s InterOil to follow ExxonMobil lead*

By Mohammad Bashir

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Feb. 3, 2011) – Papua New Guinea’s second LNG project which is expected to be bigger and expected to produce 11 to 15 million tonnes got a step closer yesterday witnessed by Prime Minister sir Michael Somare, Treasurer and Finance Minister Peter O’Neill, Petroleum and Energy Minister William Duma, Gulf Governor Havilla Kavo and Police Minister Mark Maipaka and industry executives. Pacific LNG Operations Ltd witnessed Liquid Niugini Gas Ltd, its Joint-Venture liquefied natural gas project company with InterOil sign a Project Funding and Construction Agreement (PFCA) and a Shareholders Agreement with Energy World Corporation Ltd. (AX: EWC) to construct a three million tonne per annum (mtpa) land-based LNG plant in the Gulf Province of Papua New Guinea (PNG), which is developed in two places, 2mtpa and 1mtpa expansion following immediately thereafter. The agreement follows Pacific LNG Operations Ltd, September 2010 announcement of the formation of the partnership with EWC.

The Train 1 LNG plant would process an estimated 2.25 trillion cubic feet (Tcf) of natural gas over 15 years. In return for its commitment to fully fund the plant, the agreements provide that EWC is entitled to a fee of 14.5% of the proceeds from the sale of LNG from the plant, less agreed deductions, and subject to adjustments based on timing and execution. The Train 1 LNG project with EWC for the development of a modular LNG plant is designed to take gas from the proposed condensate stripping plant (CSP) being pursued in joint venture with Mitsui and accelerate the intended monetization of the Elk and Antelope resource, while eliminating the need for gas re-injection into reservoir. The agreements provide a framework for the possible expansion of the plant’s capacity to 8 mtpa of LNG. Henry Aldorf, President of Pacific LNG Operations Ltd, said. “These agreements signed today with EWC will enable Liquid Niugini Gas to have their LNG plants to be built economically compared with other new LNG Projects and provide LNG to the Asian market in a record time. As a result, I expect that the classical LNG project development approach will be changed by this modular LNG plant model as it will allow the economic development of LNG and provide reliable, clean and green energy to Asia.”

The PFCA and Shareholder Agreements with EWC are conditional reaching FID no later than 31 December 2011. However, as previously disclosed the current joint venture project schedule is for FID to occur simultaneously for the LNG plant and CSP by June 30, 2011 and combined plant start up approximately 30 months after FID. This now adds blessing to the already arranged agreement between Gulf Provincial Government and Energy International to have a Petroleum Park established at Orokolo bay in Ihu District Gulf Province. InterOil’s Senior Public Relations Manager Susuve Laumaea said they hope to get their Petroleum Development licence in March or before next year. He confirmed that InterOil would be processing and stripping all LNG products in Gulf Province and would not need to pipe it to its Napa Napa Refinery.

## **New Ireland: Soiat warn Nautilus**

Post-Courier 3.2.2011

By JOSHUA ARLO

NEW Ireland Provincial Government (NIPG) cabinet chairman Marius Soiat has issued a warning to deep sea mining company Nautilus Minerals that it will meet resistance from the landowners and the provincial government. He has warned investors in the deep sea mining Solwara 1 Project in New Ireland waters of the Bismarck Sea that the project was doomed. A furious Mr Soiat said he was disgusted to learn in the media that the National Government had gone ahead to grant the deep sea mining lease to Nautilus Minerals to take on the first deep sea mining project in the country. He described this as a “sweetheart deal” between the company and the National government to “exploit” the people despite the landowners and provincial government steadfastly opposing the grant of a lease. He warned the company that getting the support of the National Government does not mean it can bulldoze the project through no matter what the landowners and provincial government think. “We will make it tough every inch of the way,” he said, adding that gone are the days of foreign capitalists stealing resources off the people of NIP while promising “liklik toea”. He said the National Government runs off and makes agreements that lead to huge incomes for the people in Waigani, but they never keep their promises to the landowners.

## **Government: PNG LNG gas pact not rushed**

Post-Courier 3.2.2011

THE Papua New Guinea GAS Agreement that paved the way for the PNG Liquidified Natural Gas (LNG) project to get underway is a well-considered document that will “stand the test of time” as it was not rushed. This is the word from Deputy Prime Minister and Minister for Works Sam Abal in response to what he termed as misleading inferences by The National newspaper on Monday that the whole Gas Agreement and the processes involved had been “rushed”. This kind of statements sends out panic through the resources sector, stakeholders and even the stock-markets. In addressing a large group of Port-Moresby-based landowners last Friday, Mr Abal used the Tok Pisin word “hariap” to describe the process of negotiation and signing of the agreement in May 2008 in order to secure the 2014 market window and this was wrongly reported that the project had been rushed. “I was certainly trying not to suggest that the government had ‘rushed’ finalisation of the agreement but wanted to convey that we needed to get on with the task of concluding the agreement in a specific timeframe,” Mr Abal said in a statement he released last night.

He said as a senior member of the Cabinet, he was well aware that negotiations had taken a year to conclude and “I am confident it will stand the test of time.” He explained that the project agreement was not rushed as it was negotiated from 2007 to 2008. The Gas Agreement signing took place in May 2008. Licence-based benefit sharing agreement (LBSA) and benefits sharing agreements (BSA) were negotiated from 2008-2009 and signed in May 2009 and the umbrella benefits sharing agreement (UBSA) was concluded in December 2009. The Financial Investment Decision (FID) was reached by developer ExxonMobil and its partners on December 8 2009 and the financial close and commencement of full execution took place in March 2010. “The Gas Agreement is a well-considered document,” said Mr Abal.

“Those who follow international trends, particularly since the global financial crisis, would be aware that experts are now forecasting the possibility of a glut in LNG supplies from around 2017. Many Australian projects are now in a race to try and beat that deadline,” MR Abal said. He said it was unfortunate that with the news stories suggesting it was rushed, others were claiming the gas resources had been “sold cheaply.” “That is erroneous reasoning without the basis of depth and objectivity.” He said the government had made it clear that the project was not rushed as it was being held up as a model agreement by analysts and international commentators for other countries to fol-

low. Mr Abal also took a swipe at the Opposition for suggesting that a single Minister had engineered the Gas Agreement, which he said was an ill-informed assertion.

## **BAUXITE MINE TO BEGIN OPERATIONS IN FIJI'S BUA**

*Government forecasts April opening*

By Serelisoni Moceica

SUVA, Fiji (Fiji Times, Feb. 2, 2011) - Bauxite mining at Nawailevu in Bua will begin in April this year, says the acting permanent secretary for Lands and Mineral Resources Filimoni Kau. [*PIR editor's note: Bua is a province in southern Viti Levu, the main island in Fiji.*] He said the Ministry and the Land Use Unit is now awaiting the legal vetting of the regulations that will begin mining in Bua. Mr. Kau made the comments in a joint meeting with stakeholders at the Office of the Commissioner Northern, including representatives from Aurum Explorations. "The regulations will have to be endorsed by Cabinet in a few weeks' time then the surface lease can be issued," he said. "One month after being issued with the surface lease, the mining lease will be issued so we are looking at by the end of April when bauxite mining is expected to kick-start the northern economy," Kau said.

He said Government has an overarching responsibility to strike the right balance between the needs of landowners and the tenants or investors. "It is our responsibility to safeguard both landowners and tenants or investors alike," he said. "In that regard a consultation will be held today between the ministry and the landowning units to finalize the name of the trustees and what the communities should expect once mining begins. "Aurum Explorations is also looking forward to starting work on site and are eagerly waiting for the regulation to be endorsed by Cabinet." One of the stipulations of the lease offer is landowners will be given first preference on unskilled and skilled employment, provided they meet the criteria. *Fiji Times Online: <http://www.fijitimes.com>.*

## **PNG GOVERNMENT RECEIVES \$7.7 MILLION OIL ROYALTY**

*Oil Search makes public payout for transparency*

By Mohammad Bashir

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Feb. 2, 2011) – Benefits from Papua New Guinea's oil operations continue to flow to the State and landowners in the project areas since 1992. But now parties have decided to make the payments publicly for transparency and good governance. Oil Search Ltd yesterday paid more than 20 million- kina [US\$7.7 million] in royalties for the month of December 2010 and development levies to the State through the Department of Petroleum and Energy (DPE) in the presence of the media at its Credit House office. The royalties for December 2010 were 4,523,685.93 million- kina [US\$1.73 million], comprising Kutubu 2,115,912.27 million- kina [US\$809,000], Moran 1,706,689 million- kina [US\$653,000], Gobe 588,197.46 kina [US\$225,000] and Hides 111,887 kina [US\$43,000] for gas used to generate electricity for the Porgera mine.

The company also presented a 17,980,921 million- kina [US\$7 million] in development levies for the Moran license area paid in areas for 2010 of which 30 per cent will go to the Moran special Purpose authority for the Hula Local Level government (LLG) and 70 per cent will go to the Southern Highlands Provincial Government (SHPG) as per the Memorandum of Understanding between Moran Special Purposes Authority and SHPG. Oil Searches Executive General Manager, Gereia Aopi when presenting the check said this partnership between the State, the developers and landowners in the oil development continues to bring benefits to all parties. "The benefits will be

affected if there are disruptions to operations as these disruptions will directly erode the value of the benefits," Mr. Aopi said.

Royalties are paid monthly and development levies are paid annually in compliance with the Oil and Gas Act which also states that the government will redistribute royalties to landowners, provincial and local level government. Development levies by law are paid to the State and LLGs only but under the Moran Memorandum of Agreement in 1998, it was agreed that a portion of it will go to the landowners for infrastructure developments and not cash handouts. Since then, 157 million- kina [US\$60 million] has been paid as development levies for Moran. Since 1992, Mr. Aopi said 194 million- kina [US\$74.2 million] in royalties were paid to Local Level Governments, 210 million- kina [US\$74 million] to the Southern Highlands Provincial Government and 17 million- kina [US\$6.5 million] to the people.

Acting Deputy Secretary of Department of Petroleum and Energy, Francis Lola said the public payment was for the benefit of landowners who were always accusing the government on management of royalties. He said oil prices were high and partly spurred by the riots in Egypt but when the Papua New Guinea Liquefied Natural Gas (PNG LNG) project comes on stream, more such benefits are expected to go to the State and landowners. Mr. Lola clarified that the payments were for existing project, saying only early works were being undertaken by Engineering, Procurement and Construction contractors on the LNG project and no permit has been given for construction yet.

## **PACIFIC EXPORTS TO CHINA UP 77 PERCENT IN 2010**

*Mineral-rich PNG saw sevenfold increase over decade*

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Feb. 2, 2011) – In Papua New Guinea (PNG), ANZ chief executive officer Mike Smith said yesterday that trade between PNG and Asia was at record levels with exports to China increasing seven-fold in the past decade, highlighting the growing connections between Asia and the Pacific. Mr. Smith highlighted the economic data in Lae as part of a tour of six Pacific countries with ANZ Chief Executive Officer Pacific Michael Rowland. The trend was replicated across the Pacific, which increased exports to China by 77 percent for the first 11 months in 2010 compared to 2009 and was on track to reach an estimated record of US\$1.2 billion more than eight times the amount recorded in 2001.

Imports from China into the region are also strong and passed US\$1 billion for the first time in 2010. "Over the next five years, emerging markets are expected to account for more than 50 percent of global economic growth and Asia particularly China will be the most significant driver of world growth. The Pacific has a great opportunity to capitalize on its proximity to Asia and the growing connections it has with the region. Maximizing these opportunities will lead to increased economic development in the Pacific and will underpin improved prosperity for the Pacific's people," Mr. Smith said. As part of his visit to PNG, Mr. Smith also opened ANZ's Business Centre in Lae and hosted a luncheon for ANZ's top customers. His visit follows the recent launch of ANZ's new corporate wardrobe, the launch of PNG Mineral Resources Authority's Online Store, enabled by ANZ eGate and the launch of beMobile phone top up service at ANZ ATMs nationwide.

It's the third time Mr. Smith has visited the country in just over a year. On this tour, he is also visiting the Solomon Islands, Samoa, American Samoa, Fiji and New Caledonia. "We have big plans for our Pacific business this year. We intend to introduce a faster, lower cost way for people to remit money back to the Pacific, we'll launch a new level of service for our affluent customers and we'll continue to explore how we can use mobile phones to improve banking services for people living in remote areas," said Mr. Smith. "I'm also delighted with the progress we're making

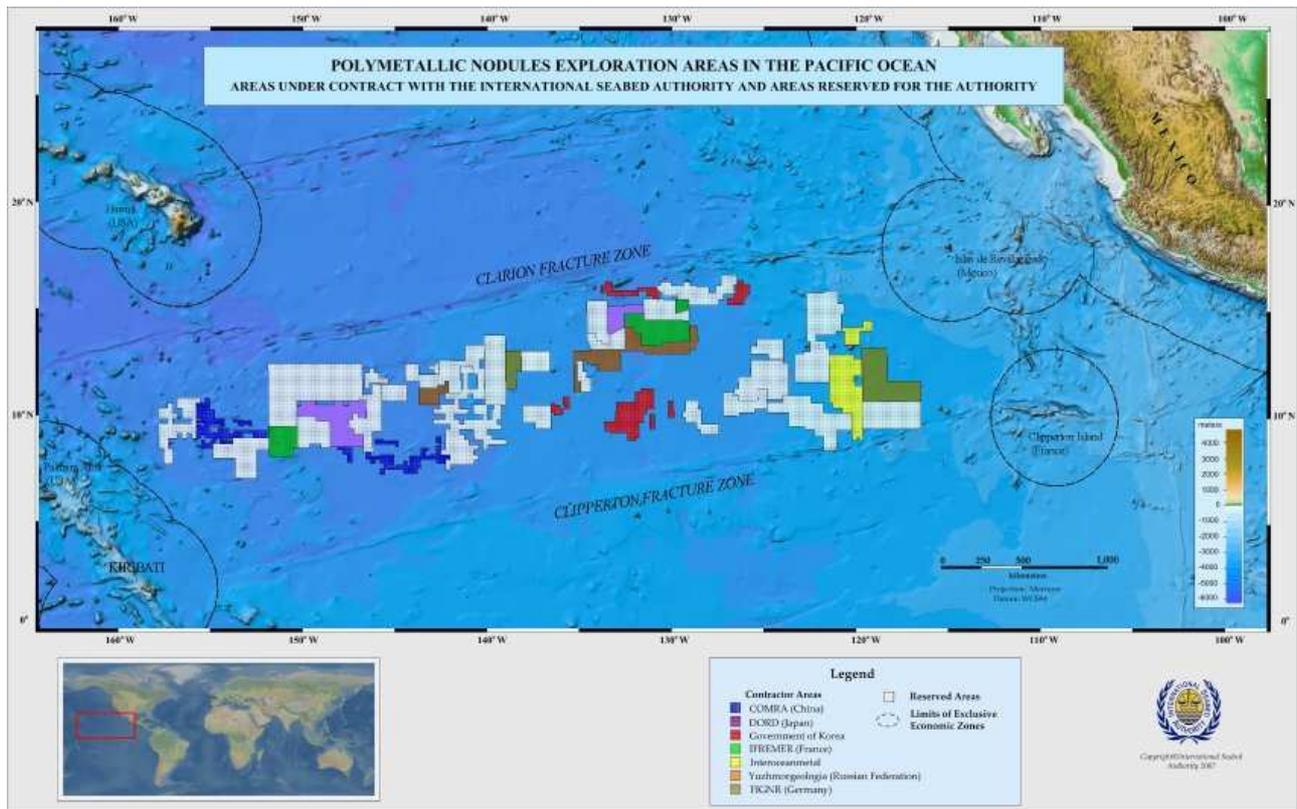
to develop national talent in all our Pacific countries including Papua New Guinea and recently we appointed our first Pacific national, Ann Steele, to an executive position as Head of Human Resources for the Pacific, based in Fiji," Mr. Smith said. ANZ employs more than 2000 people and operates 60 branches in 12 Pacific countries.

## Bergbau am Ozeangrund

### Gericht nimmt Tiefsee-Glücksritter in die Pflicht

Von Christoph Seidler

Spiegel online, 2.2.2011



**Die Tiefsee steht im Blickpunkt internationaler Rohstoffsucher. Was aber passiert, wenn ein Förderprojekt am Ozeanboden aus dem Ruder läuft? Der Internationale Seegerichtshof hat nun Regeln gegen Umweltschäden auf den Weg gebracht. Doch Öko-Aktivisten gehen sie nicht weit genug.**

Es sind zwei ungleiche Partner, die sich da zusammengetan haben. Gemeinsam mit dem kanadischen Bergbaukonzern Nautilus Minerals will der Inselstaat Nauru wertvolle Metallknollen aus der Tiefsee fördern. Die liegen in Teilen des Pazifiks auf dem Meeresboden und enthalten große Mengen Mangan, Kobalt, Kupfer, Nickel und Eisen. Ein durchaus attraktives Ziel für die Rohstoffjäger also. Als Entwicklungsland genießt Nauru Privilegien. Reiche Staaten wie Deutschland haben das Meeresgebiet, in dem der Inselstaat und Nautilus gemeinsam fördern wollen, bereits wissenschaftlich erkundet. Sie mussten die Daten allerdings kostenlos abgeben. Das macht Staaten wie Nauru oder auch Tonga zum idealen Partner für Konzerne wie Nautilus. Die Glücksritter müssen so kaum etwas für eigene Forschung zahlen.

Nautilus verfügt laut seinem letzten Quartalsbericht über eine Kriegskasse von rund 180 Millionen Dollar. Naurus gesamte Wirtschaftsleistung nimmt sich mit etwa 40 Millionen Dollar dagegen läppisch aus. Doch was würde passieren, wenn es bei dem geplanten Tiefsee-Abenteuer etwas schief läuft? Wenn giftige Metalle freigesetzt würden und weiträumig Fische stürben? Müsste dann der

Konzern zahlen? Oder der ärmliche Inselstaat? Oder würden die Kosten geteilt? Mit diesen Fragen hat sich der Internationale Seegerichtshof in Hamburg nun beschäftigt. In einem Gutachten stellt die Kammer für Meeresbodenstreitigkeiten klar, dass sich Unternehmen nicht von ihrer Verantwortung freikaufen können. Nautilus darf also nicht mit einer cleveren Vertragsgestaltung die Risiken auf die Mini-Republik abschieben, die gerade halb so groß ist wie der Berliner Stadtbezirk Mitte.

"Es kann nicht sein, dass mariner Bergbau durchgeführt wird und sich niemand für die Umweltfolgen verantwortlich fühlt", sagt Volker Steinbach von der Bundesanstalt für Geowissenschaften und Rohstoffe (BGR) im Gespräch mit SPIEGEL ONLINE. Das Gutachten der Hamburger Seerichter sehe er deswegen positiv. Die Behörde in Hannover kümmert sich um die Erkundung zweier L-förmiger Gebiete im Nordostpazifik. In der sogenannten Clarion-Clipperton-Zone sind in 4000 bis 6000 Metern Wassertiefe große Mengen Metallknollen zu finden. Drei Mal waren deutsche Forscher schon vor Ort, zuletzt im Frühjahr 2010. Einstweilen hat die BGR eine Explorationslizenz für insgesamt 75.000 Quadratkilometer bei der Internationalen Meeresbodenbehörde in Jamaika gekauft. Wenn deutsche Bergbauunternehmen eines Tages dort fördern wollen, müssen sie aber noch einmal zahlen. Der Grund: Das Meeresgebiet zwischen Hawaii und Mexikos Westküste gehört zum Gemeinsamen Erbe der Menschheit.

### **Keine "Billigflaggen für Tiefseebergbau"**

Das Gutachten des Seegerichtshofs fordert nun, dass die Staaten strenge Regeln für den Unterwasserbergbau in ihren Lizenzgebieten erlassen müssen. Bei Verstößen dagegen soll dann das betreffende Bergbauunternehmen zur Kasse gebeten werden - in unbegrenzter Höhe. Wenn die Staaten sich aber nicht genügend um die Einhaltung der Gesetze gekümmert haben, können auch sie in die Pflicht genommen werden. Dasselbe gilt, wenn die Regelungen nach internationalen Maßstäben zu lax sind. Er hoffe, dass künftig in vielen nationalen Gesetzgebungen die hohen Standards übernommen werden, sagt Rüdiger Wolfrum, einer der elf zuständigen Hamburger Richter. In Deutschland gibt es dafür seit 1995 das Meeresbodenbergbaugesetz, außerdem noch die Meeresbodenbergbauverordnung. Die Ausbeutung der Bodenschätze am Ozeangrund sei mit hohen Umweltrisiken verbunden, warnt Wolfrum.

Umweltschützer sehen das Gutachten genau deswegen mit gemischten Gefühlen. Einerseits scheint die Gefahr gebannt, dass selbst grundlegende Standards unterschritten werden. Für Entwicklungsländer sollen nämlich dieselben Sorgfaltspflichten gelten wie für reiche Staaten. Damit sei die Gefahr von "Billigflaggen für Tiefseebergbau" gebannt, sagt Christian Neumann von der Umweltschutzorganisation WWF im Gespräch mit SPIEGEL ONLINE. Und doch bleibe ein entscheidendes Problem: "Die Haftungsfrage bleibt am Ende ungeklärt." Denn wenn das Bergbauunternehmen im Schadensfall finanziell überfordert sei, dann könnten Umweltschäden am Ende unbezahlt bleiben. "Es sollte ein Fonds eingerichtet werden, der von der Industrie und den teilnehmenden Ländern gefüllt wird", fordert Neumann. Wie groß so ein Fonds sein müsse, ließe sich derzeit aber noch nicht sagen.

Bei Greenpeace begrüßt man das Gutachten, kritisiert aber generell den angestrebten Tiefseebergbau als verfrüht. Die Tiefsee sei eine der am wenigsten erforschten Regionen der Erde, sagt Mitarbeiter Jörg Feddern. Erst müsse man die Ökosysteme der Tiefsee erforschen, dann könne man über ihre wirtschaftliche Ausbeutung nachdenken - und nicht umgekehrt. Das wird in der Praxis wohl auch so laufen. Denn einstweilen gibt es niemanden mit einer Förderlizenz für den Meeresboden mitten im Pazifik. Mehrere Staaten mit Forschungsgenehmigungen - darunter China, Russland, Japan und Frankreich - müssen sich aber bald darüber klar werden, ob sie in den Bergbau im Ozean einsteigen wollen. "Ich würde erwarten, dass in den nächsten fünf bis sieben Jahren fundamentale Entscheidungen fällig sind", sagt Michael Wiedicke-Hombach von der BGR.

In Deutschland werden die Dinge allerdings wohl länger dauern. In diesem Jahr soll der Technologiekonzern Aker Wirth erst einmal ein Konzept für ein Abbaugerät vorstellen. Wie eine riesiges Zwitterwesen aus Gartenhäcksler und Staubsauger könnte es sich am Meeresboden entlang fressen. Irgendwann. Vielleicht. Denn die Erforschungsphase im deutschen Lizenzgebiet läuft einstweilen bis 2021 - und ein großer Partner aus der Industrie fehlt bis heute.

## **RAPE, HUMAN RIGHTS ABUSES ALLEGED AT PNG GOLD MINE**

*Security guards at Barrick's Porgera mine implicated*

By Jeff Waters

MELBOURNE, Australia (Radio Australia, Feb. 1, 2011) - We live in an age where big mining firms are able to act with impunity across the developing world. Barely a month passes without new allegations leveled at rich multi-national firms, exploiting the people and the environments of countries in desperate need of foreign funds. However the latest round of accusations, included in a new report from the New York-based Human Rights Watch organization, take the "rape of the third world" scenario to a new and disturbing level. The report - Gold's Costly Dividend: Human Rights Impacts of Papua New Guinea's Porgera Gold Mine - accuses private security guards of the systemic pack rape of vulnerable women, as well as other violent abuses. The violent attacks have been occurring on and around the vast mine-waste dumps, where destitute families gather every day to illegally fossick and pan for gold in the often toxic slurry.

*[PIR editor's note: Pacific Islands Report in 2005 published an exclusive report on allegations that Papua New Guinea police hired as security guards at the Porgera mine were involved in a number of killings at the mine. While landowners near the mine alleged that more than 20 villagers have been killed while scavaging among the mine's waste, just one police officer is known to have been charged – as reported by PIR in its award-winning story. No further reporting on the matter has been seen.]*

In an interview with Human Rights Watch, one anonymous victim said security guards employed by the mine's owner, Canada's Barrick Gold, leapt from a car and chased her. "They caught me," she said, "They held me and raped me and they kicked my mouth and my teeth broke...eleven of them were broken" Another anonymous victim told a similar story. "I fell down and the security came and caught me," she said, "they asked me: "Do you want to go to jail or go home?" "I said I wanted to go home [but] they said: "Then you will pay a big fine," and then the security guards raped me." The Deputy Asia Director for Human Rights Watch, Elaine Pearson, says the report uncovered a pattern of brutal abuses. "We've particularly documented a number of cases of brutal gang rapes of women," she told me, "the women tend to be caught illegally trespassing on the mine, and they've been brutally raped by the security guards and in many cases they haven't even reported the cases to the authorities because of fear of retribution."

"When we shared our investigation with Barrick, they did their own investigation and they found additional cases, so we certainly think that this is a broader pattern - these abuses are happening in an isolated area where security guards can basically act with impunity and act as they please without fear of any retribution." "In the past, when other organizations have raised these [types of] issues with Barrick the response has been quite hostile and dismissive," Elaine Pearson said. "We've encountered a more positive response; they've engaged with us on a number of the issues and promised to ensure that the recommendations are followed through to ensure that the security forces are held accountable, but I think they shouldn't have actually waited until Human Rights Watch came to them alleging these human rights abuses," she said.

Both investigations, by Barrick and by Human Rights Watch, have resulted in the arrests. So far, three men who have been charged with rape and other assaults. But it will be interesting to see just how far the response goes, given the activist's concerns about police involvement. "Part of the reason these abuses happen is because there isn't adequate policing in the area," Elaine Pearson said. "What we do know is, in fact, that police can often be part of the problem." "To deal with the violence in the area the police have deployed some mobile squads, but we do know that actually these squads have also been involved in abuses such as forced evictions of local villagers and at least one additional incidence of rape," she said. Environmentalists have also, for very many years, held grave concerns for the environment around the mine, for (according to Human Rights Watch's report) discharging six million tons of liquid tailings into the nearby Porgera River each year. But there's an even more immediate threat to human health associated with this mine.

The poverty-stricken family members who traverse the mine's waste dumps collect small rocks which they take back to their homes. There, they crush the rocks and mix the resulting dust with mercury - poured from a little vile, or from hand to human hand - which combines with any gold present. Often with children nearby, the mercury is then boiled over an open fire. It evaporates, leaving behind any gold present, but in the process, deadly fumes are released. Local doctors report an increasing number of mercury-related poisoning, and say several people have died. Human Rights Watch says Australia should help address the problem, by helping with funds to conduct a survey on poisoning in the area.

According to Barrick's website both it, and the Porgera Joint Venture Company (which includes the PNG regional government as a fractional shareholder of the mine): "are committed to upholding the human rights and dignity of people living near the Porgera mine, a community which continues to face severe law and order challenges." Although the site doesn't yet seem to address the Human Rights Watch allegations directly, it does outline a large array of benefits, including training, regional development and environmental schemes, that it employs at the site so as to offer a helping hand to local residents. In the wake of other, recent, allegations, Barrick also helped finance a larger police presence in the remote area.

In a letter it wrote at the time to PNG authorities, the company said: "The [Porgera Joint Venture] understands that the police personnel assigned to the area shall, in discharging their responsibilities, comply with all applicable laws and regulations of Papua New Guinea and relevant international legal instruments regarding the use of force, including the Voluntary Principles on Security and Human Rights, the UN Code of Conduct for Law Enforcement Officials, and the UN Basic Principles on the Use of Force and Firearms by Law Enforcement Officials." But when security forces are given power over impoverished villagers living deep in a remote forest, United Nations codes of conduct and concerns about human rights can be easily forgotten, as wealthy multi-nationals continue to try to rip gold from the ground so as to satiate the growing demands of global consumers. *Radio Australia*: [www.abc.net.au/ra](http://www.abc.net.au/ra)

## **Papua New Guinea: Serious Abuses at Barrick Gold Mine**

Systemic Failures Underscore Need for Canadian Government Regulation

Human Rights Watch, February 1, 2011

(Toronto) - Private security personnel employed at a gold mine in Papua New Guinea have been implicated in alleged gang rapes and other violent abuses, Human Rights Watch said in a report released today. The Porgera mine has produced billions of dollars of gold in its twenty years of operation, and is operated and 95 percent owned by Barrick Gold, a Canadian company that is the world's largest gold producer. The 94-page report, "[Gold's Costly Dividend: Human Rights Impacts of Papua New Guinea's Porgera Gold Mine](#)," identifies systemic failures on the part of Toronto-

based Barrick Gold that kept the company from recognizing the risk of abuses, and responding to allegations that abuses had occurred. The report examines the impact of Canada's failure to regulate the overseas activities of its companies and also calls on Barrick to address environmental and health concerns around the mine with greater transparency.

"We interviewed women who described brutal gang rapes by security guards at Barrick's mine," said Chris Albin-Lackey, senior business and human rights researcher at Human Rights Watch. "The company should have acted long before Human Rights Watch conducted its research and prompted them into action". Human Rights Watch said that in response to its investigation, Barrick has taken meaningful steps to investigate past abuses and make it less likely for similar abuses to occur in future. Most of the world's mining and exploration companies are based in Canada. But Canada's government has not exercised meaningful oversight or regulation of the overseas operations of Canadian companies, Human Rights Watch said. Bill C-300, a modest but important effort to impose greater government oversight, was defeated in Canada's House of Commons in October 2010. Barrick had lobbied vigorously against the measure.

"Canada's government is asleep at the wheel," Albin-Lackey said. "And if Barrick wants to hold itself out as a responsible corporate citizen, it should support meaningful government oversight and regulation of Canadian companies." Papua New Guinea's sprawling Porgera gold mine has produced more than 16 million ounces of gold since opening in 1990 - an amount that would be worth more than US\$20 billion at today's prices. In 2010, Barrick's worldwide operations were on track to produce more than 7.5 million ounces of gold, an amount worth more than \$9.7 billion at current prices. Papua New Guinea has an abundance of natural resources, but poor governance and corruption have prevented this wealth from benefitting ordinary citizens. The government has failed to bring economic opportunity or deliver basic government services to Porgera, and the region is mired in poverty and violence.

Barrick maintains a private security force of nearly 450 personnel at Porgera. The mine must cope with extraordinary security challenges, including violent raids by groups of illegal miners. But Human Rights Watch research documents opportunistic, violent abuses allegedly committed by some security force members that are in no way a reaction to these threats. Every day, hundreds of people try to eke out a living by scouring the waste rock dumps around the mine for minute traces of gold. In contrast to the participants in violent raids that the mine confronts on a regular basis, these miners are for the most part engaged in an entirely nonviolent - albeit unauthorized - practice. They face arrest by company security officers if they are caught on the waste dumps.

Human Rights Watch investigated six alleged incidents of gang rape by company security personnel. In each case, women were allegedly raped after being captured by company security personnel on the waste dumps. The women interviewed by Human Rights Watch described scenes of extreme violence. One described being gang raped by six security personnel after one of her assailants kicked her in the face and shattered her teeth. Human Rights Watch also documented cases of people who alleged that they were beaten or otherwise mistreated by guards who apprehended them on the waste dumps. None of the women interviewed by Human Rights Watch said they had reported the alleged rapes to the local authorities or to the company. Some said their assailants had told them they would be arrested if they tried to complain. Compounding matters, Barrick did not have any safe channels of communication that community members could use to report abuses. Barrick has responded with appropriate vigor to the allegations brought forward by Human Rights Watch. The company opened a major internal investigation, facilitated a criminal investigation by the Papua New Guinea police, and made a commitment to take steps that could strengthen oversight and accountability for the security force at Porgera.

The alleged gang rapes appear to be part of a wider pattern, Human Rights Watch said. The company and police investigations that followed the Human Rights Watch disclosures have uncovered other cases of alleged sexual violence. In a public statement, Barrick called the results of its internal investigation "disturbing" and announced the termination of several security personnel for involvement in, or failure to report, alleged incidents of sexual violence. Police arrested three current and former Porgera Joint Venture employees in January, 2011. Two were charged with rape and the third with inflicting grievous bodily harm. A January 17 police statement predicted that more charges were likely to flow from their investigation and said that the arrests should serve as a warning that serious abuses will not be tolerated. That message is important but it will take work to convince many people to believe it, Human Rights Watch said.

Members of the Papua New Guinea police force are regularly implicated in incidents of torture and rape, and the force's abusive reputation makes the public reluctant to turn to it for help. If the government wants to combat impunity for rape and other serious crimes, it will have to start by ensuring that the police themselves are held accountable for their conduct, Human Rights Watch said. Human Rights Watch's research also examines concerns about the health and environmental impacts of the Porgera mine. The mine dumps 16,000 tons of liquid waste into the nearby Porgera River every day. This controversial practice is out of line with current industry standards, and critics worry that it could pose health risks to communities far downstream.

Human Rights Watch called on Barrick to publish several specific sources of relevant data to allow for independent evaluation of the company's claims. The company has now agreed to make public its annual environmental reports for the first time. This is a good first step, Human Rights Watch said. Human Rights Watch also called for the Papua New Guinea government and international donors to facilitate a public health survey of possible mercury poisoning around Porgera. Impoverished small-scale and illegal miners in the area regularly process gold ore by combining it with mercury and then burning the combined materials over an open flame. This is an extremely dangerous practice and one that local medical professionals believe may have given rise to an untreated epidemic of mercury poisoning in local communities.

### **Porgera police arrest 45 people panning for gold**

The National, February 1, 2011

PORGERA mine police have arrested 45 locals along the river used as tailings by the mine after they were caught panning for gold yesterday morning. According to reports, the locals were landowners living in the special mining leased area (SML) who went looking for waste gold to sustain their lives after they had been denied relocation. A source from Porgera told The National yesterday morning that the local landowners have been living in the SML area as they have not been relocated since the granting of the SML and the issuing of the mine licence 20 years ago. The source said the people's land that was once used for gardening and hunting was taken over by the mine while their traditional gold panning sites have also been covered by debris and sediments from the mine. The source said that the quarterly royalty payments obtained from the mine was insufficient for the growing population of which many were second and third generations of the original population.

He said many of them were not included to receive payments as there was no mine review in the past 20 years. "This people have no way to cater for their needs and wants, especially food and drinking water. Thus this entire community is forced to go into the nearby mine waste tailing sites to obtain gold to be traded. "As usual, the entire village had set out to the tailing mouth to find gold and suddenly a group of fully armed men who surrounded the area and arrested men, women and children, including school students, as they were panning for gold along the waste tailing river; the police then locked them up in cell," the source said. He said members of the community demanded

the mine management to release the people but that had fallen on deaf ears and negotiations were continuing. The villagers blame the mine for creating an artificial environment that made it hard for them to survive.

### **Australia: BHP, Rio investors want cash, not deals**

Post-Courier 1.2.2011

INSTITUTIONAL investors want BHP Billiton and Rio Tinto to ditch their ambitions for mega-deals and embark on multi-billion-pound share buyback schemes. The shareholders have written individually to the mining giants, asking for commitments from the boards that they use their strong balance sheets to return cash to investors, The Sunday Telegraph newspaper in London says. The move is being viewed as a pre-emptive strike before another spate of deals in the mining sector that investment bankers and analysts have predicted. The newspaper said some shareholders, which it did not name, have told the companies they are prepared to vote down the re-election of key members of the board if they do not agree to the commitments. Rumours swept the markets on Friday that BHP was mounting a bid for BG Group, with investors still wary so soon after its failed takeover bid for Canadian giant PotashCorp. One of BHP's top 10 shareholders said: "Frankly, after the Potash debacle we are not too enamoured with BHP's bid ambitions.

"It was expensive and ambitious and even then (BHP chief executive) Marius Kloppers told us that we wouldn't see the benefits of the deal for as long as 10 years. "This is not the sort of thing we want him to spend money on." The investor added: "BHP is very under-leveraged. After all these years chasing vast deals, it's time to give some cash back." Another investor said: "Kloppers is very deal-hungry - he told us he wants to preserve the cash for expansion, but we just don't see the point, or the value." Rio is in talks with Australian coalminer Riversdale over an agreed \$3.9 billion bid. "There is a danger with Rio that Riversdale is just the start," one of Rio's top 10 shareholders said.

### **U.S. VENTURE TARGETS TONGA OIL EXPLORATION**

Group plans to start undersea drilling in 2014

NUKUALOFA, Tonga (Matangi Tonga, Jan. 31, 2011) – A year after signing hydrocarbons exploration and mining agreements with the Tonga Government, a U.S.-based venture capitalist group announced in Nuku'alofa on January 27 that they aimed to start exploratory drilling for oil in Tonga's seabed in 2014 and they celebrated the occasion with not only a project presentation but also a guest performance by a Las Vegas singer flown to Tonga. Dr Kairat Sydykov, the Managing Director of Modulus-Baringer Group, confirmed that the group had formed three Tongan registered subsidiary companies that had signed Petroleum Mining Agreements with the Tongan government on January 22 last year. He said that the agreements represent the first significant hydrocarbons exploration effort undertaken in Tonga since the 1970s-1980s when a number of seismic and drilling projects were completed.

The new companies, Modulus Pacific, Baringer Tonga Central and Baringer Tonga South had signed agreements with an 11 years exploration phase, and a production phase of 35 years in case of commercial discovery. "The agreements stipulate oil and gas exploration within 37,000 square kilometers of marine scheduled lands of the Kingdom of Tonga. In a case of a commercial discovery, the companies will develop the fields and produce hydrocarbons," Dr Sydykov told a Tonga Petroleum Project Presentation attended by the Princess Regent Her Royal Highness, Princess Pilolevu at the Faonelu'a Convention Centre in Nuku'alofa. He said that after completion of the survey there is a schedule for surrender of land back to the government, except for the areas where hydrocarbons may be discovered.

The group started exploration work in May 2010 by accessing existing seismic data held by the Pacific Islands Applied Geoscience Commission (SOPAC). "The data had been collected 30-40 years ago when data analysis was performed manually. But now we have computer software to process the data and we see an improvement by reprocessing the data," he said. The interpretation would be completed by June 2011 and would help to identify possible hydrocarbon traps which represent targets for new seismic drilling, he said. "Exploratory drilling is expected to start in 2014." Dr Sydykov is a founder director and equal shareholder in the Modulus-Baringer Group, which has its Head Office in Denver, Colorado, U.S.A. The company was established to explore energy resources.

His keynote speech marking the first anniversary of the Petroleum Mining Agreements was also attended by the Prime Minister Hon. Tu'ivakano and the former Prime Minister Lord Sevele, with Cabinet Ministers, Members of Parliament, foreign diplomats and members of the business community. The Attorney General, 'Aminiasi Kefu, said that a negotiation team including Lord Ma'afu (now Minister of Lands), Busby Kautoke Chief Secretary to Cabinet, and Kelepi Mafi the government geologist, had spent four days in negotiations with the Modulus-Baringer Group, which resulted in three petroleum agreements with three Tonga registered companies. He said that the former Deputy Prime Minister, Dr Tangi had signed the agreements last January on behalf of the Tonga government, under a 1985 law. "We have had two meetings since for our work programs and budgets and we have been impressed by the potential of this significant project, said 'Aminisi. Tonga is lucky to have Dr Sydykov leading this project," he said.

It is understood that Tonga will not be putting any money into the exploration which will be achieved by attracting foreign investors. Dr Sydykov outlined what the three Tongan registered companies had achieved after a year in operation, and their working program for the first four years. He said they were looking for hydrocarbons traps, which meant petroleum or oil and gas, which were formed and accumulated underground after millions of years under pressure. "When considering the Tonga preconditions there have been oil seepages on Tongatapu that testifies to the presence of oil in the Tonga sub-surface, he said. There is evidence of hydrocarbon trap presence. Recently we completed a geochemical analysis of oil seepage from samples kept by the Ministry of Lands and the result shows water containing black stuff that represents mature oil, he said. It shows that the Tonga field has potential for a commercial hydrocarbon field." He said that at this stage all three agreements related to upstream exploration only. He estimated that the upstream phase would require investments of around US\$20- 40 million of international capital and expertise. Later midstream and downstream stages of appraisal, development and production, would require significantly more investment, he said.

He believed that projects with foreign direct investments bring numerous benefits to host countries. He said the main areas that Tonga would benefit from were increases budget revenue; development of Infrastructure; employment opportunities; and discovery push up whereby Tonga may attract more foreign investors. A Modulus-Baringer press release stated that at a meeting of Exploration Geophysicists in Denver in October, Dr Sydykov had said that no hydrocarbon discoveries had been made in Tonga in the last 40 years because it represents a risky emerging market. "Achieving success in exploration of its hydrocarbons reserves requires strong joint efforts and commitments of the country leadership and international business community. New business models and practices are to be established to encourage investors to bring resources sufficient for exploration of the huge marine area of Tonga. The agreements give investors high confidence that the country leadership is committed to bringing international capital and expertise to Tonga," he stated.

Dr Sydykov who has more than 34 years of experience in the oil and gas industry was a founder and Board of Directors member of the First International Oil Corporation, one of the largest oil companies operating in Kazakhstan. He obtained his PhD in geophysics from Oil and Gas

University of Moscow in 1986 and he was a member of the European Association of Geoscientists and Engineer (EAGE). He was a member of the Board of Directors of EAGE from 2005-2007. The Chairman of the Modulus-Baringer Group is Dr Alexander Zhukov, a Russian expert in the oil and gas industry. On January 27 Tonga's Minister of Land, Climate Change and Mineral Resources Lord Ma'afu said he was pleased that the mining group were "environment sensitive" and "we look forward to meeting our mutual commitments." The Tonga Petroleum Project Presentation was concluded with a reception and the guests were entertained by Natalia Lapina, a Las Vegas "singer, songwriter and actress" who was flown over especially from the U. S. to sing for the occasion. Also present was Ann Volkh, a flamboyant Hollywood publisher and media personality. Ann, a Soviet Russian émigré whose family owns the Vesoft Inc a computer-software company in California, is the Corporate Affairs Manager of Modulus-Baringer Group.  
Matangi Tonga Magazine: [www.matangitonga.to/home/](http://www.matangitonga.to/home/)

### **Ok Tedi agrees to extend operations**

The National, January 31, 2011

By KARI TOTONA

AN 18% shares agreement signed between OK Tedi Mining Ltd (OTML) and Inmet, a Canadian mining firm, has sealed a deal to pave way for more opportunities and extend operations of the mining company. The event took place at the Government House in Port Moresby last Friday with key witnesses from both parties in the presence of acting Governor-General and parliament speaker Jeffery Nape. Inmet director John Sanders said Inmet sold its shares of 18% to OTML to extend its life expectancy as they were now the biggest miner in PNG. "The secret for any business is to have a majority owner and this is a very good deal for both companies," he said. Meanwhile, OTML chairman Allan Roberts said the deal was good in the sense that it could allow the two parties to go separate ways and get funds in their particular field interest. He said OTML board must now introduce a system of technical safety expertise that they were the majority owner.

### **Ramu NiCo delivers to landowners**

Post-Courier 31.1.2011

THE relocated landowners at Kurumbukari (KBK) mine site in the isolated Usino-Bundi electorate of Madang province will take ownership of brand new houses, including new power and water facilities. This was made possible after Ramu NiCo Management (MCC) Limited (RNML), the manager of Ramu Nickel Project signed two agreements on Tuesday Jan 25, 2011 in Madang with the KBK landowners and Madang Provincial Government. The Memorandum of Understanding (MOU) between RNML and Madang Provincial Government allows for the transfer of community relocation utilities and facilities including power plant and water supply plant from RNM to the provincial government. The utilities and facilities will be used by the relocated landowners but maintained and operated by the Government.

Madang Provincial Administrator, Ben Lange signed on behalf of the Provincial Government while Gu Yuxiang, Executive Vice President of RNML signed on behalf of the Company. The other agreement between RNML, District Administration at Walium District of Madang Province (DAW) and KBK Landowners Association provides for the handover of 30 new completed houses of varying sizes at Enekwai Relocation site to DAW for the delivery to the house owners. Fifteen more houses are also being constructed at Danagari Relocation site. DAW will take responsibility in delivering the houses to relocated families and ensure that allocation is inline with the Relocation Agreement signed in 1999.

Jimmy Sekum on behalf of the district administration, Eddie Itarai as acting chairman of KBK

landowners association, John Arua as deputy chairman and Diri Movikai, secretary signed the agreement. Executive Vice President Gu Yuxiang expressed satisfaction that the signing depicts successful completion of the relocation houses and thanked the landowners for their cooperation and commitments. After the signing ceremony, Mr. Lange congratulated the landowners and RNML in the relocation achievement and assured all parties involved in the Ramu NiCo Project that the provincial government fully supports the Project success.

## **Government admits to rushed gas agreement**

The National, January 31, 2011

By PATRICK TALU

THE government has admitted to resource owners and the people of Papua New Guinea that the PNG liquefied natural gas project agreement signing was rushed. Newly appointed minister responsible for all LNG matters relating to outstanding memorandum of agreements (MoA), ministerial commitments, seed capital finds, infrastructure development grants and other outstanding issues, Deputy Prime Minister Sam Abal, made the admittance last Friday to landowners at the Unagi oval in Port Moresby. "Mipela government i tok sori long rasim PNG LNG agreement mipela i sainim (we, in government, are sorry for the rushed PNG LNG agreement that was signed)," Abal said. He said there was immense pressure to get the project to first gas within limited time to secure markets against competing LNG projects in the region. The window of opportunity for PNG's gas to secure lucrative markets would have closed had PNG taken longer to bring the project on stream. Abal said due to these pressures, the government had no choice but to conform to the will of the developer and entered into the PNG LNG agreement.

He admitted that the current LNG-related issue between the government, ExxonMobil and the landowners was the direct outcome of that rushed agreement. The deputy prime minister, who is also minister for works and MP for Wabag, stressed that since the mistake was already made, there was no option but to address the consequences. Thomas Gamu, the man who had been mobilising LNG project landowners to fight for their rights and benefits, asked Abal how they would be compensated. "Now that the LNG agreement has been rushed and cheaply sold away, the government must tell us as resource owners, Hela, and the people of PNG how we will be compensated for selling our gas cheaply. "Our resource has been cheaply and hastily sold off by our government. "It is a great failure on the part of the government to protect its interest and its sovereignty than serving the interest of foreign-owned companies," Gamu said.

## **Papua New Guinea approves world's first seabed mining project**

From Radio Australia

The Papua New Guinea government has given the green light for the what is hoped to be world's first sea floor mining venture. It has granted a 20-year mining lease to Canadian company, Nautilus Minerals, to mine gold and copper in a 59 square kilometre section of the Bismarck Sea. The Solwarra one site, as it is known, is off the coast of New Ireland province and about 50 kilometres north of Rabaul.

*Presenter: Jemima Garrett*

*Speaker: Stephen Rogers, CEO of Canadian company, Nautilus Minerals*

GARRETT: The grant of the mining lease was the last regulatory hurdle Nautilus Minerals had to clear. Nautilus CEO Stephen Rogers says it is an historic decision.

ROGERS: As this industry emerges it is going to present a significant contribution to the PNG economy.

GARRETT: Earlier this month you had more drilling results from Solwarra One. Just how much gold and copper is there and how much do you plan to produce once mining gets underway?

ROGERS: At the moment we have an indicated and inferred resource. Combined it totals around 2 and a quarter million tonnes, approximately, of ore. When we go into production we would be producing at approximately 1.3 million tonnes per annum and that should generate something of the order of 80,000 tonnes of copper per year and approximately 150,000 to 200,000 ounces of gold, each year as we go forward.

GARRETT: That will make Nautilus a significant player - producing about half as much copper as the giant Ok Tedi mine and the same gold as an average small operator. The grant of the mining lease was delayed while the PNG government considered if it will exercise its option to take a stake in the project of anything up to 30 per cent. Now the lease has been granted it has just 30 days to make a decision and find the finance. I asked Stephen Rogers what it would cost PNG to take its full option.

ROGERS: Any capital that we have to put into the project, going forward .. the government would have to put up its 30% share. Initially, it has an outlay of approx US\$20-25 million which represents the investment costs to date on the exploration, the environmental work and the development work, that has been carried out so far on the project.

GARRETT: What is your understanding of what sort of stake the PNG government is considering?

ROGERS: I wouldn't like to second guess the government but I am of the opinion that they will certainly participate.

GARRETT: As the project is offshore you don't have to deal with landowners. Does that mean PNG and its citizens will not get as much income from deep sea mining as it does from mining on land?

ROGERS: Not at all. The same opportunities exist for people to participate in this project by providing services to the company, and in terms of the royalties going back into the country, they are exactly the same as any land-based mine. So while we are not impacting people and having to move them from their homes, the general benefit back into the country is very similar.

GARRETT: How soon do you hope to be able begin commercial mining?

ROGERS: Once we sanction the project - which means our board has to approve it - then we'll be about 30 months before we go into production. We have one more milestone to put in place after this particular one: we are intending to close out an arrangement with a strategic partner which will bring in the additional capital that we need to take the project through to commissioning and into production. We hope to do that in the near future and once that milestone is achieved then our board would approve the commencement of the building of the equipment. We are well advanced in the engineering aspects of all of this equipment and we are now very close to the stage where we will start to assemble all the different components necessary to start offshore production.

GARRETT: Stephen Rogers CEO of Nautilus Minerals. Mr Rogers is bullish about the future of seafloor mining and he believes the Pacific will lead world.

ROGERS: We've had considerable success in the Bismarck Sea, with 19 different systems discovered to date. Over and above that, we've carried out exploration in the territorial waters of Tonga, and we have large tracts of land right across the Western Pacific in countries like Fiji, New Zealand, Vanuatu and the Solomon Islands.

GARRETT:: So what potential do you see in the longer term for this industry in the Pacific?

ROGERS: We have a view in the company that the seafloor industry has the ability to provide the world's copper supply. We don't have hard evidence of that at this point in time. But based on what we do know about the location of these seafloor massive sulphides around the world and the intensity or diversity of systems that we have seen in this one area of the Western Pacific, we apply that across the world - the experts tell us that there could be many thousands of systems with the ability to provide the world's copper demand. (Ramu Nickel Mine Watch 30.1.2011)

*Editorial***Is everything alright in Government?**

Post-Courier 28.1.2011

Are conflicting interests at play here? That is the question we ask as we watch the Government move to deal with the problems at one LNG site in Hela. The problems at Hides 4 blew up on the previous Friday. The landowners moved in and stopped all work on the gas conditioning plant and other works. They demanded that a government team visit them and address them. Last week, we were told that the Prime Minister Sir Michael Somare appointed Foreign Affairs Minister, Don Pomb Polye, as the trouble shooter, to lead a delegation to Hides to talk to the landowners. Polye announced last Monday that he was taking a team in. He invited Petroleum and Energy Minister William Duma, Finance and Treasury Minister Peter O’Niell, other senior government ministers and all MPs from the Southern Highlands to go with him for the meeting.

The objective of that mission was to negotiate for the immediate resumption of work at the project site and to find ways to address the landowner concerns. The Polye team was to leave the next day, which was Tuesday. That morning, only Polye and James Marabe, the Minister for Education, were at the Airlines PNG terminal, with a group of landowner leaders who were boarding the chartered flight for Hela. There was no sign of any other Government minister. Southern Highlands Governor Andersen Agiru was at the airport too and boarding a flight but he was on his way to Mendi to attend the Provincial Assembly session. There was no sign of Francis Potape, the Minister assisting the PM on LNG matters or Arthur Somare, the Minister for Public Enterprise.

When the government team landed, the landowners were obviously disappointed. They wanted to talk to the key Government ministers, who were heavily involved in the LNG project from the beginning. They were the state ministers that negotiated the Umbrella Benefit Sharing Agreement and they were the ministers that negotiated the Licensed Based Benefit Sharing Agreements. And we assume that they were the ones that may have made the ministerial commitments to the landowners. We joined many Papua New Guineans out there who are now wondering why these men were not on the plane to Hides to meet with the landowners. We refuse to believe that they were scared. Hardly, for the police are there. Their refusal to attend the meeting tells us that something is not right in the government.

Polye returned with his team on Wednesday to Port Moresby. Yesterday he had an audience with Sir Michael, where he briefed him on the meeting and put forward some recommendations for the government to act on to “find a long and sustainable solution” to the LNG issues. Apart from settling all outstanding MOA funds and commitments, Polye noted that there was no presence of the government and the public service machinery at the LNG sites, which must be addressed as a priority. He recommended that government departments like Petroleum and Energy, Commerce and Industry, Environment and Conservation, National Planning, Finance and Treasury and Lands must be represented in the LNG project areas to deal with LNG issues, that the government to make sure that a proper social mapping was done to identify the real landowners, that there was a need for a corporate structure to be created to support, coordinate and drive all landowner business participation in the LNG project.

At 5.05pm the same day, the PM’s media unit released a press statement. In that statement, it was announced that Deputy PM, Sam Abal was tasked by PM to deal with all LNG matters. So Mr Polye is replaced. The question is why? Sir Michael explained Mr Abal is Chairman of the National Planning Committee so will be the government’s focal point for settling all outstanding LNG issues. If that is so, then why was he appointed to lead the government team to Hides in the first place? We may be accused of speculation, but we are of the view that all is not well in the government. The di-

visions and distrusts are still there. In the latest case, we see the forces in government at work again and that is to pit Abal against Polye. And the PM is entertaining this one.

## **Government acts swiftly on Hides**

Post-Courier 28.1.2011

THE Government moved swiftly yesterday to re-strategise and get a handle on the Hides gas landowner issues and appointed Deputy Prime Minister Sam Abal as the focal point to deal with all grievances including various cash payments running into hundreds of millions of kina. ExxonMobil representatives – the PNG LNG developer – were also called before Cabinet yesterday to explain the situation as they saw it. ExxonMobil later told the Post-Courier it appreciated the “active steps” taken by the Government and the landowners to ensure safety and security of the workers – about 200 who had been pulled out of the area. Cabinet yesterday directed that all landowner commitments to be paid in two weeks at project sites – not in Port Moresby.

And moves are afoot to have a strong government presence on the ground in Hides to address landowner concerns as they arise instead of allowing them to boil over and affect construction work. During a two-day marathon Cabinet session chaired by Prime Minister Sir Michael Somare, all issues relating to the PNG LNG project and the stop-work by ExxonMobil at the Hides gas conditioning plant and its adverse impact to PNG as a safe investment destination were discussed. FOREIGN Affairs Minister Don Polye also presented his report to cabinet after his flying visit to the Hides on Tuesday where he met landowners and received their petition demanding among other things their seed capital, various ministerial commitments which runs in hundreds of millions of Kina and resettlement of people who were displaced by the project construction.

Prime Minister Sir Michael Somare announced in a media statement yesterday that Mr Abal - who is chairman of the ministerial National Planning Committee - would be the “vocal point for settling all outstanding issues relating to the PNG LNG project”. The developer of the PNG LNG project Exxon Mobil also were summoned to provide an update brief regarding the temporary work closure of the Hides 4 Conditional Plant site early this week. In assuring the Exxon Mobil and operator Esso Highlands, the Prime Minister reaffirmed that the PNG economy and the future well being of the people hinged on this project and that the Government had got a handle on it. Both the Government and the people, particularly the landowners are committed to it as PNG is on course to see its first LNG cargo leave its shores in 2014.

Sir Michael said the landowner matters were “in-house matters” and the government would move to settle it. “The Government has got a handle of it. It is dealing with it as a matter of priority,” the Grand Chief said. “The task now is to streamline PNG Government operations and processes so that our Joint Venture Development Partners, financiers, customers, people of PNG and most importantly resource owners know only one point of contact.” Key Ministerial economic and social sector committees including the Ministerial Gas Project Committee are also members of the NPC. “Deputy Prime Minister Samuel Abal role as point of contact specifically relates to the LNG project with respect to landowner related issues. He will be required to report to Cabinet on a regular basis.” “All Ministers, all Departments with their various committee tasks relating to the PNG LNG project will now be co-ordinated and reported through the NPC process. It is through NPC that the position of government in all matters relating to the project will be made known”, said the Prime Minister.

He said Cabinet further directed that all outstanding MOA funds relating to oil monies owing to landowner companies to be paid as soon as possible. “In two weeks time, the Government will be able to pay these monies at respective project sites. There will no longer be payments of outstanding commitment paid in Port Moresby. “Cabinet has also considered security of Developer personnel

working on site and assured that security at project sites have been beefed up to cater for any exigencies,” said the Prime Minister. ExxonMobil’s Public Relations manager Miles Shaw said yesterday: “We encourage local community leaders and the government of PNG to take active measures to ensure safety, security and the mutual success of this vital project for the people of PNG. We acknowledge and appreciate those steps already taken to achieve this objective such as increasing the presence of police that has improved law and order. “The shut down involves fewer than 200 of the 5000 contractor employees engaged in the early stages of project execution,” he said. It is understood that while stop-work costs thousands of Kina daily, workers would not return until the government demonstrated that there was peace and normalcy on the ground and that security of staff was guaranteed.

### **Landowners give demands**

Post-Courier 28.1.2011

By *ANDREW ALPHONSE*

THE protesting Hides PDL 7 gas project landowners in Tari, Southern Highlands Province are demanding K10 million from the State. This includes their outstanding business development grant (BDG) in the LNG project to be paid to them by next Friday (4 Feb 2011). The landowners want the K10 million BDG paid to their nominated landowner company Hides 4 Holdings Limited. This is among other demands they gave to the State in a six- page petition dated 26 Jan 2011 and addressed to Prime Minister Sir Michael Somare. The petition was signed by 26 landowner chiefs and leaders of the affected clans at Hides PDL 7 area with copies made available to SHP Governor Anderson Agiru, Deputy Prime Minister Sam Abal and developer ExxonMobil. “We do not want to waste our time and resources by giving copies after copies of our demands to other government ministers and departments that take no notice of our grievances.”

### **‘Locals must be engaged in LNG’**

Post-Courier 28.1.2011

By *ANDREW ALPHONSE*

HIDES PDL 7 landowners in Tari, Southern Highlands are calling for “equal business participation” in the multi-billion kina PNG LNG project. Failure by the State and developer ExxonMobil to take heed of this concern has resulted in a peaceful protest and stop-work last Tuesday at Hides 4 PDL 7 area. This is among other concerns raised by the landowners in the petition paper to be presented to the Prime Minister this week in Port Moresby. The landowners said under the BSA and LBBSA, it agreed that landowners be given equal participation in the spin-off business industry. “We now see an ignorance of this agreement when the developer through its international contractors brought in machines and equipment from abroad to be used in the project. “We now demand the developer and contractor to engage all our equipment and trucks available on the project area so that we participate in the LNG project,” the landowners said in a signed six page petition paper.

They said while they acknowledged that the umbrella landowner company Hides Gas Development Corporations (HGDC) is responsible for this, there are impediments on HGDC’s part in raising this concern with the developer and the State. “Therefore, the developer and the contractors must make arrangement to engage our landowner companies (LANCO) and individual landowners’ machines and equipment like 10 cubic metres trucks from within the Hides 4 PDL 7 area before extending the opportunity to other Hela business houses and outside of Hela,” the landowners said. They also demanded a sustainable human resource development program for the young men and women in the project area and called on the State and developer to give priority and provide sponsorship and training for the locals to participate in the LNG industry job opportunities.

“Scholarship packages and trainings must be given to the landowner first before extending the opportunity to other Helas and Papua New Guineans.” In delivering their demands, the landowners unanimously agreed to protect the long term interest and security of the LNG project. “We are committed to ensure that we assist and support the project and play any role applicable to us to ensure that work on the LNG project proceeds without any further hindrances. “We would ensure that no markets or public gatherings of any sort be located within the project constructions site,” they said.

### **Classes threatened over mining allowance**

The National, January 28, 2011

By JAMES APA GUMUNO

TEACHERS in Southern Highlands have told the provincial government to pay them their mining allowances “or there will be no classes this year”. There are 4,000 teachers in the province. More than 100 of them gathered at the provincial headquarters building, Agiru Centre, yesterday in Mendi and demanded that they be paid these long overdue stipends. The allowance was set at K400 a fortnight. Their demands were contained in a petition, which came at a time when the provincial executive council was also discussing the provincial budget. Governor Anderson Agiru chaired the meeting. The teachers also threatened that they would not return to their schools until they were paid their mining allowances.

Their demands for mining allowances had started when the first oil flowed out of Kutubu about 18 years ago. However, their pleas had fallen on deaf ears. Spokesmen Bogom Inua and John Mono said this time they would not listen to the Teaching Service Commission, acting education secretary Dr Joseph Pagelio or the provincial government. Inua, who holds a diploma in education and had been teaching in Southern Highlands for 40 years, said a teacher’s base salary of K400 was not enough to cater for a family’s needs in these times of sky-rocketing prices. He said an expected salary increase, based on a memorandum of agreement signed last year, was not effected yesterday. Mono expressed similar sentiments. He warned that schools in the province would not resume classes until their demands were met. Attempts to get comments from the provincial education adviser were unsuccessful.

### **Ramu impact study completed**

The National, January 28, 2011

FINDINGS will soon be released by an independent Australian environmental consulting firm after it successfully conducted a bio-monitoring study along the Ramu River in Madang last month. RamuNiCo Management (MCC) Ltd (RNM) contracted Hydrobiology Pty Ltd from Dec 3 to 14 to collect data on metal composition using fish and prawn tissues to compare with previous baseline studies and determine any inevitable impacts from the ongoing Kurumbukari mine construction. Earlier studies were done in 2006, 2008 and 2009. The study was also a requirement of project Environment Management Plan which the Ramu project would use to control its activities to protect the environment. The study covered vast areas and creeks including the Marum, Banu, Anagri, Eastern and Banap at Kurumbukari mine site and extended to Ramu River starting at Moimara upstream of the newly built RamuNiCo Bridge, near Brahman and ending at Banum in the Middle Ramu area. The sites along the Ramu River surveyed were Moimara, Banap, Sepu, Useruk, Bamun and the abandoned Bunapas sites. Vast areas were covered in the studies to give assurance to the local people that RamuNiCo was committed to protecting the environment to minimise any inevitable impacts during its operation. The study group comprised RamuNiCo’s environmental health supervisor Billy Sari and Bruce Ambrose with Dylan Sortino from Hydrobiology Pty Ltd.

## Harmony announces bumper gold production

Post-Courier 28.1.2011

Harmony Gold Mining Company Limited (Harmony) has announced an excellent quarterly production result at its Hidden Valley mine, in line with its post-commissioning production ramp-up plan. It has also reported further significant exploration drill hole intercepts at the Wafi Golpu deposit during the quarter. Both of these assets are part of the company's 50 per cent interest in the Morobe Mining Joint Venture. Gold production at Hidden Valley improved by 23 per cent, quarter on quarter, at 26,584 ounces of gold (Harmony's 50 per cent) produced, due to higher gold feed grades and improved recoveries. Silver production was 44 per cent higher at 191,327 ounces of silver (Harmony's 50 per cent), as a result of higher recoveries.

The average grade for the quarter was 2.21 g/t Au, while the silver grade was 26.6 g/t Ag, with unit costs lower at R195 605/kg (US\$884/oz), in comparison to R244 720/kg (US\$1042 /oz) in the previous quarter. "These production results, together with the excellent safety performance by the mine during the quarter, demonstrate that our strategy of investing in safe, quality growth projects is starting to deliver" says Harmony chief executive, Graham Briggs. In October 2010, Harmony reported on drilling of the Wafi Golpu deposit, which extended the mineralization beyond the porphyry copper-gold resource of 16Moz of gold and 4.8Mt of copper. Further drilling during the December 2010 quarter has again extended the deposit.

In addition, drill hole WR377, has intersected well-mineralised porphyry at a depth of 1091m down hole which, together with the significant intersections above, has extended the high grade porphyry more than 200m north of the current resource outline. Other drilling has focused on pre-feasibility study requirements to gain geotechnical and metallurgical data. The metallurgical drill holes targeted zones in the Wafi gold lodes and have returned significant intersections consistent with the known resource, but with an increased grade. "The Golpu resource continues to expand to the north as ongoing drilling defines further mineralization, providing us with added confidence that we are well on track in achieving our previously stated exploration target of 30Moz of gold and 8Mt of copper. Golpu will be a future world class copper gold mine", says Mr Briggs. "Continued hard work on ramping up production at Hidden Valley post commissioning is paying off and we are more than pleased with our offshore growth profile," he said.

## Landowners set for Panguna

Post-Courier 28.1.2011

*By Fabian Gatana*

PANGUNA landowners are now incorporating their associations in preparation for the selection of their umbrella association to kickstart the review of the Bougainville Copper Agreement and negotiations for the mine re-opening. Two landowner associations from the six Panguna special mine lease areas have registered their associations with the Investment Promotion Authority. Special Mining Lease Osikaiyang Landowners Association and the Lower Tailings Landowners Association have incorporated their associations while the other four lease areas are still to register.

Landowner groups still to register include the Upper Tailings Lease Landowners, the Port-Mine Access Road Lease Landowners, Uruawa Lease Landowners and the Arawa Urban Lease Landowners communities. The associations were formed to promote peace and co-operation amongst landowners in the special lease areas. It should enable them to participate, encourage, facilitate and monitor the sustainable utilisation and exploitation of the natural resources in and around the Panguna mine area. It aims to provide for the collective benefit of all Panguna Landowners. The associations also intend to carry out education, training and awareness campaigns on environmental issues, development, human rights and land and resource rights for the Panguna people. The ABG

Mining department is currently assisting the special mine lease landowners in incorporating their associations.

## **BEACH MINING THREATENS KIRIBATI COASTLINE**

*New effort to pump sand from lagoon*

MELBOURNE, Australia (Radio Australia, Jan. 27, 2011) – The government of Kiribati and the Secretariat of the Pacific Community are hoping to save the vulnerable coastlines of Kiribati from man-made erosion caused by mining. Beaches on the main Kiribati island of Tarawa are being mined for raw materials to make [concrete]. The rapid urbanisation of Tarawa has boosted the demand for concrete for major infrastructure projects. The mining has led to erosion and the flooding of businesses and homes. Beach mining has caused major problems for island nations in the past, including devastating effects in parts of the Indonesian resort island of Bali. Dr Arthur Webb from the Secretariat of the Pacific Community says a new project to dredge the bottom of the Kiribati ocean lagoon should avoid catastrophe. "We know that the issues of coastal vulnerabilities are likely to increase over time, so this is an excellent, no regrets approach to adaptation." Dr Webb says environmental impact assessments of the lagoon dredging are being undertaken.

*Radio Australia:* [www.abc.net.au/ra](http://www.abc.net.au/ra)

## **EXXON MOBIL DEMANDS WORKER SAFETY AT PNG SITE**

*Scores of villagers attack gas project at Hides*

By Yehiura Hriehwazi

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Jan. 27, 2011) – [Workers who have withdrawn from the Papua New Guinea Liquefied Natural Gas (PNG LNG) project site in Hides, Southern Highlands Province, in Papua New Guinea will not return unless their safety is guaranteed, according to the giant American developer ExxonMobil.] Early [progress] at the gas conditioning plant project site was stopped last Saturday and workers withdrawn when several hundred angry people stormed into the area and attacked workers on Friday night. Some were waving bush knives and other weapons. The attack was caused primarily by people from other regions who took advantage of [p]ent-up frustrations among the locals over the death of a four-year-old child affected allegedly by ammonium nitrate and other landowner community concerns, including seed capital and resettlement monies.

In the melee, four received minor injuries and were treated. The original landowners later apologized to ExxonMobil for the disturbances. Prime Minister Sir Michael Somare dispatched Foreign Minister Don Polye to the area on Tuesday to meet with the landowners who welcomed him, but they stood firm on work not to resume until their demands were addressed by senior ministers involved in the project from day one. They include the Ministerial Gas Committee members, Mr. William Duma (Petroleum), Arthur Somare (State Enterprises), and Peter O'Neill (Finance and Treasury). They gave the Government seven days from Tuesday to meet with them at Hides. In the meantime, ExxonMobil said the workers would not return to the site unless their safety was guaranteed by the PNG police force, the Government and the landowners. Asked if the company was seeking safety assurances from all three groups, the company's public relations manager Miles Shaw said "yes". "The shutdown will continue until the safety and security of project personnel can be assured," Mr. Shaw said. In an earlier response to questions by this newspaper, Mr. Shaw said any use of violence was unacceptable and the people should use an established formal process to deal with any community concerns.

## **Tari teeming with getabout landcruisers**

Post-Courier 27.1.2011

By *MOHAMMAD BASHIR*

IT is landcruiser country. You hardly find a vehicle of a different model around Tari into Hides, home of the PNG LNG project. Everywhere you go, there are only Toyota Landcruisers and big work trucks moving about. The place is busy with traffic. Power has been connected from the Hides Gas to a power plant near Juni, which has been supplying power to the giant Porgera mine for the past 20 years. Workmen in khaki with reflector stripes have policemen in tow. This is happening right at the doorsteps of the Hides people who are the original owners of the Gigira Laitebo, the flame that never burns, according to their forefathers' prophesy. Part of the prophesy says that whoever comes to steal it, they should not be allowed.

At the Tuesday meeting of the locals with Foreign Affairs Minister Don Polye and Education Minister James Marape, the people said they were ready to die for their land if it was stolen. "Exxon-Mobil is here like a thief. "This company is only interested in our gas and has no concern for our welfare, and I warn you that the frustration is fast building up," a young man Yaka Ango told the two ministers. Mr Ango said young local men were playing darts at the markets daily because the EPC contractors and developers having no interest in employing them. A nurse Shirly Kaiab said the Juni police station, the clinic and community school in Hides 1 were in dire need of repair. Mothers have had to endure ridicule by locals in Tari when they go for clinic or treatment at the Tari hospital. "Yupla ol LNG landowners, go bek long ples blo yupela na kisim marasin (you are LNG landowners, go back home and get treatment)," Ms Kaiab said. She couldn't work out why power was pulled through their land to all the LNG project camps in Hides 1 and Hides 4 while the locals were still living in darkness. Mr Polye told the crowd that he appreciated their honesty but appealed to them to welcome foreign workers while he would bring their concerns to the Prime Minister.

## **CANADA BANK SEEKS UNDERSEA EXPLORATION IN COOKS**

*New application for possible mining venture*

WELLINGTON, New Zealand (RNZI, Jan. 26, 2011) - Canada's Endeavour Financial Corporation is again lobbying the Cook Islands Government for a deep sea mineral exploration license. Endeavour, a merchant bank which focuses on the mining sector, wants to investigate whether the nodules of manganese and other minerals can feasibly be extracted. The company first approached the Cooks government in 2008 but the then administration refused to enter into any agreements as seabed mining legislation hadn't been put in place. The most recent proposal submitted by Endeavour has been given to the new economic development taskforce for comment. The taskforce is expected to advise the minister of mining and natural resources, Tom Marsters, on whether to accept or decline the Endeavour proposal. *Radio New Zealand International*: <http://www.rnzi.com/>

## **ASIAN DEVELOPMENT BANK'S POINT MAN IN THE PACIFIC**

*Greenwood is a different kind of banker*

By Peter Wagner

HONOLULU (Pacific Islands Report, Jan. 26) – The Asian Development Bank in 2007 commissioned a study of major developments in Papua New Guinea, notably the huge Ok Tedi copper mine, and their impacts on island culture and ways of life. The study found that the mine, which began operating in a remote headwater of PNG's Western Province in 1984, delivered both wealth and woe. The project site, near a tributary of the Ok Tedi River, was bordered by two isolated tribes – the Wopkamins and the Upper Awins – totaling about 800 people. The rugged

mountain people had an average life span of 25 to 30 years and had seen little of the outside world. The study traced the upward arc of material wealth that the mine brought to the Wopkamins and the Upper Awins: the comforts of clean water and electricity, roads, cash and food. And, as the area's population grew to nearly 3,000, modern health extended lives and reduced infant mortality. But the mine, which dumped 80 million tons of toxic waste into the river each year, also brought environmental havoc. The river was diverted from its natural path and huge swaths of productive land went fallow.

The development arc then began its gradual descent, as calls for closure of the lucrative operation took effect and it was agreed the mine would shut down in 2012. The Wopkamins and Upper Awins today are facing the prospect of a return to a harsh lifestyle, one without the luxuries they learned to enjoy. The ADB study found that heavy reliance on unsustainable developments like the Ok Tedi mine pose a threat to fragile communities in the developing Pacific and that proper direction and planning are critical from the start to avoid a painful fall. This scenario, acted out in many variations across the Pacific, offers up the fundamental challenge of economic development in this vast region of countless islands, diverse cultures and hundreds of tongues. It is a challenge that for the past 54 years has been fielded by the Asian Development Bank – oldest of international development institutions in the region. And it falls squarely in the lap of C. Lawrence Greenwood, Jr.

The clear-eyed financial expert and former U.S. State Department official is vice president of ADB operations in East Asia, Southeast Asia and the Pacific and it's his job to raise living standards from Nukualofa to Delhi. Last year, the ADB put \$300 million in loans, grants and technical assistance into Pacific island countries – from roads and infrastructure in the Solomon Islands to climate change adaptation in low-lying atolls of the North Pacific. "It's sometimes easy to overlook the Pacific islands when you compare them with places like India and China," he said "But even small economies have big problems." Greenwood, who oversees operations amounting to \$5.6 billion yearly and leads a staff of 249, is in Honolulu this week for meetings with U.S. State Department officials. He told *Pacific Islands Report* that studies of the Ok Tedi mine and similar initiatives have taught the ADB how to focus its efforts.

"We've tried to learn lessons from the past," said Greenwood. "One problem we've identified is the need to respect traditions and work with landowner groups at the local level." The problem with PNG's ambitious Ok Tedi project, Greenwood notes, was a lack of consideration of the region's capacity for development –roads and infrastructure to transport goods, schools and public services, technical training and government oversight. The ADB today has brought these factors into sharp focus, seeking to lay the groundwork for economic development before it arrives. But, with foreign mining and oil companies jostling for position in richly-endowed Papua New Guinea, development has often come at a high cost to indigenous cultures and the environment. "The choice to grow or not to grow is up to them," said Greenwood. Our job is to lay out these choices. It's not our job to go in there and tell them that it's a good thing or not a good thing."

But clean water and access to modern medical care are good things, he said, and the ADB has narrowed its effort to raise living standards among the region's poor. "We pay attention to problems we can solve," he said. Far from discouraged by the political instability and logistical difficulty of operating among the Pacific's the widely scattered islands, Greenwood believes it's just a matter of time before the Melanesian nations learn to manage their natural resources, Polynesia finds balance in culture and economy and Micronesia accepts its migratory trend and the remittances it brings. What worries Greenwood, however, is the rising sea that already is claiming precious real estate in low-lying nations like Tuvalu. "It's one of those things we have little control over," he said.

"In very extreme cases where some islands may disappear, mass migration might be necessary. For Pacific islands, the issue is not really mitigation; it's adaption. And that requires financing. We've been working with Pacific islands now for the past couple of years with climate change adaptation programs. But it's not an easy time to get donor nations to do anything meaningful and funding has been hard to come by." Meanwhile, the ADB has added "climate proofing" to its contracts in vulnerable Pacific countries. "Bridges that used to be three meters above the water now are built with a clearance of four meters," he said. "River pilings must be more substantial. Hydro projects must have bigger sluiceways, to handle the additional runoff."

*Pacific Islands Report* ([www.pireport.org](http://www.pireport.org))

## **Government funds Misima study**

Post-Courier 26.1.2011

MISIMA Islanders in Milne Bay are plotting a new direction for development after experiencing a long static and stagnant period of non-activity after the closure of a gold mine on the island in 2004. To assist them, the Government recently gave K6 million to fund detailed feasibility studies on sustainable economic activities for the people and local businesses. The studies will be carried out by relevant government agencies including National Planning, Finance and Treasury, Commerce and Industry and Agriculture departments, among other agencies. The studies were initiated by the Eguma SML Landowners Association, which comprises communities previously under the special mining lease area on the island. Chairman and managing director of the association, Taulea Mosebi, said his people were grateful to the Government for having recognised their plight to provide money for the feasibility studies.

He said National Planning and Monitoring Minister Paul Tiensten and his department were especially helpful in taking on the initiative and ensuring allocation of the funds. He said since the closure of the mine, what had once been a thriving economy had shrunk and declined to unsustainable levels. Mr Mosebi said the mine did not leave much in terms of business opportunities and prospects for sustainable development for the landowners. He said this was despite the signed memorandum of agreement executed between the national Government, Milne Bay Provincial Government and SML landowners in 1990 for a long term development plan after the mine's closure. He called on the provincial government and local MPs to support his group in the same manner as the national Government.

Mr Mosebi also announced that international accounting firm KPMG has been engaged to maintain the accounts of the association for the purpose of transparency and accountability. He said from the studies, a long term development plan for Misima will be put in place from which project funding and implementation will be based. "This is the most important goal and until the feasibility study and the social impact assessments are carried out, the plan will not be achieved," he said. "The possible projects that will be investigated include cash crops like cocoa, coffee, vanilla and chilli."

## **Ok Tedi mine worker killed**

The National, January 26, 2011

By SAMUEL RAITANO

AN employee of Ok Tedi Mining Ltd (OTML) was killed by a crushing machine at the mill operations on the early hours of last week. A brief media release from OTML confirmed the death but did not disclose any further information on the accident, claiming that all information would be released after investigations were completed. However, sources from OTML said that the deceased was an Engan and he was crushed to pieces by the machine. The worker was a member of a maintenance crew. The National understands that the workplace accident took place last Monday and no word

had been forthcoming from the company. OTML claimed they were yet to finalise the findings from the investigation and the appropriate authorities within the company had not authorise the release of any information. This means the company has yet to clarify the cause of the death. There are no statistics on work-related deaths at the mine site although such accidents are extremely rare. There are no indications on where the body is.

## **Oil Search 2010 revenue is K1.6b**

Post-Courier 26.1.2011

*By yehiura hriehwazi*

OIL Search Ltd posted an operating revenue of K1.7 billion (\$US583.5m) in the 12 months to December 2010, according to its final quarter report released to the market yesterday. Its financial results for the year to December would be released on February 22 this year when its dividends to shareholders would also be announced. But early indications are extremely positive as the 2010 revenue represents a 14% increase on the 2009 which was K1.47b (\$US512.2m). Oil Search managing director Peter Botten attributed the increased revenue to higher oil prices. He said OSL's total oil and gas production for the fourth quarter of 2010 was 1.86 million barrels of oil equivalent (mmboe), 1% higher than third quarter production of 1.85 mmboe. This took total production for the 2010 full year to 7.66 mmboe, above the company's guidance range of 7.2 – 7.4 mmboe, following better than expected performance from the PNG fields.

Total fourth quarter oil production was 1.59 million barrels (mmbbls) while 1.63 mmbbls of oil were sold during the quarter at an average oil price of US\$88.95 per barrel. The realised price was 12.5% higher than in the third quarter of 2010 and 15% above the average price realised in the nine months to September. The average realised oil price for the full year was US\$80.19 per barrel, representing a 23% increase on the average price in 2009. Total operating revenue in the fourth quarter was US\$164.7m (K474.09m), 16% higher than third quarter revenue of US\$142.2m (K409.3m). Revenues for the full year were \$583.5m (K1.679m), 14% above the 2009 full year, reflecting the increased oil price, partly offset by lower oil sales. At the end of December 2010, Oil Search held \$1.26 billion (K3.62b) in cash, excluding joint venture balances, compared to \$1.31b (K3.77b) at the end of the third quarter.

Mr Botten said a total of \$929.7m (K2.67b) had been drawn down from the PNG LNG project finance facility by the end of the period, while Oil Search's revolving oil facility, which had a balance of \$304.5m (K876.5m) at the end of December, remained undrawn. During the quarter, \$48.8m (K140.7m) was spent on exploration and evaluation activities, \$260.5m (K749.8m) on the PNG LNG Project and \$11.6m (K33.4m) on oil field development work. Commenting on the report, Mr Botten said the work on the PNG LNG Project in the fourth quarter continued to focus on preparing the various key project sites and on the construction of essential support infrastructure. By the end of the year, contractors for the major worksites were mobilising in readiness for the main construction activities, which will progressively commence through 2011.

With camp facilities now operational, work has started on the Hides Gas Conditioning Plant site and construction of the Komo airfield. In addition, line pipe is being received and stockpiled at Kopi, the southern supply base, and the onshore pipeline contractor has begun line clearing while fabrication is under way on long lead time equipment. November saw the official opening of the Port Moresby Construction Training Centre, where Papua New Guineans will be trained for jobs in construction and transport services. "These employees will play a vital role in the construction of the LNG Plant and associated marine facilities. Training will be certified to international industry standards, enabling graduates to compete for employment opportunities beyond the construction of this Project," Mr Botten said. He said PNG LNG continued to attract strong support from all sectors of

the community in PNG. “During the quarter, a number of landowner companies began to supply services to the project via a range of subcontracts,” Mr Botten said.

## **PNG GAS PROJECT ON TARGET DESPITE DISRUPTION**

Exxon-Mobil says first gas will be delivered in 2014

By Yehiura Hriehwazi

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Jan. 26, 2011) – EXXONMOBIL – developer of the PNG LNG project – says despite the withdrawal of staff from the construction site at the Hides gas conditioning plant early works area, the project was on target to deliver first gas in 2014. “We remain on target for first LNG in 2014. We have a formal dialogue process with the community to review issues and community questions. We encourage all to use this process. Violence is unacceptable,” said Mr Miles Shaw, the Public Relations Manager of the company. The Post-Courier asked Mr Shaw a number of questions relating to the withdrawal of staff from the early works program. “A group of people illegally entered a Project camp in the Southern Highlands on the evening of Friday January 21. “The intruders were subsequently removed by police. All personnel in the construction camp have been accounted for. Four camp residents suffered minor injuries. There was no material damage to the camp facilities and equipment,” he said.

He said the motive of the invasion remained unclear, however local village leaders have apologized for the conduct of their people. He said the police have initiated an investigation. “We are providing our full support. As a result of this illegal action, we are instituting a shut down at the Hides Gas Conditioning Plant Site. During this period, we will discuss the necessity of a safe and secure operating environment with government and local leaders and the requirement to use the well established, formal process in place to manage any dispute. Any use of violence is unacceptable,” he said. “Recent actions have been disruptive to the early site works but the project remains on target to deliver first LNG in 2014. All other work sites across the project are operating as normal,” he said. Asked to explain what the established formal process of addressing issues entailed, he said: “Our field staff have regular and ongoing interactions with local communities.

Should a local villager have a comment, question or complaint they document this with our local village officer who is well known to the local people. We then work to investigate the situation, discuss it with those involved and move to a solution.” Asked if this system was working, he said: “Thanks, yes we believe it is. This type of process has served all parties well in other countries in which we operate so we know it can work.” The Post-Courier also asked Mr Shaw how much longer ExxonMobil would continue to put up with disruptions of its operations and if disruptions continued was it likely to affect the first gas delivery date to China, Japan and Taiwan and this would reflect negatively on ExxonMobil and PNG? Mr Shaw did not respond to the questions.

### **Government given seven days**

Post-Courier 26.1.2011

By MOHAMMAD BASHIR in Hides

The Government has seven days to send a team of key ministers involved in the PNG LNG project to go to Hides (PDL1&7) to settle demands by disgruntled landowners who have forced early works on the Hides Gas conditioning plant. While work at Hides 4 only remain stopped, landowners turned up in numbers to air their grievances to Foreign Affairs minister Don Pomb Polye and Education Minister James Marape yesterday. The presence of the two Hela-Opena men ensured other early works at Juni Technical College and Kobalu forward base remain opened despite threats by locals. “When you cut branches of a tree, you can’t cut all the branches, you have to leave one or two for you to sit on and make your way down,” Mr Polye recited an old Hela saying which

touched the hearts of the crowd and there were silence in the two areas where hundreds turned up. That adage gave the people hope and something to think about and went away satisfied that their demands and issues will be addressed by the government.

The people were however upset that key players in the LNG project like Arthur Somare, William Duma, Peter O'Neill, Francis Potape, Anderson Agiru and John Kekeno were not present. Led by chairman of Hides Gas Development Corporation Libe Parindali, Hela Special Purpose Authority Chairman Lemson Mapira, PDL7 Association chairman Chris Payabe and Philip Undialu 'among others' want the key ministers to come to the project site with the seed capital and meet them. Stop work instigators led by Chris Yalu and Endose Ajakali gave a petition to Mr Polye which include demands for BDGs and ministerial commitments for the government to pay while they want the developer to address environmental concerns, spin off businesses and resettlement payments to be addressed. It was learnt at the forums that an agreement was reached between the landowners and ExxonMobil where a 11-day ultimatum was given which was also extended to the government. With seven days remaining, the government has that many days to meet the demand or face closure of all other early works.

Mr Polye however assured that he was there with his ears and he would bring all grievances up to the Prime Minister Sir Michael Somare to address. Successive speakers at the two forums including women expressed disgust that many commitments made during the various benefit sharing agreements as well as grants and project commitments by different ministers and politicians were not honoured. "We are carrying the title 'LNG Landowners' but there is nothing we are benefitting here," a female teacher by the name Mary said. "Mi kisim sem long ol kolim mi LNG LO (I am ashamed to be called LNG landowner," said Ernest Malingi, the local deputy council president. To Mr Polye and Mr Marape's surprise, the situation was not as bad as initially thought with no destruction to property or workmen. Mr Polye expressed gratitude at the manner the locals were looking after foreigners and workers from other provinces and urged them to continue while calling on developers and contractors to bring their workers back.

## **PNG eyes full stake in sea floor mining**

The National, January 25, 2011

THE government will take its full 30% stake in the venture – worth more than US\$100 million – that it hopes will be the first in the world to lead to mining of the sea floor, Mining Minister John Pundari said last Friday. Confirming the government's recent granting of a mining licence to Canadian company, Nautilus Minerals, for a 59km<sup>2</sup> section of the Bismarck Sea, at depths of about 1,600m, Pundari said the state had negotiated to purchase the full equity participation. The Solwara 1 site, as it is known, is off the coast of New Ireland and about 50km north of Rabaul. He told Radio Australia the state's 30% share would cost about US\$103 million and would be bought over a three-four year period. "We are looking at investing about US\$27 million in the first year. "We will also be acquiring an interest in the new technology. "Our patent interest will be about 30% again and we are looking at purchasing 5% in the first year and the balance in the subsequent years."

Nautilus also has sea floor exploration leases in the Solomon Islands, Vanuatu, Fiji and New Zealand. It hopes to begin its commercial gold and copper operation in PNG by 2014. Pundari also told the radio network that PNG would take a stake in the patents for Nautilus's new mining technology. "We will also be acquiring an interest in the new technology. "Our patent interest will be about 30% again and we are looking at purchasing 5% in the first year and the balance in the subsequent years. Asked where the government would get the finance from for its stake in the Nautilus project, Pundari said the government was looking at nominating Petromin to carry the states interests. He added

that Petromin had access to the necessary finance and would be able to sign an agreement with Nautilus within the next 30 days. The mining planned at the Solwarra 1 site in the Bismark Sea will be no small operation. The gold and copper is found in high concentrations in massive sulphide deposits on the sea floor in 1,600m of water. Each year, 1.3 million tonnes of ore will be cut from the sea floor and pumped to the surface in seawater slurry. There, it will be dewatered before being moved onshore for processing. Nautilus says it is well-advanced with the technology needed to mine the seafloor.

### **‘K5.9m paid wrongly for Kutubu land’**

Post-Courier 25.1.2011

By *Yehiura Hriehwazi*

OIL Search Ltd yesterday clarified ownership issues relating to a portion of land called Forari alongside the Moro Airport where Kawaso Ltd is located. Kawaso Ltd is a camp administration company owned by local Kutubu landowners headed by Kossi Sosoro and Peter Hewabe. Documents available to the Post-Courier newspaper indicate that the company had so far been paid K5, 596,780 as land lease fees since Oil Search Ltd took over Chevron Niugini as the operator of the Kutubu oilfields. This payment was made by default as Oil Search Ltd did not realise that the portion of land was actually state lease and it was not suppose to pay Kawaso Ltd any money, according to documents. In the Post-Courier newspaper yesterday under the story headlined: “landowners deprived of rights in project sites” – it was incorrectly alleged that Oil search Ltd had fraudulently conspired with corrupt government officials to transfer the title to its name.

It has since been brought to the newspaper’s attention that this was not the case. The portion of land where the Forari camp is situated was originally leased to Chevron Niugini Limited by the State as part of the Kutubu petroleum development. After the development, Chevron did not require its use anymore and relinquished its title back to the state. The land remained under state lease when OSL took over Chevron and in 2007, the company held discussions with both the landowners and the state to use the vacant land and during discussions with the Lands Department, it was then discovered that the land actually state land. OSL subsequently lodged an application with the Lands Department to lease the vacant land.

The application was included in community consultation and public advertising and after due processes were followed through, the lease was granted to OSL in August 2009. Several companies also too out leases from the State through the same process, according to sources. Inferences by Kawaso Ltd’s boss Kossy Sosoro that OSL had used fraudulent means to get title over the land were totally misleading and a pack of lies. An insider said Mr Sosoro was whinging because he was no longer receiving land lease payments which had so far amounted to K5.9m and had to be stopped when discovered that the money was wrongly calmed by Kawaso Ltd as it was state land.

### **Government team off to Hides**

Post-Courier 25.1.2011

By *MOHAMMAD BASHIR, ANDREW ALPHONSE and PETER KORUGL*

Prime Minister Sir Michael Somare has directed a Government team led by Foreign Minister Don Polye to leave for Hela Province today to establish circumstances which led to the reported attack by disgruntled landowners on workers at the Hides condensate plant site. The high profile team includes Petroleum and Energy Minister William Duma, Finance and Treasury Minister Peter O’Neill and other key ministers as well as Hela MPs and Acting Police Commissioner Tony Wagambie, who will also address other LNG related matters. Police manpower has already been beefed up with additional units from Mendi, Lae and Port Moresby. The government team’s objective is for the

immediate resumption of work while talks continue among all parties to find a lasting solution to the issues raised by landowners.

Mr Polye said: “A sustainable problem-solving mechanism must be put in place for the duration of the construction phase and production lifespan of the project.” He expressed confidence that all pertinent issues raised by landowners would be resolved and commended Mr Duma, members of the Gas Committee and Ministerial Economic Committee for a job well done but said the challenge remains for the government to consult with stakeholders on how best to manage and deliver the project at the least cost possible. “As Minister for Foreign Affairs I appreciate that such problems present significant challenges in any part of the world therefore I seek understanding from project developers, contractors, subcontractors and landowners so that we can work uninterrupted, steadfast in our goals to achieve the first flow of gas by 2014-15,” Mr Polye said.

Mr Duma expressed disgust that media reports over past few days have been misleading and did not reflect the true situation. “Most of the reports are not true and have been sensationalised. We disagree that there were any medical evacuation to Australia,” he said. He said the Prime Minister and his government remains committed to this important national project and were concerned at the latest developments. Last Friday, a group of people illegally entered one of the LNG project camps near Hides but prompt police intervention restored order and the intruders were removed from the camp. There were no serious injuries and minor damage to property and no one required medical evacuation. The precise cause of the incident is not known and not clear yet however earlier during the week, there were some complaints relating payment of seed capital funds.

The situation was complicated by the unfortunate death of a young child in the nearby village about a week earlier. The cause of the death is not yet known and the coroners findings are yet to be released to the child’s parents, relatives and the Government. “Grievances must be dealt with peacefully without interrupting this very important national project. The Government is not ignoring landowners, it is trying its best to deal with issues in a fair and consistent way given the National Budget constraints,” Mr Duma said. The Post-Courier had made several attempts over the last four days to contact ExxonMobil for comments on the incident at Hides but the developer has not responded to any of our queries. Meanwhile, police reinforcements from Port Moresby have been sent to Hides and more will travel today to beef up security. Mr Wagambie said investigations will start immediately and additional manpower will remain in the province until normalcy is restored. He assured stakeholders that all measures will be taken to protect lives and property, describing the attack as an isolated incident completely unrelated to the ongoing grievances.

### **PNG powerbroker snap up property**

By PAUL CLEARY of The Australian (Post-Courier 24.1.2011)

WHEN Papua New Guinea’s petroleum minister bought a Cairns McMansion in 2001, the deal was so ‘‘quick and easy’’ that the agent selling the property thought he was dealing with the wealthy owner of a coffee plantation. Despite buying in the depths of the global financial crisis, William Duma didn’t aggressively negotiate for a better price. He paid \$585,000 for the 330sq m, five-bedroom, two-bathroom home with water views after securing the services of a Cairns agent to do the deal. ‘‘I was thinking, where did he get the money from? It was all too quick and easy,’’ says real estate agent Shane Trimby, who sold the property. Duma was involved in a much more lucrative business than coffee. As petroleum minister in the government led by PNG’s 74-year-old founding father Michael Somare, Duma is the country’s oil supremo. At the time of the purchase he was negotiating with ExxonMobil’s consortium to build a mammoth \$US15 billion liquefied natural gas project.

As PNG looms as an oil-rich country verging on state failure, some of its political elite have been quietly building up assets offshore, coinciding with huge development of the country's gold, petroleum and copper riches. In the past five years, key political figures have invested \$6 million in Cairns and Brisbane property. Some have their wives and children based in Australia and shuttle regularly between Port Moresby and Cairns. Some of these politicians may have exploited an exemption in Australia's foreign investment regime that allows non-residents to buy new properties. In 2008, foreigners used this exemption to buy \$15 billion worth of residential real estate. PNG is emerging as an extreme case of the two-speed economy, with boom conditions in Port Moresby driven by liquefied natural gas and other resource projects, while the rest of the country sinks deeper into poverty and state dysfunction.

While proving ineffective at running the country, Sir Michael and his family have shown themselves adept at buying real estate and hanging on to power. After a no-confidence motion back in July, Sir Michael suspended parliament for the rest of the year, and then agreed to stand down in December pending an investigation into allegations of misconduct. But PNG's "grand chief" still remains very powerful, with his son Arthur and other party lieutenants in control. The push to remove Somare reflects growing concern among PNG's elder statesmen over Somare's handling of important developments. The LNG project is one, but more controversial is China's Metallurgical Construction Corp nickel mine in the Ramu Valley, which has been given special concessions to dump toxic tailings into the sea. An investigation on behalf of a major oil company found it cost about \$500,000 in payments to landholders and other interests to get an oil permit approved. The company that commissioned the research decided not to invest in the country.

Another emerging concern is that vast tracts of rainforest are being leased to foreign logging companies in opaque arrangements involving corporate fronts controlled by foreign interests. As much as 10 per cent of the country has been handed over through these arrangements. The Somare family made its first real estate purchase in Cairns in 2007, when Michael Somare bought an apartment in Parramatta Park north of the city for \$349,000. The following year, his Australian-educated son, Arthur, minister for public enterprises, bought a home at Trinity Beach north of Cairns for \$685,000. Somare's daughter, Dulciana Somare-Brash, then bought a \$425,000 Trinity Beach home, also in 2008. The purchases by Somare's children followed his return to power in August 2007. Arthur Somare's home is listed under his name in the phone book and he returns there regularly. A Somare spokesman declined to respond to questions about how these properties were purchased.

But Duma tells *The Australian* he was "quite well off" before entering parliament, having been a partner in the Port Moresby office of the law firm Blake Dawson Waldron. "I purchased a property in Cairns using my personal savings in Port Moresby. I obtained foreign exchange approval from the PNG Central Bank to remit funds to my Australian solicitor's trust account," Duma says. "My Australia solicitors also obtained Foreign Investment Review Board approval before I could purchase the property. There is a clear paper trail showing the origin of the funds which I used to purchase the property." Duma says he declared the property to the Ombudsman Commission, which serves as "the watchdog for leaders in PNG". But the commission does not publicly release this information. Duma acknowledges "there may be a perception that because I am the Minister for Petroleum and Energy, I may have received some form of benefit from ExxonMobil". "All that I can say is that I was a wealthy person before I became a politician. The funds I used were from my savings account."

Duma denies he was "on the take" and says ExxonMobil was very rigorous in its running of the project. "They want to do it the ExxonMobil way -- very bureaucratic, very thorough." Businessman Peter Aitsi, who heads the PNG branch of Transparency International, a global anti-corruption watchdog, says MPs are not required to tell the public about these purchases. "Given we have a

general idea of the salary levels of MPs, this raises questions of how they have financed these purchases” Aitsi says. “For the man in the street, this should raise serious questions. So let’s make this information public.” SOME of Somare’s opponents, however, are also among the biggest property owners in Australia. Key opposition figure Mekere Morauta has built up even more assets than Somare from the profits of his fishing business. Land title records show that Morauta’s Australian wife, Roslyn, bought a \$3.6m riverside mansion in the Brisbane suburb of New Farm in 2008. This followed a \$910,000 purchase of another New Farm property in 1999.

Former minister Allan Marat bought a Brisbane apartment in 1996 for \$400,000 and then in 2005 bought a \$240,000 apartment in Surfers Paradise. Marat resigned in May last year after making comments critical of the nickel mine and the benefits for PNG from the LNG project. A spokesman for Marat – his son Immanuel – says the properties were acquired with proceeds from Marat’s Port Moresby law firm. Immanuel Marat says the purchases have been fully disclosed. Australia’s anti-money laundering body, Austrac, declines to comment on any evidence it may have obtained on real estate purchases by foreign politicians from neighbouring countries. A spokesman says secrecy provisions prevent it from making any comment. While some of PNG’s political elite are accumulating wealth, life expectancy is falling and infant mortality is rising as the government becomes increasingly dysfunctional, unable to deliver basic services to its poor.

The LNG project is also fanning conflict as landholder groups squabble over the spoils. Earlier this year there was a shoot-out at Port Moresby airport between rival factions of landowners. AusAID says about 40 per cent of PNG’s population lives in poverty, below the international benchmark of less than \$US1 a day. HIV-AIDS is rising inexorably. The latest estimate is almost 100,000 sufferers – 2.56 per cent of the population. There is no evidence that Duma, the Somare family or Marat acquired their properties inappropriately, but the federal government has been pushing PNG to consider adopting an anti-corruption regime known as the ‘extractive industries transparency initiative’. This program is designed to produce a set of double accounts showing what the government receives from oil companies and what the companies pay.

The initiative has in-principle support from 32 resource-rich nations, with PNG remaining a notable exception. East Timor, which only became independent eight years ago, has become the third country to fully comply with the demanding regime. But Australia’s Oil Search, one of PNG’s main oil developers for the past 20 years, is not a member of the initiative because the PNG government does not support it. Oil Search operates the Kutubu oilfield in the southern highlands and is a minority shareholder in the LNG project. A spokesman for ExxonMobil says the company has never given any special benefits to Duma or Arthur Somare. He says there is no connection between their real estate purchases and negotiations on the LNG project.

## **LNG: Hides explodes**

Post-Courier 24.1.2011

*By Andrew Alphonse*

Three workers including one expatriate man are believed to have been flown to Australia for medical treatment as a massive evacuation exercise gets underway to remove all workers from the LNG Hides 4 project site to safety. The conditions of the three men are not known at this stage but two of the workers were reported to be slashed with bush knives while the expatriate man was punched by the attackers, numbering 700 who forced their way into the camp operated by International contractor Clough Curtain Joint Venture. Police and company officials on the ground told Post Courier that the attack was not related to the landowner dispute that had seen the forced closure of the early works at Hides 4 but over the death of a 4 year old child. Police said the relatives of the young deceased blamed his death from poisoning from the LNG operations and had demanded the company working on site to accept liability and help meet the cost of the funeral last Friday.

“When the company representatives did not turn up, the relatives, numbering some 700 took the coffin and walked some 3km to the camp and placed the coffin at the gate. When no company representative came out, the smashed the gate down and attacked,” a police spokesman said. Police said the relatives went on a rampage and attacked everyone and destroyed everything, including computers and records. “There were too many of them. No one could do anything. The 10 policemen at the site were overpowered. They fired several shots into the air which finally brought the situation under control,” the police source said. The attack on the camp happened at a time when the landowners had staged a sit-in protest over the payment of the business development grant and had forced the shutdown of operations at Hides 4.

The shutdown of work had affected construction of the gas condensation plant, the wellhead at Hides 4 and the pipeline. On Saturday ExxonMobil ordered the evacuation of all workers using three helicopters. According to a staff at the site, fear had gripped the workers because they did not understand the language, culture and the land they were working in. “Many of the workers have left, some were airlifted, and others went by road to Mt Hagen to go by air or road to their homes. More will be leaving tomorrow (today),” the staff said. Minister for Foreign Affairs and Immigration Don Polye last night confirmed the situation at Hides 4 and said a government team will fly into the area to assess the situation first hand. He said the team will leave Port Moresby early in the morning and return later in the afternoon after meeting with the disgruntled landowner leaders and company officials.

### *Letter to the editor*

#### **No to seabed mining**

Post-Courier 24.1.2011

Why is our government rushing in dishing out exploration and mining licenses at an alarming rate? Is it that we don't have other options in export earnings to subsidise economic gains and improve social indicators as government, mining companies and Mineral Resources Authority (MRA) asserting? Is mining sustainable and would improve the basic living conditions of the indigenous citizens of PNG like agriculture, fisheries, tourism etc are providing now? Deep sea mining is the first of its kind in the world brought on by our leaders for testing hence the coastal people of New Ireland (NIP) and East New Britain (ENB) will be used as guinea pigs to test new technologies. Our government through MRA dished out exploration licenses to Nautilus all over PNG waters.

Nearly 75 per cent of our seas are under exploration license areas of Nautilus but the Post-Courier page 3 Wednesday January 19 revealed project 1 is now granted mining lease. Nautilus have 11 solwara project sites and imagine how all Solwara projects will affect our sea and people depending on it for 20-50 years and beyond. MRA and Department of Mining is foolish in brain and or self-centred by the lust for money than the protection and love for the land, sea and environment as God directed human kind to treasure and be managers over them. ENB and NIP please stand up and voice your concern like Madang people against Ramu Nickel! You can get your sea back and enjoy the beauty and providence of the sea through God than being lured by typical empty promises of the international mining corporations! Duwigon Iyampon, POM

#### **NEW CALEDONIA MINE AT CRUX OF NICKEL DEMAND**

Soaring prices for the metal could climb out of hand

WELLINGTON, New Zealand (Radio New Zealand International, Jan. 23, 2011) – A global commodity analyst with the financial service firm Citi, Alan Heap, says world nickel markets are

closely watching Vale's plant at Goro in New Caledonia, which has about a quarter of the world's nickel reserves. Continuing demand in China for stainless steel and not enough supply contributed to a 38 percent rise in the price of nickel last year. The 4.5 billion US dollar Goro plant is forecast to produce 60,000 tonnes a year but its unconventional leaching process has contributed to cost overruns and delays. While the plant is reported to be 99 percent complete, Mr Heap says analysts are waiting for further news that the project is on schedule. "If that project gets delayed further or fails completely then that will certainly transform the world nickel markets and will push nickel prices up substantially." Radio New Zealand International: [www.rnzi.com](http://www.rnzi.com)

### **China's role more negative in Pacific, says think-tank**

The National, January 21, 2011

CHINA is no longer a force for good in the Pacific, including links with criminal activities in Papua New Guinea, according to an Australian think-tank. The director of the Melanesia Program at the Lowy Institute in Sydney Jenny Hayward-Jones said that the negatives attached to Chinese involvement outweighed the positives. Speaking on Radio Australia on Wednesday, she added that her conclusion was based on her observations of Chinese activity during last year, especially in Papua New Guinea and Fiji. The Lowy Institute is an independent international policy think-tank whose objective is to generate new ideas and dialogue on international developments and Australia's role in the world. "I previously thought that Chinese investment trade and aid was generally a good thing for the Pacific, but Chinese behaviour I believe has altered over the last year," Hayward-Jones said, making reference to the behaviour of the Chinese-owned and operated Ramu nickel mine in Madang where resentment had been growing over outstanding landowner demands.

"I believe this is a sign of a lack of Chinese control over its protection power in the Pacific, which is beginning to worry me." On rising crime, she told presenter Jemima Garrett she was not sure if there was a link with the Chinese government, "but certainly there's a perception that a lot of the crime in Papua New Guinea is organised by Chinese gangs or triads or Chinese illegal immigration". "While I don't believe this is coordinated actively from Beijing there, the failure or the lack of capacity of the government in Beijing to see the consequences of this and the damage to China's image, results in a widespread perception that this is Chinese crime, and a Chinese wave of crime that's affecting Papua New Guinea and some other parts of the Pacific which have suffered from trafficking from Chinese sources.

"So I think certainly it's incumbent on the government in Beijing to do more about its image." On the economic front, she agreed that China had been increasing the amount of loan money it sends to the Pacific. "China's preference for soft loans over grants in the Pacific, I think, has the potential to cause serious economic hardship for a number of Pacific Island countries," she said, adding that Tonga, Samoa and the Cook Islands in particular had high debt to GDP ratios as a result of the loans. "The capacity of those countries to service those loans has to be questioned, given that they're not generating sufficient economic growth".

### **Group to study Hidden Valley mine impact: MP**

Post-Courier 21.1.2011

By CALDRON LAEPA

THE Department of Environment and Conservation will set up a committee to address environmental issues relating to Australian mining company Newcrest's Hidden Valley mine in Morobe Province. Minister for Environment and Conservation Benny Allen said this yesterday after returning from a visit to the mine site on Wednesday. Mr Allen and his delegation visited the mine and villagers in Likwue in Upper Watut and Sambio in the middle Watut area. He said various unions

and NGOs had tried to address the issues of alleged mine pollution into the Watut River but these attempts never turned into tangible fruition. He said the body would be called the Environmental Advisory Committee to be effective once Cabinet gave its approval. The committee would be chaired by Secretary for Environment and Conservation and various government departments such as Health, Mineral Resource Authority.

Mr Allen said after paying a second visit – the last being during the constructional phase – he had consulted his technical team in the department which agreed that much of the damages to the Watut River was a result of sedimentation. He said Watut was a high altitude area, thus when a lot of rocks and soil was removed during the constructional phase of the open pit mine, a lot of the sediment got into the river system. He admitted that the level of sedimentation that took place was way out of what was provided in the Environment Impact Studies (EIS), therefore the company would have to compensate the people who were affected. Mr Allen said the company had compensated about 3000 people and was yet to pay 300 more which had cost the company about K3 million. But he said he advised the company not go ahead with the compensation payment but rather follow proper Government procedures.

He said from meeting with the company, Newcrest had built stone walls to prevent sediments from getting into the river system. He said the mine tailings were not dumped in the river system but were kept in a large pool and recycled and cleaned so it was environmental-friendly. Mr Allen said what got into the river was acid from the rocks that were removed in the mining process. However, he said this was not harmful to the river and fish because the Watut area had a high level of alkaline. He said the acid from the rocks only neutralises the acid level to a rate of that was within the acid compliance level. Despite this Mr Allen said there was still a need to have proper water acid measurement of the river to confirm the cause of death of fish. He admitted that the river colour had changed. Mr Allen said they were putting an environment plan together to mitigate the harm caused by the mining activity.

## **PNG LAND OWNERSHIP DISPUTE COULD AFFECT LNG PROJECT**

*Mediation to determine land ownership questions*

By Mohammad Bashir

PORT MORESBY, Papua New Guinea (PNG Post-Courier, Jan. 21, 2011) - The multi-billion kina PNG LNG project's future is in the balance after Chief Justice Justice Sir Salamo Injia gave the green light for an alternate dispute resolution on Wednesday. Following a Supreme Court reference sought by Warner Shand Lawyers for 17 clans of Tuguba in the Hides Gas Project area to determine ownership of resources under customary landownership, Sir Salamo has appointed Justice Ambeng Kandakasi to head an Alternate Dispute Resolution (ADR) to mediate a solution on the reference which could affect the PNG LNG project agreement between the Government and ExxonMobil. Justice Andakasi will head the ADR facilitation process but certain issues raised by the landowners have not been included as part of the terms of reference which has not gone down well with them (landowners) at a gathering at the Unagi oval yesterday.

They (Tuguba landowners) claimed the Chief Justice has arbitrarily decided that all Supreme Court references filed under Section 18(1) of the Constitution challenging the validity of Section 6 of the Oil and Gas Act and other sections including the power of the government to compulsorily acquire customary land for the benefit of oil and gas companies under the Land Act, the Land Registration Act (Customary Land) and the Land Groups Incorporated Act should not be included in the mediation process. The core issues raised in the constitutional reference included: whether the State owns the resources under customary land; whether the government has the power to compulsorily acquire customary land for the benefit of oil and gas companies; whether the existing benefit sharing system

is equitable; and whether the production sharing contracts should be used for the exploitation of all resources in PNG.

The National Gas Corporation has backed the landowners in supporting the production sharing concepts, the brainchild of prominent lawyer Peter Donigi. "If the above issues are not included in mediation to be co-ordinated by Justice Kandakasi then there are only two options open for our consideration," NGC chairman Alfred Kaiabe said. Those two options are suspending all mediation until the Supreme Court deals with the two references (SCGNo5 and SCRNo.7 of 2010) and conversely, they will defer the hearing of the two references until the mediation process is completed. The parties in the mediation will include Esso Highlands, developer of the PNG LNG project, the Solicitor General, Attorney General, Petroleum and Energy department, National Planning and Monitoring, Finance and Treasury, Commerce and Industry, Lands and Physical Planning, works, NGC, affected provincial governments, Hela Transitional Authority, the 17 plaintiff clans and other representatives from each licence areas.

ADR facilitators will be Justice Kandakasi, Callum Campbell and Graig Jones and they will be at liberty to engage the services of other PNG accredited mediators in consultation with parties as and when required. Some of the issues to be reviewed include the UBSA and LBBSA Agreements and the additional possible gas reserves not committed to the LNG project capped at 6.5 trillion cubic feet (TCF) as per the LNG Agreement. Condensate issue which is gas field landowners missing out on oil condensate extracted from the gas fields are among others.

### **Police move in to end protest**

Post-Courier 21.1.2011

By *ANDREW ALPHONSE*

Police yesterday moved into Hides to remove landowners who are stopping work on the LNG early works. Landowner leader Tonny Lambiawi confirmed yesterday that police had arrived at the site and threatened to have them arrested to bring an end to the protest and allow work to proceed. However, Mr Lambiawi said the issues they raised are real and even police can see for themselves while they are on the ground at Hides 4 and the landowners would not freak out but stand together and face whatever consequences of their actions. "We will not be moved, we are prepared to be arrested and jailed because we are fighting for what is rightfully ours," Mr Lambiawi said. Meanwhile, the normally busy entrance to the proposed multi-billion kina PNG LNG conditioning plant site at Para and Hides 4 wellhead in Tari has been turned into a 'public market'. Angry landowner's still stage their sit-in peaceful protest into the fifth day since Monday.

Mr Lambiawi said yesterday from Hides 4 that more than 2000 people are converging at the entrance and junction of the road that leads to the LNG conditioning plant site, quarry extraction site at Gigira mountain range, landfills, pipeline developments and Hides 4 (petroleum development license –PDL 7) wellhead. "We have told the people to be peaceful and turn the place into a market place. "People are buying and selling, eating, drinking, chewing, smoking and playing game of dart for coke. "There will not be any constructions carried out and we will continue to stop all the work until Government ministers responsible and our elected leaders come and see us here at Hides 4 and address our demands," Mr Lambiawi said.

Mr Lambiawi said about 20 selected landowner leaders from the affected clans at Hides 4 and Para had a meeting on Wednesday night at Para primary school and prepared their position paper and demands. These demands were handed over to ExxonMobil representatives during a meeting with the developers at the Oil Search Limited's (OSL) Nogoli Base Camp at Hides yesterday. Mr Lambiawi said during the meeting, ExxonMobil representatives took their position paper but advised them to go and see the ministers, heads of the Departments of Petroleum and Energy and Com-

merce and Industry in Waigani themselves. Mr Lambiawi said the five demands highlighted and delivered to ExxonMobil and State include immediate payment of K10 million as business development grants (BDG) by the State at Hides 4 or Para village and not in Port Moresby.

They also demanded the government to honor and pay the ministerial commitments secured during the benefits sharing agreement (BSA) for Hides 4 while immediate social mapping, land demarcation process and identifications of incorporated landowner groups (ILGs) be carried out by the State as currently, without any social mapping, ‘paper’ landowners in Port Moresby are conspiring with Commerce and Industry staff to get the benefits while real landowners back home are made to suffer in silence. Mr Lambiawi added that another important demand is the re-settlement package offered by the developer. He said the stop-work would continue for 14 days until the State comes to Hides 4 and meet them with their demands. Police mobile squad (MS) 13 from Lae and MS 10 from Mendi are monitoring the situation and keeping a close watch over the machines, equipment and workmen from international contractor Clough Curtain Joint Venture (CCJV). It is not known when the State would meet with the disgruntled landowners.

## **EU APPROVES ECONOMIC PARTNERSHIP WITH FIJI, PNG**

*But Union concerned about PNG's tuna canning*

WELLINGTON, New Zealand (Radio New Zealand International, Jan. 20) – The European Union Parliament has given the go-ahead for the Council to conclude an Interim Economic Partnership Agreement with Papua New Guinea and Fiji. In a statement, the Parliament says it is nevertheless concerned about the impact that an agreement would have on what it calls regional solidarity and economic integration in the Pacific Region. A second, non-binding, resolution highlights the consequences of the agreement for Papua New Guinea and Fiji in terms of trade relations with the two countries’ closest and largest trading partners, Australia and New Zealand, and also for the fishing, canning and processing industries. The parliamentarians are concerned about Papua New Guinea’s decision to derogate from the rules of origin for processed fishery products, which has turned that country into a genuine hub for processing canned tuna from countries like the Philippines, Thailand, China, the US and Australia. They say this may have a destabilizing effect on the EU’s fish canning industry. *Radio New Zealand International: [www.rnzi.com](http://www.rnzi.com)*

## **Aldridge Minerals discovers gold in highlands**

The National, January 20, 2011

CANADIAN mining and exploration company Aldridge Minerals Inc has discovered large-scale copper-gold mineralisation in a number of outcrops from its 100%-owned 450km<sup>2</sup> licence in the highlands of Papua New Guinea. The company’s licence is located between the giant copper-gold deposits of Ok Tedi (150km west), Frieda River (130km north-west), and Porgera (50km east). A geological report compiled by Dr Yves Cheze received this year has outlined that the Aldridge 2009 field campaign found copper-gold mineralisation in a number of outcrops, with a total of 357 soil, 65 stream sediment, 76 rock chip and 23 channel samples collected and assayed from an area informally named “Mag1”.

Aldridge is now planning a potential Mag1 follow up field campaign this year, including further mapping, soil and rock sampling alongside geophysical work to determine sulphide concentrations, to be followed by a first-round drill programme later in the field season. Cheze’s report identified that the main mineralised zone is located on a NW-SE-trending ridge and its southwestern flank, at an elevation of approximately 1,300-1,650m lying above the Logayiu River. Aldridge chief executive and exploration manager Dr Martin Oczlon said: “We are thankful to Yves for his solid ap-

proach to this project and the amazing job he did in adverse field conditions. “The mineralisation footprint and geological setting of Ok Tedi are similar to our Magi1 discovery,” he said.

### **Work resumes at Ramu NiCo project site**

The National, January 20, 2011

By JAYNE SAFIHAO

Landowners of the Kurumbukari nickel cobalt project will meet with the Minerals and Resources Authority (MRA) in Madang today to discuss outstanding issues. MRA acting general manager, Philip Samar gave an undertaking last week via a conference at Kurumbukari by Ramu NiCo management and landowners over the issues. Last week, disgruntled landowners, trying to halt testing work to the Butua plant laid down their demands. Commissioning work for the plants started last Tuesday during which three days were given to Ramu NiCo by landowners to conduct their testing of plants.

Part of their demands in a Nov 15 letter to the company were that land lease payments of more than five years be paid and include sub-clans who had contributed land, compensation Payments for pits that were dug for sampling and business development opportunities be given. They also wanted Ramu NiCo to fasttrack its training and localisation programme and review the long overdue memorandum of agreement (MoA). Landowners from the four major tribes, Maure, Nokomboi, Imburumba and Pagazi, were confused last week when machines excavated top soil at the special mine lease area. They converged on the site and stopped them. The landowners told Ramu NiCo and its stakeholders that all statutory payments would have to be made within 10 days.

### **Akoitai: Bougainville not ready for self-rule**

The National, January 20, 2011



By PATRICK TALU

FORMER Bougainville affairs and mining minister Sam Akoitai yesterday said the Autonomous Region of Bougainville will not become independent in 2015 because of the slow progress on work towards staging a referendum. Akoitai said in-fighting between the regional member and the president would also take its toll on the agreed timetable of 2015. The Bougainville Peace Agreement (BPA) contains a clause calling for a regional-wide referendum to have the people decide their political future and set 2015 as the date for that ultimate decision. Akoitai said: “I am very concerned about the way things are progressing on the part of the office of Bougainville affairs to fast track the BPA and the path to a referendum as agreed in the BPA. “In the agreement, there are three pillars

that form the basis of BPA. They are: weapons disposal, autonomy and a referendum,” the former Bougainville resistance fighter-cum politician said.

Akoitai who now considers himself as a private and corporate citizen said the three pillars are not fully addressed and the weapons disposal is not complete and still needs to be addressed. He acknowledged that the government has honoured the second pillar in granting Bougainville autonomy but work is yet to be done that would lead to a referendum. Akoitai said the government through the office of the Bougainville affairs has an obligation to fulfill to the people of Bougainville to effect the referendum which is a prerequisite to independence. “It is duty-bound under the BPA to prepare Bougainville for a referendum. I can’t see and hear any progressive report on the referendum which is the most important pillar of the BPA.

“If fiscal independence is lacking, I don’t see an independent Bougainville. “ABG’s internal revenue could be less than K30 million and that is not enough to be an independent nation. He also said the infighting between current Bougainville Affairs Minister and Regional MP Fedelis Semeso and Bougainville president John Momis will drag the progress of the implementation of the BPA. “It’s a sad situation for the people of Bougainville when their political heads are fighting amongst themselves. I would like to see the two leaders come to terms to implement and fast track the BPA,” he said. Akoitai also called on the Ombudsman Commission to investigate into the affairs and management of Office of Bougainville Affairs (OBA). He charged that OBA was not fulfilling its constitutional duties and functions. He also alleged that there was double dipping and misuse of public funds by OBA.

**Bougainville Copper agreement needs to be reviewed: Akoitai** Post-Courier 20.1.2011  
By *MOHAMMAD BASHIR*

Only when the Bougainville Copper Agreement is reviewed to include parties like the Autonomous Bougainville Government (ABG) and landowners and a better understanding with the developer on benefits and addressing outstanding issues can the mine be re-opened successfully. Regardless of the hype among shareholders and people sparked by Prime Minister Sir Michael Somare’s intention to see the mine opened, it will never happen until all parties are involved. Former Mining Minister Sam Akoitai believes BCL, the National Government and the ABG, must assist the landowners to establish landowner associations to participate in the mine. Reports from Buka yesterday indicate that six landowner groups have already registered their associations. “Landowners are willing to open the mine but the Bougainville Copper Agreement must be reviewed to involve all parties because that is the issue that sparked the Bougainville crisis,” Mr Akoitai said yesterday, adding he was happy for the stand of ABG president John Momis.

He said economic recovery was paramount for Bougainville to take it to a stage of physical self reliance before issues of referendum can be discussed. “Bougainville is not prepared well for referendum in 2015 because with about K30 million in recurrent expenditure from the national government and less than K10 million in internal revenue, we are nowhere close to physical self reliance and people must rise up to the benchmark,” Mr Akoitai said. He said leaders and the people were relaxed after the ABG but those perception were wrong because recurrent budget will increase from K30m-K50m when Bougainville draws power as capacity will increase. “It is time to take the bull by the horns with determination to raise Bougainville to a level of physical self reliance because we have a long way to go,” he said. Mr Akoitai also saluted the elders of Bougainville for imposing the moratorium on future explorations although there are more potential mines on the island. He said BCL must be on the Government’s radar because during pre-independence up, Bougainville alone kept this country growing into what it is today.

## **LNG: Stop work at Hides into third day**

Post-Courier 20.1.2011

By *ANDREW ALPHONSE and MOHAMMED BASHIR*

The LNG work at Hides runs into the third day as disgruntled landowners maintain their blockade, preventing international Australian contractor Clough Curtain Joint Venture (CCJV) workers from resuming work. Landowner leaders yesterday said the State must shoulder the blame for their action and the only way out is for the State to come to Hides and meet them to address their grievances. "The Business Development Grant is part of the problem. Everything revolves around the various agreements we have signed. It has now surfaced that we have been tricked into signing those agreements," Jackson Awi of the Kayumba clan said yesterday. Mr Awi said it was the wish of his people that a complete review of the agreements must take place with a view of equity for the landowners as well as the state.

Another leader Tony Lambiawi from Taguali/Tagopali clan said the State, through the Department of Petroleum and Energy and Commerce and Industry, had failed them when they turned down their application for K10 million BDG while some "paper landowners" based in Port Moresby were entertained and paid. Mr Lambiawi said the State, through the two departments, must take full blame and responsibility for the stop-work as the developer ExxonMobil has been dragged into this fiasco due to the negligence, arrogance and failure on the part of the State. He said landowners and landowner companies were promised capital funding by the State to participate in spin-off business activities during the umbrella benefit sharing (BSA) and licensed based benefit sharing agreement (LBBSA) agreements signings. "However, the State has failed miserably in honoring these BSA and LBBSA commitments and I think we should disregard the current BSA and LBBSA signings and come up with another one," Mr Lambiawi said. Mr Lambiawi said currently landowners are made to stand and watch as mere spectators on their land as their promised business participation opportunities in the LNG project are not provided for by the State in honoring these commitments secured in the BSA and LBBSA.

Another landowner chief Robert Angoya also demanded the State to pay out the ministerial commitments with proper social mapping, land demarcation and landowner identification studies for incorporated landowner groups. Another landowner leader Henry Taguali said the landowners also demanded proper resettlement program for the affected landowners of the land at which the 800 hectares conditioning plant would be located. Chairman of HGDC Tuguyawini Libe Parindali expressed frustration at the National Government's lack of interest in providing good leadership in the project areas. He said the Government was promoting a free handout mentality among landowners with the distribution of the business development grants (BDG), Umbrella Benefits Sharing Agreement (UBSA) and License Based Benefits Sharing Agreement (UBBSA) funds, MOA funds and development levies without monitoring the end benefits. "I put the blame squarely on the National Government and its line agencies of the continued stop work experienced at the project sites," Mr Parindali said.

## **Deep sea mining lease granted**

Post-Courier 19.1.2011

By *MOHAMMAD BASHIR*

Rousing times are ahead in the mining and petroleum industry when the PNG Government created history by granting the first world deep sea mining lease to Nautilus Minerals Inc (TSX & AIM: NUS) of Canada for the development of its Solwara 1 project in the Bismarck Sea. Besides the multi-billion dollar PNG LNG project, the deep sea mining is a new frontier which has attracted interest from even the United States which sent a team of experts to PNG late last year to learn PNG's approval regime for such venture. The US is only familiar with deep sea and offshore development of gas and oil projects only like many other countries. Nautilus CEO Stephen Rogers said the grant-

ing of the mining lease on the Solwar1 project was an important step for his company and PNG. “This historic decision to grant a lease over a deep sea deposit is a major step forward for this new frontier, and it reflects the fact that the Solwara 1 project is being recognised as an exciting, commercially valuable undertaking,” he said.

The lease covers an area of about 59km<sup>2</sup> surrounding Solwara 1, 50km north of Rabaul where Nautilus intends to mine high-grade copper and gold deposits on the seafloor, at depths of about 1600 metres. The mining lease has been granted for an initial 20 year term and the PNG Government has retained an option to take up to a 30 per cent stake in the Solwara 1 project as a joint venture partner. The option is exercisable within one month and if exercised, the Government will contribute funds to the project in proportion to its interest, including its share of the exploration and development costs incurred to date. Nautilus will now press ahead to conclude its strategic partnering discussions and continue the development of the Solwara 1 deposit, which has a stated resource of 2.2 million tonnes of ore, including an indicated resource of 870,000 tonnes at grades of 6.8 per cent copper and 4.8 g/t gold.

When it commences production, which is expected about two and a half years after full project sanction, Nautilus plans to produce ore at an annual rate of more than 1.3 million tonnes, containing about 80,000 tonnes of copper and 150,000 to 200,000 ounces of gold. Ongoing deep-sea drilling is also expected to lead to expansion of the resource base before the start of production. CEO Rogers further said: “We are grateful to the PNG government for its support and welcome its participation in the project. We look forward to working closely with the Government on Solwara 1, which will generate significant investment for the economies of New Ireland, East New Britain and PNG. “The successful development of Solwara 1 will pave the way for the expansion of operations to other seafloor deposits in the future, creating an exciting growth industry further benefiting PNG,” he said.

### *Editorial*

#### **Seabed mining, a risky investment**

Post-Courier 19.1.2011

So the government of Papua New Guinea has gone ahead and granted a deep sea mining lease to Nautilus Minerals to develop its copper-gold project in the Manus Basin. We are told that the 20 year lease covers an area of about 60 square kilometers around the Solwara 1 project. The stretch of sea in the Manus Basin is very deep but, again, we are led to believe that Nautilus, using state-of-art- technology, has been exploring the sea floor for mineral deposits. And from the studies, the project aims to produce about 80,000 tonnes of copper, along with 150,000 to 200,000 ounces of gold annually from the project. We are told that the project is estimated to cost about K1.04 billion and the PNG government has retained an option to take up to a 30 percent stake in the project as a joint venture partner. This option, we understand, is exercisable within one month. Should the government decide to exercise this option; it will contribute funds to the project in proportion to its interest, including its share of the costs incurred to date.

It is quite interesting to read that the government is interested in taking up equity in the seabed mining project. The idea might be noble, given that we all like to make some money in any resource project that takes off in this country, however deep sea mining is something new. It is a new frontier as there are not many projects like this around the world that we can learn from. The Minister for Mining, John Pundari and his department must come clear and tell us if we, as a country, understand what we are entering into. The people of this country have a right to know before the Government squanders tax payer’s money on, what we firmly believe, is an ill informed decision. It is public knowledge that exploration activity has been pursued in the Manus basin by Nautilus and its joint ventures partners for some years. From this work, the assay values of surface samples

collected through remotely operated vehicle and dredging looks promising. This is confirmed by independent expert opinions we have sought. The same experts tell us that similar conclusions are also drawn for samples collected through shallow exploratory drill holes but the most important question is whether it has sufficient reserves or resources to develop a seabed mining.

We are informed that from submersible observation of submarine hydrothermal deposits around the Pacific Rim and East Pacific Rise, it is recognised that the distribution of the sulfide chimneys or sulfide mound are irregular and it is quite impossible to do block modeling to quantify the resources. Furthermore the super high grade does not quantify a resource to make it economical viable, we are told. When we go back a few years ago, drilling of the Pacmanus site in Manus Basin by Ocean Drilling Program (ODP) failed to discover massive sulphide deposits below the chimney structures. This is found to be true in similar observations that are made at other sites around the world. What Papua New Guinea needs to know is whether there are sufficient resources in the Solwara 1 project for the government to be talking about taking equity in the project?

This is a question that needs to be addressed by the geological informed staff of the Minerals Resources Authority (MRA) and the Department of Mining. The other question we have that needs to be answered as well is the high lead and arsenic content in the sulfide chimneys in the Manus Basin. Did MRA did a due diligence check on the environmental implication for such heavy and toxic elements? We urged the Government not to be deceptive when it comes to dealing with resources on the ocean floor. We are talking about hard rock and it is not manganese nodules or submarine placer deposits like those of the West African coast where it can be easily mined by dredging.

## **LNG work stopped**

Post-Courier 19.1.2011

By *ANDREW ALPHONSE AND MOHAMMED BASHIR*

EARLY works on the multi-billion kina PNG liquefied natural gas (LNG) project at Hides in Tari, has now come to a complete standstill. As early as 8:00 am yesterday, angry Hides landowners numbering over 1000 people mobilised and staged a peaceful sit-in protest at the gates of the proposed LNG conditioning plant site at Para village and on the access road that leads to the Hides 4 (petroleum development license -PDL 7) wellhead. Developer Esso Highlands last night acknowledged the problems but said the project has a formal process to manage these dialogues. "We are aware of the business development grant issues in the Highlands. The PNG LNG project encourages continued co-operation between communities, government and the project to constructively address issues as they arise, without impact to ongoing project activities," Public Affairs Manager Miles Shaws said in a statement.

The protesting clans are from Taguali, Hagu, Tagobali, Aya, Warabia and Honaga clans that live at Para and Hides 4 area. Police mobile squad (MS) 13 from Lae and MS10 from Mendi ensured that the protests were peaceful and non confrontational. The landowners forced international Australian contractor Clough Curtain Joint Venture (CCJV) to stop work and withdraw all workmen, machines and equipment. CCJV is engaged by LNG project developer ExxonMobil to develop the conditioning plant sites including other early works including engineering, procurement and construction (EPC) stage. The Post-Courier visited the site yesterday morning and saw machines, equipment and over 300 CCJV workmen 'asked' to stand down while the landowners gave 14 days to the State and ExxonMobil to respond. Landowner leader Tony Lambiawi from Taguali/Tagopali clan said the landowners were frustrated that their application for K10 million from the business development grants (BDG) have been turned down while some 'paper landowners' based in Port Moresby were paid by the Department of Commerce and Industry.

“We the landowners have our own landowner company called Hides 4 Holdings Ltd but our BDG application was rejected. If the government thinks that these ‘paper landowners’ in Port Moresby are legitimate Hides 4 landowners and own the land, then the government can ask them to come to Hides 4 and re-open the project. “Otherwise, we the genuine landowners here are shutting down the project until we have a round- the table discussion with Petroleum and Energy Minister William Duma and Commerce and Industry Minister Gabriel Kapris to explain to us why we missed out on the BDG,” Mr Lambiawi said. Another landowner chief Robert Angoya also demanded the State to pay out the ministerial commitments with proper social mapping and landowner identification studies for incorporated landowner groups. He also said currently, they are mere spectators on their land and they want to participate in business spin-offs.

They also demanded that if not, ExxonMobil, the State and landowners have to do away with the umbrella benefit sharing (BSA) and licensed based benefit sharing agreements and come up with another one as the State had failed miserably. The landowners also demanded proper resettlement program for the affected landowners as currently, the resettlement package offered by ExxonMobil like K30,000 per traditional houses is unrealistic for a project of such magnitude of world class. “We want proper housing, electricity, water supply, health care and other social services. Work has already begun and when are we going to have these basic services needed for human life,” Henry Taguali, another landowner leader said. The landowners now ask the State and the ministers concerned to come to Hides 4 and meet with them within the next 14 days or else the project at Hides 4 and the conditioning plant site would still remain shut. The landowner leaders then told the public to turn the entrance of the condensation plant site and Hides 4 wellhead soft drinks.

## **BP given new exploration permits in Australia**

Post-Courier 18.1.2011

CANBERRA: The Australian Government has given BP permission to explore for new oil reserves off the Australian coast for the first time since the Gulf of Mexico spill disaster. Resources Minister Martin Ferguson said the government had awarded the embattled energy giant four permits to explore for oil and gas in the Ceduna Sub-basin in the Bight Basin off South Australia. The permits follow an extensive assessment that examined BP’s ability to undertake the work in accordance with Australia’s stringent requirements, Mr Ferguson said. Additional conditions have also been attached to the permits to ensure best practice, he said. “BP has accepted those conditions,” Mr Ferguson told reporters in Canberra on Monday. He declined to detail the extra conditions but said they would be gazetted later this week. “I am satisfied that we have put in place the appropriate safeguards and note BP’s commitment to work with government and regulators to ensure that highest possible safety standards as they carry out this work,” he said.

It is the first time Australia has granted additional rights to BP since the April 2010 blowout at BP’s Macondo well that killed 11 workers and spewed almost five million barrels of oil into the Gulf of Mexico. BP said it planned to commence seismic surveying later this year. Drilling would not take place until 2013 at the earliest, it said. “The Ceduna Sub-basin is a very exciting new exploration area for BP,” said Phil Home, managing director of BP’s Australian upstream oil and gas business. “Our experience tells us that the geology has a high potential for containing hydrocarbons.”

The BP permits add to three awarded in recent months to companies Woodside, Finder No 4 and Riverina Energy to explore in the Carnarvon Basin off Western Australia. The seven permits will result in a guaranteed exploration investment of \$682 million over the next three years, Mr Ferguson said. “Our energy security will be greatly enhanced by opening up new geological frontiers and reducing our dependence on imports,” he said. SA’s Minister for Mineral Resources Development Paul Holloway said the permits created the potential for almost \$1.5 billion in spending on the search for petroleum.

## **Police force splitting up**

Post-Courier 18.1.2011

By *SIMON ERORO*

The Royal Papua New Guinea Constabulary is cracking up. And the split is apparent between the Special Services Division (SSD) and the new special task force established by Acting Police Commissioner Tony Wagambie. Yesterday, members of the SSD serving in the mining and petroleum sites in the Highlands demanded Acting Police Commissioner Tony Wagambie and Deputy Commissioner for operations Fred Yakasa to treat their counterparts fairly and stop the divide and rule tactics. Mr Wagambie could not be reached for comments last night, however, both him and Mr Yakasa last week said that the stand-off was based on misinformation and blamed the problems on lack of discipline and not on management. SSD members however, described their statement as a “blatant lie”, and claimed that they out to protect their sons ordered to execute their interests. The officers in the Highlands deployed for the LNG project have demanded the arrest of two dismissed policemen who Mr Wagambie reinstated and promoted.

This is if Mr Wagambie wants to have normalcy returned and allow the traditions of the constabulary to remain, they said. The officers told the Post Courier that Mr Wagambie should put away his differences with suspended Commissioner Gary Baki and concentrate on what he can do to improve the constabulary. They warned that if Mr Wagambie and Mr Yakasa were using their men to fabricate evidence against the members of the SSD, they had no choice but to call for a mass withdrawal from the project sites. “We will withdraw and see what the two top bosses will do. “If they want to apply the divide and rule tactic, than we guess we should decide what we can do because they are there with the first priority to shoot us down,” the SSD members from the highlands said.

## **Porgera: Police swoop on Barrick employees**

Post-Courier 18.1.2011

By *JOSHUA ARLO*

POLICE have begun arresting terminated employees of the Porgera Joint Venture (PJV) implicated in alleged sexual assaults against women and other serious crimes, with many more terminations and arrests expected in the coming weeks. Acting Police Commissioner Tony Wagambie and PJV announced this yesterday, stating that this is a result of a three-month investigation by a special police team set up last year by then Police Commissioner Gari Baki in the Porgera District and an internal investigation conducted by the PJV in line with the mine’s zero tolerance policy regarding employee behaviour of any kind of violence or human rights abuse against women and men. Those terminated also include employees who knew about the assaults but failed to report to authorities, as well as those who allegedly misled investigators. PJV said it expected its employees who saw or heard about such acts to immediately report to the appropriate authorities.

Mr Wagambie has warned he will not tolerate any kind of violent and criminal behaviour against women “on his watch” and perpetrators will be brought to justice. “Enough is enough ... These arrests send a strong warning to those who would assault the most vulnerable members of our communities – women and young people – that their actions will not be tolerated,” he said. “The warning is clear – respect the human rights of others and follow the laws of this land, otherwise we will find you and we will bring you to justice without fear or favour.” He said after receiving solid intelligence on these matters from the mine managers of Barrick Gold and their independent investigators, the police moved in quickly to identify the alleged offenders. “The mine took immediate actions after the disturbing results of an internal investigation into allegations of assaults and other serious crimes,” said Barrick executive general manager Mark Fisher in a joint statement from Barrick Gold Corporation and Mineral Resources Enga. “We have terminated employees who were found to have breached our strict code of conduct regarding employee behaviour.”

He said PJV asked police to investigate when it received credible allegations in June last year. PJV also asked Ila Geno, the former Chief Ombudsman Commissioner and a former police commissioner to conduct an independent inquiry into alleged violence against women and report the findings directly to police. Barrick also conducted a thorough internal investigation which involved a 15-member independent investigative team. This team spent several months at the mine interviewing more than 650 employees and conducting a comprehensive investigation of staff and procedures. “We have been working in close co-operation with the PNG police and we will continue to provide information and support to aid in their criminal investigation,” Mr Fisher said. “We condemn these alleged crimes in the strongest possible terms and wish to see anyone involved brought to justice under PNG law.”

Meanwhile, Mr Wagambie has revealed that investigations into other reported cases, including alleged abuses by police in the same area were continuing. “No-one is above the law, even members for the Constabulary. Make no mistake - we are coming for them too. The best course of action for anyone who has information about these matters, or who has witnessed assaults or sexual assaults on women and young girls is to come forward now and report these matters to police. “Don’t be afraid to report these things – staying silent helps nobody.”

### **Gobe landowners mean business**

Post-Courier 17.1.2011

By *JONATHAN TANNOS*

SEVEN landowner groups under umbrella company, Gulf Oil Company Limited, are wasting no time in going into business worth more than K1 million. With spin-off businesses already documented and secured, they have now commenced to implement their various programs for this year. This follows payment of 75 per cent of a business development grant totalling K1,150,000 by the Department of Commerce and Industry on Saturday to kick start their activities. Clan leaders and their people witnessed presentation of cheques to the seven landowner groups which span the area from Gobe to Kaiam known as Segment 6 under the Gobe petroleum project in the Gulf Province. Chairman of the company, Wonuhali Olawe, was given the onus of making the cheque presentations to the landowner groups and their leaders.

In the process, he thanked the Somare Government, Minister for Commerce and Industry, Gabriel Kapris, and his staff for their invaluable assistance in ensuring the people realised their desire to meaningfully participate in the spin-off business activities of the project. He said the business plans were designed for both sustainability and viability. “The Gobe project has provided the economic impact and support for PNG along with other projects such as Kutubu, Moran, Porgera and Ok Tedi,” Mr Olawe said. “However, the benefits to our people in terms of providing tangible business oriented opportunities have been minimal until the business development grant was agreed to at the Umbrella Benefits Sharing Agreement meeting in Kokopo, ENB. “This is the best spin-off move done by the Government for which I am confident that the strict business guidelines set up by the Department of Commerce and Industry for the use of these funds along with the fact that a giant LNG project is in full swing, will ensure our landowners make the most from this opportunity to become self-sustainable.”

When handing out the money Mr Olawe urged landowners to diligently adhere to the set guidelines and principles designed to ensure sustainability of their businesses. He said Gulf Oil would closely monitor and provide advisory services to the landowners to avoid regrettable repercussions which could hamper future receipts of grants or MOA project funding. Operations of the company are carried out both in the Gulf Province and Port Moresby. The entity is also currently engaged in proven business activities including office lease, catering and transport services at the project site.

## **New Caledonia SLN resumes nickel mining, eyeing new cyclone**

Reuters, Jan 16, 2011

SYDNEY Jan 17 (Reuters) - New Caledonia's Societe Le Nickel (SLN) has begun to resume mining operations after cyclone Vania passed over the South Pacific island over the weekend, but was monitoring a second storm in the region, a company spokeswoman said on Monday. SLN, a subsidiary of France's Eramet, and producing around 5 percent of the world's nickel, suspended mining at its five locations ahead of the storm. The spokeswoman said SLN was tracking cyclone Zelia, which did not pose an immediate threat to its smelting and mining operations as it was expected to pass south of the island without touching land. The cyclone, on Monday morning, was located 350km west of Noumea, Caledonia's capital, with gusts of up to 200 km per hour, according to the South Pacific news service. The Doniambo smelter operated by SLN in Noumea produces about 55,000 tonnes of nickel a year from ores supplied by the mines. (Reported by James Regan and Cecile Lefort; editing by Balazs Koranyi)

## **Government takes interest in seabed mining**

Post-Courier 13.1.2011

By MOHAMMAD BASHIR

The National Government has already made a decision to consider taking equity into the Solwara 1 seabed mining project spearheaded by Nautilus Minerals. The size of the equity is being worked on by Nautilus and will be announced after the project is signed off when the Minister for Mining has approved the appropriate licences under its prerogative. Mineral Resources Authority (MRA) acting managing director Philip Samar disclosed this at the launch of MRA's online shop in partnership with ANZ bank yesterday in Konedobu. "That's where we are heading. It is the minister's prerogative to grant the appropriate licence and we will take it from there," Mr Samar said when put to him by the Post-Courier. He also said that the United States government also sent a number of experts on a fact finding mission to the country last December to learn the approval regime of PNG in seabed mining.

The United States are only into oil and gas projects under seabed or offshore projects and are not familiar with mining of minerals such as the proposed Solwara 1 project. "This is super high grade stuff and it is only found on the surface unlike mining on land which requires digging miles deep such as Porgera where you have to dig down to 50 meters or more," Mr Samar said. The most expensive product on sale online by MRA after yesterday's launch is PNG's geophysical survey data which was compiled under a European Union project. Instead of potential miners spending millions of kina to undertake their own survey and obtain these data, they can now simply pay US\$5,000 online and obtain it from MRA. Other geophysical maps and even application form for licences can be obtained online on the MRA's homepage and paid in any currency which will be converted through the ANZ eGate system. ANZ's relationship manager Kingly Anakapu said the product is an indication of how business has grown and moved into high technology in PNG.

## **K6m gold project to begin in Enga province**

Post-Courier 12.1.2011

By DANIEL GERSON

PARADISE Gold Play Holdings (PGLH) is ready to begin a K6 million drilling program to prove up gold-bearing ore its SML 153 in Koekam in the Kompiam Ambum district of Enga province. Paradise Gold chief executive John Maldenovic confirmed this yesterday in a telephone interview from his company head office in Perth, Australia. "We will commence drilling work by the end of January with the deployment of a drilling and blasting team of geologists and mine engineers by the end of January," he told the Post-Courier. Paradise Gold has entered into a joint venture partnership

with NRW Holdings, another Perth-based resource company, to carry out the drilling work. Mr Maldenovic also revealed that four other mining companies had registered their expressions of interest to join the operations. The landowners are represented in the venture by their umbrella company Koekam Resources Development Corporation (KRDC), headed by chairman Bob Muiyo.

The people are from 14 council wards in Kompam district and they have welcomed the project because it promises to change their lives by creating opportunities for them. “We are thankful to our Member and Mining Minister John Pundari who has played a key role in helping to get this very important project off the ground,” Mr Muiyo said. On behalf of the 14 council wards, president of Yangis rural local level government Cr Wui Nema and his deputy Cr Graham Emmson also thanked Mr Pundari for negotiating a 20 percent equity with Paradise Gold Play and NRW Holding for the landowners.

Mr Maldenovic had earlier issued a statement assuring the landowners their full participation in the venture. “I am here to stay and work with the people and will make sure that they are not mere spectators but full participants in the project,” he said. KRDC board member Gabriel Berger, in response to a Post Courier report, urged landowners not to tarnish the company’s name but cooperate to help bring benefits to the 20,000 people in the project area. “We are working around the clock to get the project off the ground by doing the right thing to serve the interest of all the land and resource owners of Kompam Ambum electorate. I urge critics that if they have an agenda, the right forum to address it is a round table conference with KRDC board members, not in the media,” Mr Berger said.

### **Nautilus hits rich deep-sea copper area**

The National, January 11, 2011

By PATRICK TALU

NAUTILUS Mineral’s Solowara 1 deep-sea mining project in the waters of Bismarck Sea in New Ireland has discovered high grade mineralised copper deposits, prompting the company to increase exploration spending to at least US\$20 million. The Bismarck Sea operation is the world’s first deep-sea mining enterprise. In a statement last week, Nautilus said recent ocean floor drilling at its Solwara 1 project in New Ireland revealed a number of intercepts of copper mineralisation exceeding 20%, and confirmed extensions of mineralisation at the deposit. The company said the results from 10 holes drilled during the second half of last month showed the presence of high grade copper at all sites. The results are based on hand-held X-ray fluorescence (XRF) analyses.

The programme had involved a total of 23 holes drilled at 17 locations, about 1,600m below sea-level and extending to a maximum depth of 52m below the seafloor. Nautilus’ chief executive Steve Rogers said: “The results again showed the richness of the Solwara 1 deposit. “It is increasingly clear that the mineralisation is more extensive than initially identified. “In addition, the copper grades we are finding in these seafloor deposits are significantly higher than the grades that are typical in land-based projects,” Roger said. Rogers said Nautilus continued to refine drilling techniques, lifting core recoveries and productivity.

### **New Ireland chiefs to decide on secession**

Post-Courier 10.1.2011

By MOHAMMAD BASHIR

THE powerful Mamais (chiefs) of New Ireland will meet this week to decide on their future association with Papua New Guinea. That meeting could spell disaster for the country if the resolution to secede from Papua New Guinean is made. The meeting has been necessitated by the Govern-

ment's continuously turning a "blind eye and deaf ear" on the people over their long outstanding Memorandum of Agreement (MOA) funds relating to the Lihir gold mine ahead of the PNG LNG project landowners. Former government power broker and Constitutional Review Commission chairman Ben Micah told the Post-Courier in an exclusive interview the people's patience was running thin. "We sit down and watch silently while money from our Lihir gold mine is used by the Government to fund its other commitments including settling MOAs in other mining ventures including the PNG LNG project. "They (government) have conveniently forgotten our plight, even Governor Sir Julius Chan's push for payments over the years have fallen on deaf ears."

He said if the Government was not serious about addressing their issue and paying what is rightfully theirs under the MOA funds, they might as well consider other options where they can make the most of the resources on their land. Mr Micah was critical of the hasty approaches taken by the National Alliance-led Government in trying to shut where ever there is noise and turning a deaf ear to where ever there is no noise. "This band aid approaches will not solve anything for resource owners and their welfare but simply create more hatred, anger and determination do what is not in the interest of the country," he said. Mr Micah questioned why the Helas were paid K66 million plus in MOA funds last week for the LNG gas project which will start export in 2014 but what about Lihir which has been contributing over half a billion to the Government yearly. The Government owes New Irelanders' tens of millions of kina in MOA funds since the Lihir gold mine started operations.

### **Hidden Valley Joint Venture deny claims**

Post-Courier 7.1.2011

Hidden Valley Joint Venture has denied allegations made against it in a writ purportedly served upon the PNG Joint Venture companies late Wednesday by the legal advisor acting for the Member for Bulolo Sam Basil and a number of customary landowners living along the Watut River. In a statement yesterday, the Joint Venturers said they will vigorously defend the litigation should it proceed. The writ alleges nuisance relating to mine-related sediment and seeks damages and injunctive relief in relation to the Hidden Valley Mine operations. The issue and purported service of the writ is contrary to the agreement reached between the Member and the Joint Venture (jointly publicly announced on 6 December) to establish an expert technical advisory panel as a vehicle for constructive resolution of sediment related issues in a transparent and cooperative forum. The pending legal action now prejudices the ability of the Member and his legal advisor to participate in this process.

The issue and purported service of the writ by the Member's legal advisor appears to be prompted by voluntary compensation payments being made by the Joint Venture to communities along the Watut River. The payments were for flood damage to crops and gardens, to which mine related sediment may have contributed, along with natural events including land slips and major rain events. These payments have been underway since November and are now almost complete. The vast majority of eligible people have now received their payment. The Member has been fully aware of the status of the payments throughout the payment period. Additionally, in mid December the Joint Venture formally confirmed with the Member and his legal advisor, that by accepting these compensation payments landowners do not in any way infringe on their future rights to claim further compensation.

Importantly, at Hidden Valley Mine all tailings from the processing of ore are stored permanently in an engineered Tailings Storage Facility. No tailings are discharged from our site. Hidden Valley Mine has a demonstrated track record of working with communities. A range of effective environmental and community programs are in place and ongoing. The Hidden Valley mine has a 2000-strong workforce, most of whom are local people. The Joint Venture remains committed to addressing issues with affected communities in a constructive and expeditious manner.

## **Kopaol is entitled to business grants**

Post-Courier 5.1.2011

FORMER lands minister and member for Nipa Kutubu Robert Kopaol is qualified to benefit from the LNG business development grants. "For the information of the good readers, (Mr) Robert Kopaol is a member of the Paru Nele clan which is a beneficiary group under the Paru Incorporated Land Group (ILG) of Moran Petroleum Development License (PDL) 5, Moran PDL6 and the PNG Liquidified Natural Gas (LNG) pipeline route. "The Paru clan has its origin in the Mubi River area. "And its clan members live in the Homa Pawa village as Paru Kuni and Paru Kundali as well as in Pimaga as Paru Halaoba and in Nipa as Paru Nele and in Tari as Paru Yumu and in Koroba as Paru Tiane," this was said by Paru Minabe, Paru Agibe, Paru Yamabu and Paru Philip Pugulabem who are members of the Paru clan said in a statement yesterday.

The tribesmen said their tribal law allows their members to run the race and grab a cut in the name of the tribe and in the process the name of the tribe is raised and the tribal land rights are protected and not vandalised or wiped out from the face of the earth by anybody. They said those opposing the Paru tribe should take their complaints to another battle ground as in this case, the battle had been fought and won fair and square. They said the former secretary for the Homa Pawa Peoples Association, the late Eno Tanda was from Nipa, the former chairman for Moran PDL5 Jipsy Manget is from Nipa and Mr Robert Kapaol, who was a highly respected man from Nipa could not be treated as if he has no right.

"The fact is we live back to back within Moran oil project," they said, adding that the three leaders were all from different ILGs who were beneficiaries through their tribal connections. The three leaders have 100 per cent right to benefit as landowners," the men said. They said the Paru leaders wanted the Government to honour all communication and dialogue for MOA funds and future business development grants to be negotiated by Mr Kopaol on their behalf to be honoured as those people who live in Nipa were also project area landowners. Chairman of PDL5 Pape Punga thanked the Commerce and Trade Department for endorsing companies with merit to carry out their projects.

## **Australia: 'Resources recovery the key'**

Post-Courier 6.1.2011

BRISBANE: The best way to get Queensland's economy pumping after devastating floods is to ensure the speedy recovery in the resources sector, miners say. Queensland Resources Council chief executive Michael Roche said that beyond the immediate concerns over the safety and well-being of employees, their families and local communities, the priority will be getting major industries back to work. Queensland Minister for Resources Stephen Robertson said 40 mines could not operate due to damage to infrastructure. "It's going to take some months for some mines to be back to full operation," Mr Robertson told reporters on Wednesday. "We earn about \$100 million a day exporting coal to the rest of the world and exports have been significantly restricted by the impact on infrastructure." Mr Roche welcomed the inclusion of a specific group which will focus on resource-sector issues such as the de-watering of mine sites and restoration of business infrastructure, including road and rail networks.

## **Freeport McMoRan gleicht einer Gelddruckmaschine**

Frankfurt (aktiencheck.de AG, 4.1.2011) - Die Experten von "Prior Gold" halten die Aktie von Freeport McMoRan (ISIN US35671D8570 / WKN 896476) für nicht zu teuer. Von ihrem Tief bei 16 Dollar Ende 2008 sei die Aktie der weltgrößten Kupfermine inzwischen schon auf 120 Dollar gestiegen. Und ein Ende der Rally sei nicht absehbar. Die Rezession sei überwunden, der Auf-

schwung in vollem Gang. Vor allem bei Infrastrukturprojekten sowie beim Hausbau sei die Kupfernachfrage groß. Brasilien, Russland, Indien sowie China würden in Rekordlaune bauen. Nach Einschätzung der Experten werde sich die Urbanisierung in der Dritten Welt in den nächsten Jahren fortsetzen.

Freeport McMoran baue in Amerika, im Kongo und in Indonesien Kupfer, Gold, Silber und Molybdän ab. Die Geschäfte der Gesellschaft würden derart gut laufen, dass man voriges Jahr die Dividende von 1,20 auf 2,00 Dollar angehoben sowie eine Sonderdividende von 1 USD ausgeschüttet habe. Der Koloss gleiche einer Gelddruckmaschine: Freeport McMoran generiere jedes Quartal einen Bargeldstrom, der zwischen 1 und 1,8 Mrd. Dollar liege. Im 3. Quartal habe die Nachsteuerrendite bei sagenhaften 23% gelegen.

Nachdem sich die Einnahmen im Jahr 2009 auf 15 Mrd. Dollar summiert hätten, dürften es im abgelaufenen Jahr 2010 fast 20 Mrd. Dollar gewesen sein. Im Folgejahr würden die Experten mit einem Anstieg auf mindestens 22 Mrd. Dollar rechnen. Der Gewinn sei 2010 um etwa 60% von 2,5 auf 4 Mrd. Dollar geklettert. Die Experten von "Prior Gold" halten die Freeport McMoran-Aktie mit einem KGV von 14 für nicht zu teuer. (Ausgabe 01 vom 04.01.2011) (04.01.2011/ac/a/a)

### **Seed capital into wrong hands**

Post-Courier 4.1.2011

By *MOHAMMAD BASHIR*

*\*Former state minister's firm paid K1.1m*

*\*Engan owned company K600,000*

*\*Commerce and Industry Dept ok pay outs*

*\* Frantic move to stop encashment of cheques*

Many companies that did not belong to petroleum development licence (PDL) areas under the PNG LNG project were paid Business Development Grants (BDG) - also known as seed capital - last Wednesday by the Department of Trade and Industry. The payments done at the March Girls Resort at Gaire outside Port Moresby include K1,174,118 for PDL2 to a company owned by a former state minister from the Southern Highlands, although he is not a landowner in the designated area. According to Investment Promotions Authority (IPA) company records, Universal Development Services Ltd which was paid the cheque is solely owned by former Lands Minister Robert Kopaol although the money was intended for segment 4 in Ibuga area (PDL2) which is in Kutubu. Mr Kopaol is from Nipa which is miles away from Ibuga and is not entitled to the money under the various agreements including the Umbrella and Licence Based Benefits Agreements (UBSA&LBBSA).

In another instance, Aire Investment Kutubu Ltd, owned by Ken Hewago from Soromoro area which is inside PDL2 picked up K1,954,713,60 belonging to segment 5 which is in the Lower Foe area as per the Kutubu and PNG LNG Pipeline Agreements. In yet another situation, K500,000 of the K1 million each meant for Mubi Valley Investments Ltd and Douwolu Investments Ltd in PDL2 were paid into an umbrella company so that a company called Upper Foe Development Corporation Ltd could pick it up. More intriguing, an Engan owned company by the name of Yutaike Investments Ltd was paid K662,860.80 for reasons only known to DCI officials who vetted the seed capital submissions. Many other companies not entitled to the seed capital reportedly picked up large sums of money as approved by the DCI officials. The official final shortlist released by the DCI for Hides PDL1, Hides PDL7, Kutubu PDL2, Moran PDL5, Moran PDL6 and LNG Pipeline Areas and based on which the monies were paid were ratified and vetted by Brenson Wera (Acting First Assistant Secretary, Commerce Division and LNG Team member), Moses Nangu (Assistant Secretary, SPPL, LNG Team member), Philbert Aisaisa (LNG BDG Consultant) and Jack Joku (Senior LNG SME Officer).

Allan Ricks, principle landowner leader of PDL2 and pipeline segment 4&5 area yesterday was frantically working to put a stop to some of the cheques by way of a court order. Mr Ricks claimed that there was apparent collusion between officers of DCI and those who picked up the monies. "I am wondering whether the Minister for Commerce and Industry Gabriel Kapris and his department Secretary are aware of the situation. We are talking about millions and what is rightfully ours," he said. Mr Ricks said some of the cheques were not banked as they were picked up by third parties and were still in their hands. It is understood that many other landowner companies in other PDL areas were faced with the same situation.

### **Hidden Valley landowners complain of bullying tactics**

Ramu Nickel Mine Watch 4.1.2011

Morobe Mining Joint Venture (MMJV), operator of the Hidden Valley mine in Papua New Guinea, is being accused by local people of bullying tactics and cheating their communities. MMJV is owned by Australian Newcrest Mining and South Africa's Harmony Gold. MMJV have recently been delivering cheques to communities to compensate for the damage caused by toxic pollution from the mine to garden trees and crops. The money ranges from K20 to K4000 (AU\$8 - \$1600). At the same time as receiving the payments, the communities, who were earlier forced to sign a Statutory Declaration without any explanation and blank 'Valuation Sheets', are made to sign what are called 'Damage Assessment Payment Receipt Forms'. These forms, written by MMJV, and which the people say they have been forcefully made to sign, state:

*I (claimant name), herby state that this claim represents a true and correct assessment of damage and that I accept the assessment carried out by MMJV officers as being adequate. I agree that I will make no further claim for economic improvements damages will be made in respect of the garden area and improvements described above, and that this damages assessment payment for economic trees and plants is payment in full and final satisfaction of my claim*

Local people are now seeking a legal interpretation of the above statement and at the same time their spokesperson says they "*strongly feel that the communities have again fallen victim to the bully techniques by MMJV*".

### **LNG - be mindful of showstoppers**

By MOHAMMAD BASHIR

Post-Courier 3.1.2011

THE PNG LNG Project is a world-class project that attracts more than US\$14 billion and entails more than 6.5 TCF (trillion cubic feet) of natural gas and more than 200 million barrels of condensates. It is an important project for all affected landowners, local-level governments, provincial governments, the State and all Papua New Guineans. The country's economy will be transformed once this project starts generating revenue by 2014 and beyond. Gas Field Landowners (GFLOs) maintain they will not allow the project to happen without its issues in its licence-based position paper being addressed adequately in a timely manner. At the same time they re-iterated that assuming the State and ExxonMobil address their position paper, they will still continue to maintain that the PNG LNG Project is based only on 6.5 TCF of natural gas. This means PDLs 01, 7, 8 & 9 will only contribute up to their proportional share of the 6.5 TCF but not more than that.

Even the additional 4 TCF Gas ceiling raised by cabinet deviates from the open book model and puts the State Team at a loss of better benefit. "It is important that we must emphasise that we are not too unreasonable in our position. We are neither naïve. "We are talking about our God-given gas, not just for landowners but for PNG as a nation. Gas is an energy source and gas is now an es-

tablished international energy source. “It is a versatile and clean fuel that is rapidly replacing conventional fossil fuels like heavy oil as feedstock in power generation. “Ours is a premium gas that is going to be linked to a world-class LNG project, and as such we demand for a better deal. No one, not even our own National Government, can force us to settle for a deal that is raw and lacks transparency and fairness,” they say in a report prepared for GFLOs by a petroleum engineer which will be presented as a petition to the Acting Prime Minister Sam Abal this week. The GFLOs support the National Gas Corporation through the powers vested under Section 179 of the Oil & Gas Act for the Project to make some gas available for domestic uses. “The National Government must stop fooling itself. PNG needs gas from the PNG LNG Project.

“Hela and Southern Highlands need gas from the PNG LNG Project. “Look around and see – there is demand for energy in all sectors of our national economy. “PNG needs its own gas to power the economy and we must not be denied this right to access our own gas from the PNG LNG Project isn’t this not injustice of the highest order? Where is the energy security for PNG?” the report sates The paper states that the Government team know they have miserably failed to secure a better deal for PNG and Hela in the Gas Agreement by even simply forgoing very important provision such as Section 67 of the Oil & Gas Act relating to Domestic Market Obligation. The Government has done more favours to ExxonMobil for reasons known only to itself. The Tuguba tribe of 26 clans say they own Mt Gigira (Hides) and all of its contents including the gas and condensate reserves. They are the custodian of the Hela world bank and where logic and common sense dictates, they should be included. The GFLOs say it was critical that the State must be mindful of the potential show-stoppers issues that will stop or destroy the LNG project.

### *Editorial*

#### **Squandering business development grants**

Post-Courier 3.1.2011

FOR over two years, the landowners from the LNG project in the Hela Province camped out in Port Moresby, waiting for the Business Development Grants (BDG) as well as other funds they are entitled to under the various agreements they have with the State. Many of the landowner leaders have gone on the media, demanding quick payments because several “chiefs” have passed away in Port Moresby while waiting for the funds or that they had accumulated debts to business houses and money lenders. They also talked about walking the streets with empty stomachs and of trying to seek an explanation from Ministers William Puma, Arthur Somare, Peter O’Neill, and even the PM on the funds to no avail. All of them have left their wives and children behind in the villages to come to Port Moresby, they claimed. Lately, they lay seize to the Vulipindi House (this is where the Finance Department is located) and demanded their money. They, in the words of one critic, have given the definition of landowner in PNG, a new meaning.

The BDGs totalling K120 million are managed by the Department of Trade and Industry. The umbrella companies from the Pipeline areas – from Segment 1 to 8 were given K16.2 million while K103 million was given to companies from the Petroleum Development License areas. Since last month, the funds were paid out to the landowner companies and it is expected that they would start putting to use these funds in whatever business activities they had planned. In our Friday’s issue, we ran a story that demonstrated how one such landowner company, from the LNG project area in Hela Province invested a portion of its grant in Trans Wonderland freight company. Hiwa Corporation Ltd, is owned by more than nine tribes in the Petroleum Development License 1 area. Hiwa Corporation was supposed to get K7.4 million as its share of the BDG but it picked up only K1.75 million. The shortfall, according to a Hiwa Director William Bando, did not disappoint them; they decide to put what they were given to good use for the sake of their shareholders and the future generation.

Hiwa is one of many landowner companies that have picked up their seed capital from the government over the last few weeks. To date, Hiwa happens to be the only one that we know of that had invested some of its BDG to good use. Good on you Hiwa Corporation. We wish you the best of luck in your future. We do not know what the other landowner companies have done with their grants. What we do know is that all the night clubs in Port Moresby are taken over by the Helas. They are certainly having a good time. We are reliably told that many landowner groups do not view amounts less than a million as enough money to start organising their businesses. They would rather have a good time and wait around for more money from the State.

The Government must be warned that if this is the attitude of the landowners from the LNG project area, we might as well say goodbye to this project, which, it seems, all hope for PNG rests. Landowners are important for the LNG project or for all other resource projects to prosper. But they must remember that benefits will flow, for as long as the projects remain and are making profits. They have a huge responsibility to support these projects and must demonstrate that support. This is very important.

We are informed that Exxon Mobil will make its final decision on the LNG project in March this year. That is exactly two months away. We are sure it will not pull out for various reasons, but there is a serious need to deal with the landowners and their demands. Perhaps leaders like Andersen Agiru, James Marabe, Francis Potape and the others from Hela, should take ownership of what their people are doing now. We have seen enough of the blackmails, threats, and demands on the government for money, to be squandered on beer parties in Port Moresby. This business must stop immediately. Landowners owe it to their fellow Papua New Guineas, whose money they are squandering right now, to do the right thing by them. They must use the money properly to grow PNG so we all benefit.